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PROJECT PERFORMANCE ASSESSMENT REPORT

Tanzania

**FOREST CONSERVATION AND MANAGEMENT PROJECT
(CREDIT NO. IDA-36040, IDA-3604A, TF-25922)**

**EASