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PROJECT PERFORMANCE ASSESSMENT REPORT

UNITED REPUBLIC OF TANZANIA

URBAN SECTOR REHABLITATION PROJECT
(CR.2867-TA)

June 17, 2008

Sector Evaluation Division
Independent Evaluation Group (World Bank)

Currency Equivalents (annual averages)

Currency Unit = Tanzania Shillings (TSh)

1995	US$1.00	TSh 575	2001	US$1.00	TSh 876
1996	US$1.00	TSh 580	2002	US$1.00	TSh 967
1997	US$1.00	TSh 612	2003	US$1.00	TSh 1,038
1998	US$1.00	TSh 665	2004	US$1.00	TSh 1,089
1999	US$1.00	TSh 745	2005	US$1.00	TSh 1,129
2000	US$1.00	TSh 800	2006	US$1.00	TSh 1,252

Abbreviations and Acronyms

CAS	Country Assistance Strategy
CIP	Community Infrastructure Program
CMMS	Computerized Maintenance Management System
DAWASA	Dar es Salaam Water and Sewerage Authority
DCA	Development Credit Agreement
EU	European Union
GDP	Gross Domestic Product
GoT	Government of Tanzania
ICR	Implementation Completion Report
IDA	International Development Association
IEG	Independent Evaluation Group
IEGWB	Independent Evaluation Group (World Bank)
IT	Information Technology
JAST	Joint Assistance Strategy for Tanzania
KfW	Kredit Anstalt fur Wiederaufbau
LAAM	Local Authorities Accounting Manual
LGA	Local Government Authority
LGRP	Local Government Reform Program
MKUKUTA	National Strategy for Growth and Reduction of Poverty
MoW	Ministry of Water
NBS	National Bureau of Statistics
NGO	Non-Governmental Organization
NUWA	National Urban Water Authority (later known as DAWASA)
O & M	Operation and Maintenance
PIU	Project Implementation Unit
PMO	Prime Minister's Office
PMU	Project Management Unit
PPAR	Project Performance Assessment Report
PPP	Purchasing Power Parity
PSU	Project Support Units
REPOA	Research on Poverty Alleviation
SAR	Staff Appraisal Report
SWM	Solid Waste Management
RMMS	Road Maintenance Management System
TA	Technical Assistance
USEP	Urban Sector Engineering Project
USRP	Urban Sector Rehabilitation Project
UWSA	Urban Water and Sewerage Authority
UWSD	Urban Water and Sewerage Department (later known as UWSA)

Fiscal Year

Government: July 1 – June 30

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IEGWB Mission: Enhancing development effectiveness through excellence and independence in evaluation.

About this Report

The Independent Evaluation Group assesses the programs and activities of the World Bank for two purposes: first, to ensure the integrity of the Bank's self-evaluation process and to verify that the Bank's work is producing the expected results, and second, to help develop improved directions, policies, and procedures through the dissemination of lessons drawn from experience. As part of this work, IEGWB annually assesses about 25 percent of the Bank's lending operations through field work. In selecting operations for assessment, preference is given to those that are innovative, large, or complex; those that are relevant to upcoming studies or country evaluations; those for which Executive Directors or Bank management have requested assessments; and those that are likely to generate important lessons.

To prepare a Project Performance Assessment Report (PPAR), IEGWB staff examine project files and other documents, interview operational staff, visit the borrowing country to discuss the operation with the government, and other in-country stakeholders, and interview Bank staff and other donor agency staff both at headquarters and in local offices as appropriate.

Each PPAR is subject to internal IEGWB peer review, Panel review, and management approval. Once cleared internally, the PPAR is commented on by the responsible Bank department. IEGWB incorporates the comments as relevant. The completed PPAR is then sent to the borrower for review; the borrowers' comments are attached to the document that is sent to the Bank's Board of Executive Directors. After an assessment report has been sent to the Board, it is disclosed to the public.

About the IEGWB Rating System

IEGWB's use of multiple evaluation methods offers both rigor and a necessary level of flexibility to adapt to lending instrument, project design, or sectoral approach. IEGWB evaluators all apply the same basic method to arrive at their project ratings. Following is the definition and rating scale used for each evaluation criterion (additional information is available on the IEGWB website: http://worldbank.org/ieg).

Outcome: The extent to which the operation's major relevant objectives were achieved, or are expected to be achieved, efficiently. The rating has three dimensions: relevance, efficacy, and efficiency. *Relevance* includes relevance of objectives and relevance of design. Relevance of objectives is the extent to which the project's objectives are consistent with the country's current development priorities and with current Bank country and sectoral assistance strategies and corporate goals (expressed in Poverty Reduction Strategy Papers, Country Assistance Strategies, Sector Strategy Papers, Operational Policies). Relevance of design is the extent to which the project's design is consistent with the stated objectives. *Efficacy* is the extent to which the project's objectives were achieved, or are expected to be achieved, taking into account their relative importance. *Efficiency* is the extent to which the project achieved, or is expected to achieve, a return higher than the opportunity cost of capital and benefits at least cost compared to alternatives. The efficiency dimension generally is not applied to adjustment operations. *Possible ratings for Outcome:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Risk to Development Outcome: The risk, at the time of evaluation, that development outcomes (or expected outcomes) will not be maintained (or realized). *Possible ratings for Risk to Development Outcome:* High Significant, Moderate, Negligible to Low, Not Evaluable.

Bank Performance: The extent to which services provided by the Bank ensured quality at entry of the operation and supported effective implementation through appropriate supervision (including ensuring adequate transition arrangements for regular operation of supported activities after loan/credit closing, toward the achievement of development outcomes. The rating has two dimensions: quality at entry and quality of supervision. *Possible ratings for Bank Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Borrower Performance: The extent to which the borrower (including the government and implementing agency or agencies) ensured quality of preparation and implementation, and complied with covenants and agreements, toward the achievement of development outcomes. The rating has two dimensions: government performance and implementing agency(ies) performance. *Possible ratings for Borrower Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Contents

This report was prepared by Nilakshi De Silva, Consultant, who visited Tanzania to assess project performance during October-November 2007, and by Roy Gilbert, Task Manager. Romayne Pereira provided administrative support.

Principal Ratings

	*ICR**	*ICR Review**	*PPAR*
Outcome	Satisfactory	Highly Satisfactory	Satisfactory
Institutional Development Impact**	Substantial	Substantial	———
Risk to Development Outcome	———	———	Modest
Sustainability***	Likely	Likely	———
Bank Performance	Satisfactory	Satisfactory	Satisfactory
Borrower Performance	Satisfactory	Satisfactory	Satisfactory

* The Implementation Completion Report (ICR) is a self-evaluation by the responsible Bank department. The ICR Review is an intermediate IEGWB product that seeks to independently verify the findings of the ICR.
**As of July 1, 2006, Institutional Development Impact is assessed as part of the Outcome rating.
***As of July 1, 2006, Sustainability has been replaced by Risk to Development Outcome. As the scales are different, the ratings are not directly comparable.

Key Staff Responsible

Project	*Task Manager/ Leader*	*Division Chief/ Sector Director*	*Country Director*
Appraisal	Gerhard Tschannerl	Stephen Weissman	James W. Adams
Completion	Solomon Alemu	Jaime Biderman	Judy M. O'Connor

Preface

This is the Project Performance Assessment Report (PPAR) for the Tanzania Urban Sector Rehabilitation Project (Cr.2867-TA) for which the World Bank approved a Credit of US$105.0 million equivalent on May 23, 1996. The Credit was closed on December 31, 2004, six months later than planned, and US$1.9 million equivalent was cancelled.

The report is based on a review of project documents, including the Implementation Completion Report, Appraisal Report, Memorandum to the President, legal documents and project files, and on discussions held with Bank staff involved in the project. An IEG mission visited Tanzania in October – November 2007 to review project results and met with over 60 interlocutors including officials of the central and local governments, staff of urban water supply and sewerage authorities, NGOs, consultants, as well as project beneficiaries themselves. The mission made field visits to 48 project sites in the towns of Arusha, Mwanza, Morogoro and Moshi and Dar es Salaam. The mission met with excellent co-operation from the Tanzanian authorities and other stakeholders, and gratefully acknowledges the courtesies and attention given by all these interlocutors, as well as the excellent planning and logistical support provided by the Bank's country office in Dar es Salaam.

IEG selected this project for a PPAR field assessment, as recommended at the ICR Review stage, to verify outcomes, learn more about the successful project implementation and provide an input into IEG's ongoing special study into municipal management.

Following standard IEG procedures, copies of the draft PPAR were sent to government officials and agencies for their review and comments received are attached as Annex D.

Summary

With only 25 percent of its population living in cities, Tanzania remains one of the least urbanized countries in Africa. But rapid urbanization has seen urban population growth accelerate to more than five percent per annum over the past decade. This has resulted in inadequate and poorly maintained infrastructure, particularly in secondary city clients of the Urban Sector Rehabilitation Project - USRP - (Cr.2867) reviewed here.

The objectives of USRP, namely to help achieve sustainable economic development and poverty reduction through rehabilitating priority basic infrastructure, and strengthening the management of Local Government Authorities (LGAs) were *highly relevant* to both country and Bank priorities for Tanzania. In choosing appropriate components—rehabilitation of urban roads, drainage, basic sanitation, and institutional strengthening of LGAs—in needy towns with sensible implementation arrangements, the project design was *substantially relevant*. Its relevance would have been even higher had there been an instrument and rationale for ensuring the achievement of the basic objective of sustaining economic development and reducing poverty.

After a slow start up, project implementation accelerated and this large and geographically dispersed operation was fully completed just six months beyond the expected date. Thanks in part to international competitive bidding on twice the scale foreseen, there were considerable cost savings allowing more work to be done. The actual 102 kms of road rehabilitated was nearly twice the appraisal target. Packaging of works into large contracts assured the interest of larger contractors, both foreign and local, who could operate in several distant cities at one time. While most of the contracted works were completed on time and finished to a high standard, community infrastructure made least progress. Part of the reason was "elite capture" by community leaders demanding high and expensive standards for infrastructure to suit their own minority needs.

Project monitoring and evaluation (M&E) was *modest.* It was designed primarily to check project implementation, notably lacking performance indicators (and their baseline and target values) to measure the achievement of the project objectives, notably poverty reduction. In spite of its shortcomings, the project M&E helped increase LGA awareness of the need to monitor projects' development effectiveness.

Overall, the project was successful in meeting its objectives. IEG considers, however, that achieving sustainable development and poverty reduction cannot be evaluated, since the project provided no explicit means to achieve this or measure the result. On the other hand, there was *substantial* achievement in rehabilitating priority urban infrastructure, such as roads, bus terminals, basic sanitation and solid waste management in the eight project towns (Arusha, Iringa, Mbeya, Morogoro, Moshi, Mwanza, Tabora and Tanga). The project *substantially* achieved the strengthening of LGA management through training and technical assistance that left LGAs with more robust finances and working methods. In seeking greater community involvement, in urban service provision the project achievements overall were *modest*. There was more success with the private sector that was fully responsible for building the project works and operating some city systems, notably solid waste.

The project experience showed the need to fully document involuntary resettlement, even when it occurred on a small scale following the establishment of new solid waste disposal

sites by the project. IEG found no evidence of lack of compliance with Bank safeguards, but documentation on this was not complete.

Another finding of broader relevance was how distortions can enter community involvement in urban service delivery. As already noted, articulate members of a local community can, in the name of the community as a whole, use large public meetings to choose investments that support their own minority interests.

The overall outcome of the project is rated ***Satisfactory***, as it substantially achieved its major relevant objectives. Minor shortcomings not apparent at the time of IEG's desk review of the ICR explain the downgrade from the ICR Review rating. Efficacy is rated ***Substantial*** particularly for the achievements in rehabilitating infrastructure and strengthening the LGAs. Efficiency is rated ***Substantial*** too, given reported high economic rates of return arising principally through cost savings. The Risk to Development Outcome is rated ***Modest***. Ongoing maintenance needs are high, but LGAs are in a stronger position than before to meet at least some of them. Bank Performance is rated ***Satisfactory*** thanks to a mostly sound project design and careful supervision that helped ensure successful implementation. Borrower Performance too was ***Satisfactory***, with the government consistently supporting the necessary sector reforms and local implementing agencies performing well in implementing them.

The assessment of the USRP experience points to the following lessons:

- Logistics must be well worked out for the successful implementation of large projects dispersed over a wide geographical area. In this case, success came from: (i) packaging works into larger contracts to be undertaken by experienced large firms able to operate across these large areas; (ii) assembling design work already done under earlier operations; and (iii) fully deploying the Bank country office to ensure regular contact with client towns.
- Project experience demonstrates that direct technical assistance and training with on-the-job experience of executing priority physical investments continues to be a winning combination for improving local government municipal management and urban service delivery.
- While community involvement in urban service delivery has been demonstrably correlated with good project outcomes in many projects, care must be exercised that community choices are not pre-empted by local elites who may be especially skilled in using public meetings and assemblies for furthering their own minority interests.
- Project design should focus only upon intended outcomes that can feasibly be achieved and whose success can convincingly be demonstrated. Claims to attain higher level intended outcomes—economic development and poverty reduction in this case—should only be made when there is a convincing rationale that project interventions can achieve them, and also a sound M&E system to record the baseline, target and endline values of indicators to measure the achievement.

Vinod Thomas
Director-General
Evaluation

1. Background and Context

Urbanization and Urban Poverty

1.1 During the past decade, Tanzania's urban population has grown at over five percent per annum—more than twice the rate for the population as a whole. Despite this accelerated growth, still only 25 percent of Tanzania's population of 39.5 million lives in urban areas, well below the average of 36 percent in Sub-Saharan Africa. Today about one third of Tanzania's urban population lives in and around Dar es Salaam, the country's largest city, main commercial center and former capital (moved to Dodoma in 1974). With 2.3 million inhabitants, Dar es Salaam is six times larger than Mwanza, the next largest city.

1.2 Rapid urbanization has increased pressure on often inadequately maintained and rarely expanded urban infrastructure and services. One result is that many urban residents live in poor and overcrowded informal settlements that lack basic infrastructure services. But there some evidence of poverty reduction. In Dar es Salaam poverty fell from 28 percent of households in 1990 to 18 percent in 2000, and in other urban areas from 29 to 26 percent of households, (Research and Analysis Working Group 2005). Overall about 24 percent of the urban population is still below the national poverty line, compared with 39 percent of the rural population. There has also been important progress on non-income dimensions of poverty such as in health, education and access to services.

Decentralization and Local Government Administration

1.3 Tanzania is administratively divided into 26 regions, which are further subdivided into 122 districts known as Local Government Authorities (LGA), of which 25 are urban and 97 rural. Urban LGAs are responsible for the provision of services within the city boundaries and are the legal owners of infrastructure assets, except important ones like water and sewerage that are owned and operated by autonomous city based Urban Water and Sewerage Authorities (UWSA) established by an Act of Parliament in 1998.

1.4 Far reaching decentralization reforms were launched in Tanzania in the mid 1990s at the time of the start up of the Urban Sector Rehabilitation Project – USRP - (Cr.2867) reviewed here. Key policy initiatives, the "Local Government Reform Agenda" (1996) and the "Policy Paper on Local Government Reform" (1998), led to the Local Government Reform program (LGRP), transferred additional financial resources to LGAs. The Bank financed project supported the LGRP, especially its objective to improve the quality, access and equitable delivery of public services, particularly to the poor.

2. Objectives and Design

2.1 USRP objectives (Box 1) were thus and remain ***highly relevant*** to current development priorities in Tanzania. The current 2005 National Strategy for Growth and Reduction of Poverty (MKUKUTA) highlights poverty reduction, access to shelter and sanitation services, and better local governance, all supported by USRP. Project objectives are also consistent with the priorities identified in the Joint Assistance Strategy for Tanzania (JAST), the approach agreed between GoT and its external development partners, including the World Bank Group, which was finalized in March 2007. The aim of the JAST is to harmonize donor assistance with the MKUKUTA outcome clusters. In particular, USRP fits into JAST support for (i) reducing infrastructure bottlenecks; (ii) improving capacity at local government level to deliver services; and (iii) improved governance at national, district and village levels. The project objectives have also been supportive of the focus upon upgrading and expansion of basic infrastructure and urban services for the poor highlighted by all Country Assistance Strategies (CAS) since 1994.

Box 1. A Summary of Project Objectives and Components

Objectives	***Components***
To help achieve sustainable economic development and urban poverty alleviation through:	**Rehabilitation and Select Expansion of Infrastructure Services in selected towns** *(appraisal US$83.3 million; actual US$93.1 million)* covering roads and drainage, water supply and sewerage, and solid waste collection and disposal.
(i) rehabilitation of basic infrastructure and expansion into high priority, under-served areas;	**Water Supply and Community Based Infrastructure Upgrading in Dar es *Salaam*** *(appraisal: US$ 10.8 million; actual US$11.0 million)* covering water network improvements and repairs and "demand-driven" upgrading in low-income settlements.
(ii) greater LGA management and financing capacity through TA and training and private sector and community involvement.	**Institutional Strengthening** *(appraisal US$23.1 million; actual US$29.3 million)* including TA and training for central government and local officials. **Future Project Preparation** *(appraisal US$2.8 million; actual US$1.8 million*) mainly for studies in relation to the urban sector.

Sources: Development Credit Agreement (DCA), Staff Appraisal Report (SAR) and Implementation Completion Report (ICR)

2.2 Overall, project design was ***substantially relevant*** for including appropriate components to achieve the project objectives in needy towns and with sensible implementation arrangements. The design emphasis upon *rehabilitating* existing infrastructure was appropriate given the deterioration of urban infrastructure services through years of neglect. For the infrastructure, it also made sense to concentrate on a few strategic sub-sectors, particularly priority roads, drainage and sanitation, that could contribute to both economic development and poverty alleviation. While the inclusion of institutional strengthening was relevant, in its original form the component was found to be too fragmented and had to be substantially re-designed at mid-term. Whether these were the best components to achieve sustainable development and poverty reduction was not made clear. The choice of Tanzania's secondary towns, Arusha, Iringa, Mbeya, Morogoro, Moshi, Mwanza, Tabora and Tanga, with less emphasis upon Dar es Salaam that had been assisted by earlier operations, was appropriate too. The regions that include these eight secondary towns are responsible for producing more than one third of Tanzania's GDP. But through hosting more rapid urbanization, the secondary towns had inadequate and poorly maintained infrastructure. Their LGAs were in sore need of strengthening too. Project execution faced logistical challenges involving eight LGAs scattered across the country, up to 1,000 km from Dar es Salaam, where the Project Implementation Unit (PIU) was located. Attaching the PIU to the Prime Minister's office helped streamline contacts with the cities, stimulate counterpart funding and foster coordination among the sectoral ministries involved. In Dar es Salaam a Steering Committee composed of permanent secretaries of all the relevant ministries headed implementation arrangements. This helped to facilitate timely approval of sectoral decisions. Project Support Units in each participating LGA staffed by local consultants and seconded municipal staff, effectively supervised works and local institutional strengthening activities. Project funding for LGAs was in the form of grants, allowing cash strapped local authorities to focus fully upon the challenging technical aspects of improving long neglected infrastructure in poor areas of the cities.

3. Implementation and Costs

3.1 Although Credit effectiveness was delayed for nine months until May, 1997 because of delays in PIU staffing, the rhythm of project execution quickly picked up. By mid-term in 2000, actual disbursements were in line with those planned. By the original closing date 89 percent of the original Credit had been disbursed. A single loan extension of six months allowed some important road construction work to be finished. At project completion, US$1.9 million of the Credit was cancelled, since there had been significant project cost savings through procurement by international competitive bidding (ICB). In fact, the level of ICB was twice that foreseen at appraisal. For such a large and geographically dispersed project, implementation went smoothly, staying remarkable close to the plan laid out at appraisal.

3.2 Smooth project implementation was helped by having sub-project detailed designs ready at start up. Many had been prepared, as intended, under the prior Urban Sector Engineering Project - USEP (Cr.2291). Implementation was also assisted by having several small works packaged together in large contracts to attract the bids of larger firms who had the capacity to undertake works simultaneously in different localities. Bidding of this kind was successful for roads and drainage works in the three towns of Arusha, Moshi and Tanga, where one international contractor was able to carry out all the identified works to a high quality standard. Design of civil works was also done with efficiency considerations in mind. For example, storm water drains were mainly constructed as open culverts, which were cheaper to build and easier (and cheaper) to maintain. Because of these efficiency gains, actual project outputs were significantly higher than planned. For example 102 km of roads were rehabilitated against a target of 65km and 13 bus terminals were rehabilitated as against a target of 6.

3.3 There were some shortcomings in implementation, however. In Dar es Salaam, the Community Infrastructure Upgrading Program (CIP) was implemented in only two out of the six communities that had originally been identified for support for two reasons. First community demand for more expensive fully paved roads was more than expected, rather than the cheaper gravel option offered by the project. Second, less than one third of the expected community counterpart contribution of US$1 million actually materialized. Implementation was also disrupted somewhat by the severe drought of 1997 in Tanzania that led to a shift in project resources to emergency borehole drilling, rather than the existing network repair and rehabilitation that had originally been envisioned.

4. Monitoring and Evaluation

4.1 IEG rates the overall design, implementation and utilization of M&E for this project as *modest.* The project's M&E was more designed to monitor project implementation, namely the delivery of project outputs, than to monitor progress in achieving intended project outcomes laid out by the objectives. Although the project explicitly sought to help achieve sustainable economic development and alleviate urban poverty, M&E included no explicit performance indicators for this. For each project town, however, M&E was designed to follow up physical progress in improving basic infrastructure and also measuring the state of institutional capacity in each participating LGA. Some of the indicators chosen, such as the additional length of roads newly rehabilitated, measured project implementation itself. Others, such as the share of the total solid waste collected and properly disposed of, and increases in property tax collection, helped measure improvements engendered by the project. All M&E was constrained, however, by the lack of baseline data that accurately reflected the *before-project* situation. During field visits to the towns, IEG found mostly anecdotal information about baselines from residents themselves than hard data.

4.2 The lack of attention to outcome indicators was partially corrected during implementation. Some outcome indicators, such as the number of towns submitting timely unqualified audits and the percentage of population served with piped water, were identified and monitored through to project closing. In the water supply and sanitation sectors, UWSA performance data is regularly collected by the Ministry of Water, whose annual reports of UWSAs benchmark their performance against national standards of service coverage, unaccounted for water, and water quality, and billing efficiency.

4.3 By project closing, LGAs themselves became more aware of the need to look beyond outputs to assess performance. LGA reports to the IEG mission referred explicitly to the achievements or otherwise of USRP's formal objectives. The information they provided, on improved LGA management, for instance, was mostly qualitative. Even so, attributing results to USRP was not always made clear. For example, most project towns report as USRP benefits, the increase in business activity and the availability of more products in markets. Such findings rely more upon their hands-on knowledge of the town, than on systematic study. Still, the increasing emphasis at the local level upon assessing development effectiveness, rather than merely project implementation, is a positive sign, and should be further supported through project training and TA.

5. Outcomes by Objective

SUSTAINABLE ECONOMIC DEVELOPMENT AND POVERTY REDUCTION

5.1 ***Non evaluable:*** This objective does not lend itself to explicit evaluation for three reasons. First, the project design did not make clear at what level the objective was to be achieved; national, city or urban district. Second, the design did not include specific components for achieving this objective, or at a minimum an explanation of how the components would contribute to achieving it. This makes it difficult to attribute advances toward sustainable development or poverty reduction to the project. It would be even more difficult to demonstrate that this project would be the best way to achieve these goals. Third, project M&E did not include performance indicators to measure progress toward the desired outcomes, nor data on the baselines and targets. Without them, the ICR does not assess economic growth or poverty reduction outcomes.

5.2 Notwithstanding the USRP design shortcoming in this respect, Tanzania did indeed make significant progress on the macroeconomic front over the 1995-2005 period of this project. GDP growth was more than 4.9 percent per annum. In real terms, Tanzania's GDP per capita grew by 30 percent over this period, more than twice the rate for Sub-Saharan Africa as a whole. Even so, Tanzania's current per capita GNI of US$350 is still far less than half Sub-Saharan Africa's US$842. Time series data on urban poverty in Tanzania is scarce but the country is reckoned to be one of the few in Sub-Saharan Africa, on target to meet the Millennium Development Goal of halving poverty by 2015. IEG was unable to find city level poverty data for the 1995-2005 period. However they can be measured, many of the achievements have been attributed to other causes, most notably Tanzania's sound policy and macroeconomic framework that has remained stable for an extended period. In hindsight this project experience shows how important it is for project design to explain how project interventions will achieve the stated objectives, and to assemble the appropriate M&E system and data to demonstrate the results obtained. Unless the design can handle this convincingly, caution would recommend against staking claims of intended results that a project is unlikely to achieve. IEG considers that that the inclusion of explicit macroeconomic and poverty reduction objectives was a shortcoming of project design and not a poor result in itself—hence the non-evaluable rating.

Rehabilitated Infrastructure for High Priority Under-served Areas

5.3 ***Substantially achieved:*** LGAs identified rehabilitation of the road network as high priority because of its potential contribution to improved access to their cities and less congested movement within them. Well above the target of 65 km, 102 km of arterial and collector roads were upgraded with a more permanent pavement and proper storm water drainage in eight project towns. In most of them the intensely used roads are located in and around the central business areas and connect key economic and social facilities such as markets, bus stands, schools and health centers. They carry public buses, non-motorized transport and large numbers of pedestrians. On site, beneficiaries told the IEG mission that the very poor condition of these roads before the project impeded access, and consequently kept economic activity away from these towns. Other town roads still not improved by USRP provide a stark counterfactual. They are in a very dilapidated condition. Traffic counts over 2000-2004 found annual average increases of traffic of 7 percent on project supported roads.

5.4 The project also supported improvements to 13 central terminals for town and long distance buses in the eight project towns. The IEG mission visited several of them. Today, they are hives of activity, especially for low income users. Large numbers of people transiting through them as well as using these facilities to carry out livelihood activities such as small-scale sale of food items and merchandise, and services such as taxis. Upgrading of bus terminals, including paving, street lights and provision of public toilets, have increased the safety and comfort of travelers. Because of increased capacity for docking, the number of buses using the terminals has increased substantially. For example, in Arusha the paved and well organized main and town bus terminals now handle up to 6,000 buses a day, significantly more than the 4,500 before the upgrading.

5.5 Water supply, both in terms of quantity and quality, has improved too. Project investments were made in Morogoro, Tabora and Dodoma, by rehabilitating storage reservoirs, pumps and distribution networks. These resulted in broader coverage, as well as increases in hours of supply per day. According to UWSA officials, most of the reduction in unaccounted-for-water in Morogoro and Tabora is due to the replacement and reinforcement of trunk transmission pipes under USRP. Untreated or partially treated water was a problem in many of these project towns. After project support to rehabilitate treatment plants in Morogoro and Tabora, water quality has improved, though neither UWSA is yet meeting the national standards on turbidity levels (details Table 1).

Table 1. Improvements in UWSA performance between 1997 and 2006

	Tabora		Morogoro		Dodoma	
	1997	*2006*	*1997*	*2006*	*1997*	*2006*
Water supply coverage (% of total)	55%	84%	65%	81%	55%	80%
Hours of supply per day	14	20	21	24	6	20
Unaccounted for water (% of total)	35%	28%	40%	34%	60%	32%
Water Quality:						
- Turbidity	6	5	5	5	4	0
- Residual chlorine (mg/l)	0.1	0.2	0.7	0.2	0.2	0.2

Sources: Ministry of Water, 2007 and 2005; and information provided to the IEG mission by the respective UWSAs, November 2007

5.6 Project water supply investments have helped to improve basic infrastructure in under-served areas. In Morogoro, for example, the rehabilitation of water storage tanks and extensions to the distribution network helped to provide piped water to areas of the town that previously had none. These extensions in the network have brought water supply closer to many households and made it cheaper for local residents, particularly the poor, to obtain house connections (Box 2). In Dar es Salaam, where insufficient water supply sources often resulted in no water available in the pipes, the emergency borehole subproject under USRP provided 34 boreholes in areas identified as underserved despite having DAWASA connections. These boreholes provided immediate relief to an estimated 120,000 people - or an average of 3,500 persons per borehole. Over time however, a proliferation of boreholes has taken place through a number of funding agencies and the usage of the boreholes provided under USRP has reduced. Those visited by the IEG mission are now serving about 300 to 500 persons through household connections.

5.7 Also in Dar es Salaam, the rehabilitation of water service mains and repair of the Ruvu river breach under the USRP helped the Dar es Salaam Water Sewerage Authority (DAWASA / DAWASCO) to reduce leakages, by an estimated 10,000 m3/day. However, USRP investments of US$5.6 million was insufficient to address DAWASA long-term supply issues, only maintaining service levels until the Dar es Salaam Water Supply and Sanitation Project (Cr.3771) provided an additional US$164 million, approved in May 2003.

Box 2: Impacts of Water Supply Investments under USRP

Investments in extending the water supply distribution network, for example into more neighborhoods in the Kihonda area in the Morogoro Municipality, has brought the network closer to low income households who are now able, with the help of some pooling of resources, to afford to connect to the network.

"We obtained the connection in April this year using contributions from a group of neighbors. We used to get our water from a neighbor's compound which is a little far. Many people would come there to fetch water so often there is a queue and we would spend about one hour to fetch water. Now there is plenty of water and most of the time the water is clean."
- Female Morogoro Municipality

Source: IEG field visit in Morogoro Municipality, November, 2007

5.8 Sewerage systems were rehabilitated in all project towns excluding Mbeya. The project invested in the construction of new oxidation and sludge ponds, laying new sewer lines and CCTV surveys of existing lines. These have helped improve the collection of sewage in these municipalities, thereby eliminating open sewage flows along residential streets. Properly treated, sewerage effluent quality has shown signs of improvement and now meets WHO standards in five project towns (Iringa, Morogoro, Moshi, Tanga and Tabora), while its quality still falls short in Arusha. Tanga and Mwanza (Table 2). As little (expensive) investment was made by the project (or by others) to extend sewerage networks in these towns, there has been little increase of coverage—from about 10 percent of the population in 1996 to about 14 percent in 2006. Beyond the reach of the networks, the project invested in 311 pit latrines in schools. While not fully adequate in terms of demand and hygiene (in one Mwanza school, there are 20 latrines for more than 4,000 children), they still provide better conditions for students in these schools than before, and continue to be used intensively.

5.9 USRP brought a marked improvement to solid waste collection especially and also to waste disposal in project towns. It provided 490 skip pads (approximately 60 per project town) and 240 skips (30 per town) to collect garbage, and 16 skip loaders (2 per town) to transport the garbage to the disposal sites. Garbage delivered to disposal sites has increased from under 40 percent of the total collected to over 55 percent—an improvement, but still some way to go. The project nevertheless helped LGAs to relocate dumpsites from densely populated areas to more suitable locations in the outskirts of town. Even the new locations still operate as controlled tipping sites rather than sanitary landfills, however. As envisaged at appraisal the

Table 2. Sewage Effluent Quality

	BOD_5 (mg/l)	
	2003/04	**2005/06**
Arusha	85	81
Iringa	30	30
Morogoro	44	29
Moshi	24	33
Mwanza	180	103
Tanga	342	514
Tabora	6	N/A

Sources: Ministry of Water, 2007 and 2005 landfills would have proper coverage of waste and collection and treatment of leachate and methane gas. In Arusha the IEG mission saw open dumping taking place, with little evidence of such treatment. LGA staff there told IEG that USRP funding was inadequate for the technical solutions originally envisioned. Even so, the overall rehabilitation of solid waste management, particularly collection, has helped to improve the environment in the project towns, making them more attractive for residents and for investment and business activity.

STRONGER LGA MANAGEMENT AND OPERATIONS

5.10 ***Substantially achieved:*** LGAs made considerable progress thanks to the project, which through training more than 1,500 local staff and through technical assistance upgraded LGA administrative and operational capacity. IEG itself benefited from this through the reports that LGAs efficiently prepared for the IEG mission. LGA staff brought these skills to bear through the use of computerized maintenance management systems, for the first time in these towns. USRP introduced the Road Maintenance Management System (RMMS) that was widely adopted in Moshi and Mwanza, but not in Arusha, where road maintenance needs are still assessed manually. For UWSAs too, the project offered a computerized maintenance management system, but it was rarely taken up owing to the high cost of the software license fee.

5.11 Through the on-the-job experience of implementing the USRP sub-project, Mwanza city for instance, was able to construct a second bus terminal in the Nyegezi district to similar specifications on its own and at its own expense. Working with USRP also opened LGAs perspectives toward mobilizing additional resources from elsewhere, as Mwanza and Morogoro have done with the Millennium Challenge Corporation. In Moshi the UWSA is partnering with University of Dar es Salaam to pilot an eco-friendly and space saving method of treating sewage.

5.12 Financial strengthening of LGAs and UWSAs has been significant under the project. Following USRP TA for property valuations with the help of modern computer mapping methods, LGAs have more than doubled their own revenues over the project period. But, it should be noted that the increase was from a very low base, and that much more needs to be done. In Mwanza for example, only 24 percent of the properties in the surveyed area have been valued and property tax revenue, while increasing, only provides about 15 percent of all self generated revenue. Naturally, LGAs have sought to increase their revenues from other sources, particularly from quasi commercial activities in the project bus stations and from parking fees. But many LGAs still depend heavily on central government transfers and development aid to finance their activities, particularly for investment in basic infrastructure services. UWSA financial performance has been stronger, with revenues increasing threefold in some towns during 2000-2006 (details Annex D). By 2006, all participating UWSAs except Iringa, were classified as Category A, which means that they meet all the direct and indirect costs of O&M and part of their investment costs. Both LGAs and UWSAs improved their financial management thanks to training and TA that the project provided to their accounting units. Currently, all LGAs have up to date and audited accounts, albeit with auditors' qualifications in the case of Mwanza. On the other hand, the accounts of all UWSAs are up to date and unqualified by their respective auditors.

MORE PRIVATE SECTOR AND COMMUNITY INVOLVEMENT IN SERVICE DELIVERY

5.13 ***Modestly achieved overall*** with substantial results for private sector involvement and negligible results for community involvement.

5.14 *Private sector involvement:* All project works, except for emergency water boreholes in Dar es Salaam were carried out by private contractors selected through competitive procurement processes. Whether done by foreign or local contractors, the quality of the completed work was generally satisfactory. After completion, private operators were contracted to maintain the new assets. By hiring the necessary equipment instead of investing large amounts in acquiring it, firms were able to enter this business with a very low capital base. Maintenance is still wanting, however, not for inadequate work done, but for the lack of resources to do more. Even so, this was the first time that private firms had been used on such a scale for construction and maintenance of urban infrastructure in the secondary cities in Tanzania. Private initiatives arose spontaneously in response to new demands stimulated by the project. Thus, private cesspit emptiers got into business in Arusha, where six firms were informally established. In LGAs solid waste collections was increasingly being contracted out to private operators. One area in which private sector participation did not succeed was in revenue collection on behalf of LGAs, notwithstanding the performance based contracts offered. Local residents were distrustful of what they saw as private individuals meddling in matters that affected them directly, especially revaluation of property assessments in order to raise property taxes. Taking all the results together, the project succeeded in encouraging greater private sector involvement in service delivery. Even where there were shortcomings, the project experience was worthwhile in helping LGAs understand better where such participation showed the greatest promise.

5.15 *Community involvement:* While beneficiary communities were active, especially in trying to maintain the new project facilities, the results were often less than ideal. In particular, local residents found it difficult to maintain gravel access roads without the heavy equipment needed for such work. Some complained to the IEG mission that the work was particularly difficult given Tanzania's volatile weather that frequently tested drainage and sewerage infrastructure particularly to their limits. Common sights were of drains blocked by garbage and street pavement in a poor state of repair. Better community involvement results were obtained, however, when community-based organizations in Mwanza, Arusha and Moshi helped organize street cleaning and the assembly of local solid waste at strategic collection points in residential areas of the respective towns. Altogether, the project experience points to some important, possibly more general constraints in community involvement in urban service delivery that are highlighted in the following section (para. 6.3).

6. Broader Issues Arising from this Evaluation

INVOLUNTARY RESETTLEMENT

6.1 Since the USRP design focused upon the rehabilitation of *existing* infrastructure that generally did not require land acquisition, the project, for the most part, avoided the important Bank safeguard issue of involuntary resettlement. But IEG learned that in

Arusha, 56 households were displaced when new project solid waste disposal site was established. An additional 71 households were displaced in Morogoro when the sewage treatment ponds were constructed. Since fewer households than the Bank's operational policy (OP 4.12) threshold of 200 were involved, only summary resettlement plans were prepared by the respective LGA with the support of GoT and submitted to the Bank in October 2000. The LGAs told IEG that all affected households were paid compensation at market rates and provided alternative land for resettlement. IEG's own discussions directly with the affected parties confirmed these arrangements, but also revealed that new sites provided were some considerable distance away.

6.2 Evidence about project compliance with this safeguard comes mostly from direct verbal reports. Documentation showing that all necessary steps were taken was thin, as Bank itself found. Bank project supervision in March 2001 noted that residents had been moved from the Arusha site without a satisfactory resettlement plan or agreement on compensation. Later, however, a May 2004 supervision mission was able to report that there was no resettlement issue under the project. The ICR reports full compliance with the safeguards (p. 21). Such inconsistent and incomplete reporting on this matter, even if the number of people affected is relatively small, would call for a more thorough and systematic monitoring of involuntary resettlement, in order to allay concerns that the scale of the issue and the procedures followed to deal with it indeed corresponded with the verbal reports IEG heard on site.

Distortions in Community Delivery of Urban Services

6.3 An underlying assumption of community-driven programs is that by enabling communities and citizens to define investment priorities, the development process will become more inclusive and responsive, particularly to the needs of the poor (Pozzoni and Kumar, 2005:14). The USRP provided US$5 million (about 3 percent of project costs) towards a pilot Community Infrastructure Program (CIP). However, CIP design required that only settlements free of such hazards as floods are eligible, which effectively precluded unplanned settlements where the urban poor live. CIP settlements eventually chosen for project investment in the Kijitonyama and Tabata districts of Dar es Salaam are middle rather than low income communities.

6.4 According to municipal officials and community representatives involved in CIP, community needs assessments were done through large focus group discussions. These however are generally more conducive to obtaining the views of dominant groups or individuals more confident to speak up and raise their concerns at large public gatherings, a phenomenon known as "elite capture". A large focus group discussion in Kijitonyama, for instance, identified the rehabilitation of the sewerage network, used by only a few, as the second most urgent "community" priority. Yet such a decision truly reflected the priorities of a minority of higher income households within the community—just 700 out of 6,000 households that already had sewerage connections—who wished to upgrade their own already reasonable level of service. The concerns of the majority who relied upon pit latrines were not addressed at all. Early in implementation, a 1999 Bank supervision mission correctly asked whether "genuine community concerns" were being addressed by the CIP, going so far as recommending that the sewerage upgrading activities in Kijitonyama be cancelled.

6.5 Such concerns undermined the CIP as a "demand-driven" program, because the demands expressed through priorities in this way may have been those of the wealthier households in the community who were not targeted for development assistance. LGAs appeared to accept any "community" project representing the voice of the community as a whole. For community involvement to effective assist urban service delivery, it is important for the voices of all groups, particularly poorer households, to be heard. Having more frequent meetings with smaller and more focused focus-groups might be an important first step toward achieving this.

7. Ratings

OUTCOME

7.1 The **overall outcome** of the project is rated ***Satisfactory*** as it fully achieved its major relevant objectives, albeit with minor shortcomings. The downgrade from the ICR Review rating is due to shortcomings identified by the PPAR field work that were not evident from IEG's earlier desk review of the ICR. **Efficacy** is rated ***Substantial*** overall for the important achievements in rehabilitating priority infrastructure and strengthening LGAs, with weaker results from community assisted service delivery. **Efficiency** is rated ***Substantial*** as reflected in high economic rates of return such as the 33 percent estimated for the project's road investments. Lower costs than expected were achieved through competitive bidding of contracts contributed to this positive result.

RISK TO DEVELOPMENT OUTCOME

7.2 This risk is rated as ***Modest***. Most works were completed to a high standard, thereby mitigating the needs for substantial funding for maintenance. Although far from being financially self sufficient, most LGAs are now able to meet their operations and maintenance budgets. These factors diminish the risk. On the other hand, it would have been lower still had more roads, especially those handling heavy trucks, been permanently paved, and for solid waste, more attention given to the challenges of disposal that is likely to become a serious environmental issue in the short run.

BANK PERFORMANCE

7.3 Rated ***Satisfactory*** for a solid project design (notwithstanding its distraction with higher level macro impacts) and careful supervision that contributed to the successful implementation of a large and geographically dispersed operation. Supervision was effectively undertaken through mission fielded both from Washington and from the Bank office in Dar es Salaam. The Bank was flexible in allowing activities to be revised and adapted to changes in context, for example in relation to the capacity building component and Dar es Salaam Water Supply. It thereby established good working relations with LGAs in particular. Today, the Bank enjoys an excellent reputation among its Tanzanian counterparts.

BORROWER PERFORMANCE

7.4 The performance of the GoT and implementing agencies is also satisfactory. Throughout the project, GoT maintained consistency and continuity in the policy environment relating to local administration and basic service provision. It also carried out the necessary strategic reforms, for example decentralization of powers and functions to the local level and setting up of autonomous water utilities with ring fenced revenue in project towns, which paved the way for USRP. The implementing agencies, particularly the PIU, were consistently staffed with qualified personnel. Despite what could have been a very demanding project, the implementing agencies performed well to ensure that all project activities were completed to a high standard and on time.

8. Findings and Lessons

8.1 Logistics must be well worked out for the successful implementation of large projects dispersed over a wide geographical area. In this case, success came from: (i) packaging works into larger contracts to be undertaken by experienced large firms able to operate across these large areas; (ii) assembling design work already done under earlier operations; and (iii) fully deploying the Bank country office to ensure regular contact with client towns.

8.2 Project experience demonstrates that direct technical assistance and training with on-the-job experience of executing priority physical investments continues to be a winning combination for improving local government municipal management and urban service delivery.

8.3 While community involvement in urban service delivery has been demonstrably correlated with good project outcomes, care must be exercised that community choices are not pre-empted by local elites within the community who may be especially skilled in using public meetings and assemblies for furthering their own minority interests.

8.4 Project design should focus only upon intended outcomes that can feasibly be achieved and whose success can convincingly be demonstrated. Claims to attain higher level intended outcomes—economic development and poverty reduction in this case—should only be made when there is a convincing rationale that project interventions can achieve them, and also a sound M&E system to record the baseline, target and endline values of indicators to measure the achievement.

Annex A. Basic Data Sheet

URBAN SECTOR REHABILITATION PROJECT (CREDIT 2867-TAN))

Key Project Data *(amounts in US$ million)*

	Appraisal Estimate	*Actual or current estimate*	*Actual as % of Appraisal estimate*
Total project costs	141.3	135.2	95.7%
Loan amount	104.9	97.7	93.1%
Cofinancing	21.8	25.8	118.3%
Economic rate of return	16.2	25.0	

Project Dates

Steps in project cycle	*Date planned*	*Date actual*
Appraisal	-	04/24/1995
Approval	-	05/23/1996
Signing	-	08/09/1996
Effectiveness	08/23/1996	05/06/1997
Loan closing	06/30/2004	12/31/2004

Staff Inputs (staff weeks)

Stage of Project Cycle	*Stage of project cycle*	
	No. Staff weeks	US$ ('000)
Identification/Preparation	170.5	341.8
Appraisal	113.9	237.2
Supervision	209.9	607.7
ICR	10.0	26.0
Total	504.3	1,212.7

Mission Data

Stage of project cycle		No. of persons	Specialized staff skills represented	Performance Rating	
				Implementation Progress	Development Objective
Identification/Preparation		6	TTL, SE, WSE, Eco, PRS, UP		
	09/1994	14	TTL, SE, WSE, Eco, FinA, OA, SPRS, ME, UTS, SWS, WIS, IS, EnvS, OpO		
Appraisal/Negotiation					
	05/1995	12	TTL, FA, Eco, ME, OA, SPS, SE, WSE, WIS, IS, CE, DivC	S	S
Supervision					
	08/1996	4	TTL, SE, SFinA, WSE	S	S
	11/1997	6	TTL, Eco, PRO, WSE, SE	S	S
	04/1998	3	TTL, WSE, Eco	S	S
	09/1998	6	TTL, WSE, Eco, POpO, PRO, FMS	S	S
	03/2000	3	TTL, SSE, OA	S	S
	09/22/2000	3	TTL, SSE, OA	S	S
	10/12/2001	5	TTL, SE, UFS, WSS, ME	S	S
	03/2002	1	SSE	S	S
	09/2002	2	TTL, Cons/ENSR	S	S
	05/2003	3	TTL, FMS, Cons/ENSR	S	S
	10/2003	3	TTL, FMS, Cons/ENSR	S	S
	04/2004	3	TTL, FMS, Cons/ENSR	S	S
ICR					
	10/2004 - 12/2004	4	TTL, FMS, Cons/ENGR. Cons/Eco		

CE: Civil Engineer
Cons/Engr: Consultant/Engineer
DivC: Division Chief
Eco: Economist
EnvS: Environmental Specialist
FinA: Financial Analyst
FMS: Financial Management Specialist
IS: Institutional Specialist
ME: Municipal Engineer
OA: Operations Analyst
OpO: Operations Officer
PopO: Principal Operations Officer
PRO: Procurement Officer
PRS: Procurement Specialist
SE: Sanitary Engineer
SFinA: Sr. Financial Analyst
SPRS Sr. Procurement Specialist
SSE: Sr. Sanitary Engineer
SWS: Solid Waste Specialist
TTL: Task Team Leader
UFS: Urban Finance Specialist
UP: Urban Planner
UTS: Urban Transport Specialist
WIS: Water Institutions Specialist
WSE: Water Supply Engineer
WSS: Water Sanitation Specialist

Annex B. Background Information

Table B.1: Tanzania at a Glance

	Tanzania		Sub Saharan Africa
	1996	**2006**	**2006**
Population (millions)	29.6	39.5	770
GDP per capita, PPP (current international $)	461	751	2,113
Poverty (% of population below national poverty line)	39	N/A	45 to 50
Urban population (% of total population)	21	25	36
Urban poverty (% of urban population below national poverty line)	N/A	24	20 to 60
Urban population with access to an improved water source (%)	85	85	80
Urban population with access to improved sanitation (%)	52	53	53
Gross primary enrollment (% of school-age population)	66	110	92
Infant mortality (per 1,000 live births)	92	76	96

Sources: World Development Reports; DECDG, Country-at-a-Glance tables; UNDP, Human Development Reports

Table B.2: Urban Centers with more than 100,000 inhabitants

Local Authority	Urban Population (2002)
***Dar es Salaam* ***	2,339,910
***Mwanza* ***	476,646
***Arusha* ***	270,485
Mbeya	232,596
***Morogoro* ***	209,058
Zanzibar	205,870
Tanga	180,237
Dodoma	150,604
***Moshi* ***	143,799
Kigoma	131,792
Tabora	127,887
Musoma	104,851
Iringa	102,208

*USRP project towns are shown in bold *Project towns visited by IEG mission*

Source: 2002 Census, National Bureau of Statistics

Annex C. Financial Performance Indicators for UWSAs

Table C.1: Revenue Collected (in current Tanzanian Shillings)

	2000/01	2005/06	Percentage Increase
Morogoro	932,949,463	1,921,960,447	106.01%
Dodoma	497,106,345	1,969,189,047	296.13%
Tabora	405,473,104	1,298,033,240	220.13%
Arusha	1,441,397,708	2,766,455,947	91.93%
Moshi	723,836,926	1,761,939,000	143.42%
Tanga	928,670,000	2,024,750,040	118.03%
Mwanza	N/A	3,160,866,501	-
Mbeya	N/A	1,580,538,567	-

Sources: MoW 2007 and ICR

Table C.2: Productivity of Administrative Inputs

	Revenue generated per TSh1.00 expenditure on input	
	2004/05	2005/06
Morogoro	4.8	4.0
Dodoma	5.9	6.2
Tabora	3.7	9.4
Arusha	2.4	6.9
Moshi	2.9	3.2
Tanga	3.6	3.3
Mwanza	8.3	4.8
Mbeya	2.0	2.6
Iringa	4.3	4.3

Sources: MoW 2007

Table C.3: Operating Ratio*

	2003/04	2004/05	2005/06
Morogoro	1.43	1.50	0.95
Dodoma	0.93	1.07	0.85
Tabora	1.04	1.84	0.86
Arusha	1.08	1.17	0.94
Moshi	1.56	1.49	1.07
Tanga	1.50	0.83	0.95
Mwanza	0.96	1.07	0.91
Mbeya	1.17	1.30	0.99
Iringa	1.63	1.50	1.20

Source: MoW 2007

*ratio below 1 means that the UWSA was able to generate sufficient revenue to cover operating expenditure and still retain some surplus.

Annex D. Government Comments

THE UNITED REPUBLIC OF TANZANIA

PRIME MINISTER'S OFFICE

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In reply please quote:

Regional Administration and Local Government,
P.O. Box 1923,
DODOMA,

OUR Ref: LGSP/PE/21/8

5th June 2008

Mr. John Heath,
Acting Manager,
Sector Evaluations,
Independent Evaluation Group,
The World Bank,
1818 H Street NW,
Washington, DC 20433,
USA.

Dear Sir,

RE: URBAN SECTOR REHABILITATION PROJECT (IDA CREDIT 2867-TA)

SUB: COMMENTS ON THE DRAFT PROJECT PERFORMANCE ASSESSMENT REPORT

1. Thank you for your letter dated April 23, 2008 enclosing Draft Project Performance Assessment Report (PPAR) for the Urban Sector Rehabilitation Project (USRP) for our review and comments.

2. We have reviewed the report and the following our comments:

   Para 2.2 (Project Design): The 2 sentences starting with "While the inclusion ...." and ending with "........... was not made clear, however" need to be elaborated. Does the 2nd sentence refer to the components of the Project or the sub-components/activities under the Institutional Strengthening (IS) component? If it is the latter; the reason was clearly explained in the USRP Implementation Completion Report (ICR), Para 3.3 (Assessment of Components - Component C, i.e. being the decision at the Mid-Term Review to develop an IS Strategy that would group the activities under this component to better align and focus the efforts to the needs of the beneficiaries (local government authorities) in order to help to achieve more sustainable development and poverty reduction at local level rather than the IS targeting more at the central level as it was in its original form; this proving to have substantial contribution to the success of the Project.

Para 5.1 (Sustainable Economic Development and Poverty Reduction): Whereas, it was found difficult to explicitly evaluate the outcome of the overall objective of achieving sustainable development and poverty reduction due to the Project Design and Project M&E not including desired outcomes on this as well as data on baselines and targets, we are of the opinion that a general evaluation could still be made through sub-objectives of the overall objective (see Box 1 of the PPAR) and this be linked to the significant contribution they have made towards sustainable development and poverty reduction (see Revised Objective - Para 3.2 of the ICR). The other two reasons/shortcomings could then be taken as "lessons learnt" as rightly put in Para 8.4 of the PPAR.

Paras 5.13 & 5.15 (Community Involvement in Service Delivery): We feel that the results for community involvement in Para 5.13 could better be termed as "modest" rather than "negligible" due to the fact that 3 out of the 8 Project towns (Mwanza, Arusha and Moshi) as well as Dar es Salaam have been successfully using CBOs on hire basis for street cleaning, solid waste collection etc since the period of the Project implementation. However, this can be taken as a lesson so that community involvement is organized early during Project implementation through CBOs (on hire basis) to do more O&M activities in their areas including routine maintenance of community roads etc.

Paras 6.1 & 6.2 (Involuntary Ressettlement): The USRP design indeed focused on rehabilitation of existing infrastructure that generally did not require land acquisition and hence avoided the World Bank (WB) safeguard issue of involuntary resettlement. Sites for facilities for solid waste, oxidation ponds etc. were identified before commencement of Project implementation and were all free of encumbrances. However, in the course of the implementation of the Project, illegal human settlements developed and encroached on two of the earmarked sites in Arusha and Morogoro. The Project management in collaboration with the Government and the WB followed the necessary safeguard procedures for the involuntary settlement and satisfactorily resolved these matters. The fact that these were one of the several emerging implementation problems that were successfully resolved and also the number of the affected persons being below the WB threshold of 200 could explain the reason for not highlighting it in the ICR and limiting it to aide memoires for the implementation supervision missions of that period.

Paras 6.3, 6.4 & 6.5 (Distortions in Community Delivery of Urban Services): As correctly indicated in Para 3.2 of the PPAR, most of the major designs for USRP, including the selection process (e.g. participating project towns, communities, types of infrastructure etc) were done during its predecessor, USEP (*Urban Sector Engineering Project - Credit No. 2291-TA*). The deficiencies pointed out in the above paragraphs could at best be attributed to the work under USEP, whose evaluation might have already taken place separately. However, these can be taken as "lessons learnt" for future projects. Already, these have been taken into account in the design of successor Project, LGSP (*Local Government Support Project*) where a demand-driven program, CIUP (*Community Infrastructure Upgrading Program*) is currently being implemented.

Para 7.1 (Outcome): With the above comments which have elaborated on all the issues reported as "minor shortcomings"; it would be desirable to reinstate the initial rating for the Overall Outcome of the Project as given at ICR Review, i.e. ***Highly Satisfactory*** instead of downgrading it to ***"Satisfactory"***.

Para 8 (Findings and Lessons): We concur with the findings and lessons listed in paragraph 8 of the PPAR.

3. It is our hope that the comments above will be looked into more critically and eventually be reflected in the final report.

Tarishi, M.K.
PERMANENT SECRETARY

c.c. Ms Mulu Ketsela, Executive Director for Tanzania, World Bank

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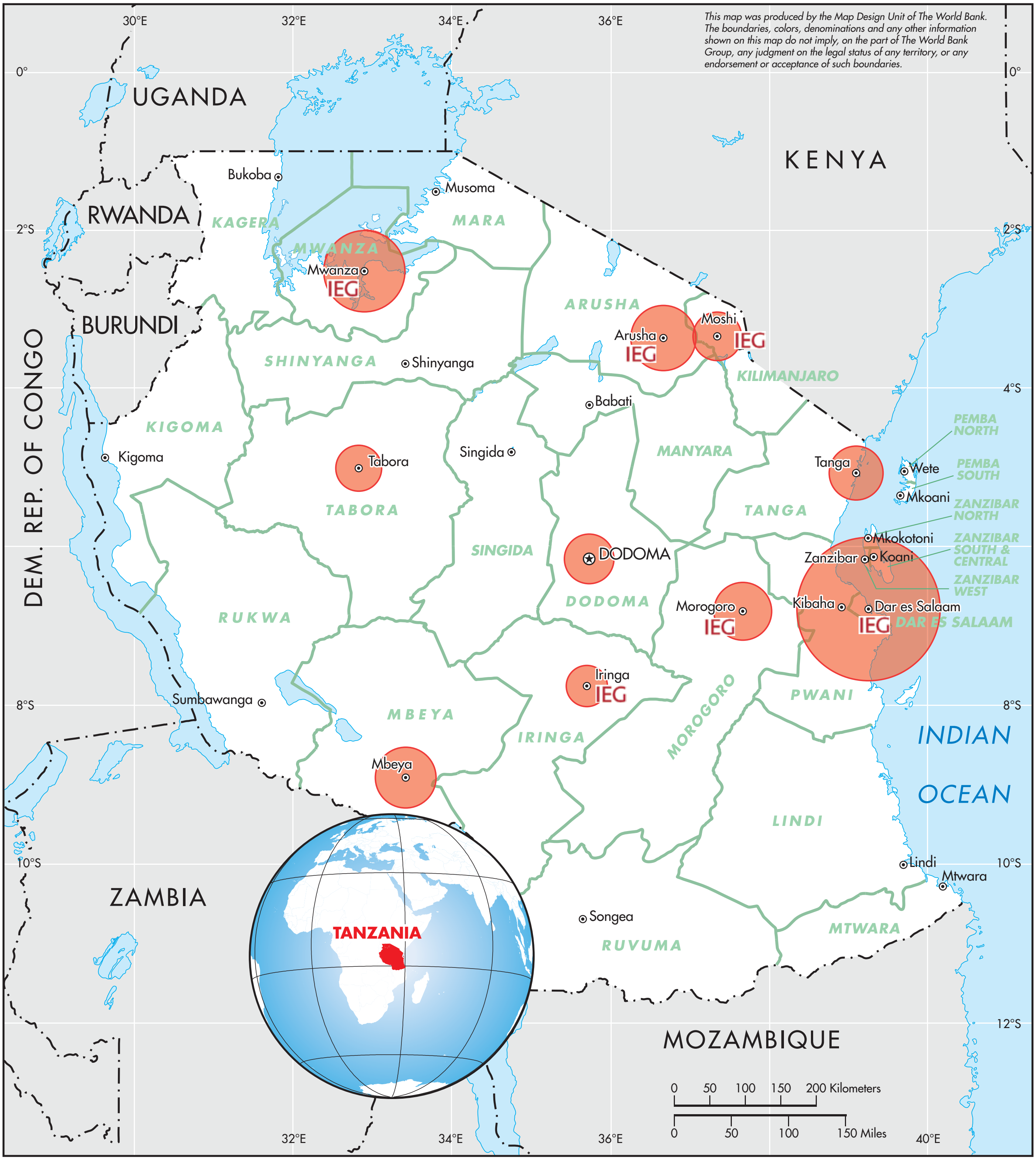
Map section

IBRD 36095

TANZANIA
URBAN SECTOR REHABILITATION PROJECT CITIES

POPULATION
2,339,910
102,208

IEG CITIES VISITED BY IEG MISSION
PROVINCE CAPITALS
NATIONAL CAPITAL
PROVINCE BOUNDARIES
INTERNATIONAL BOUNDARIES



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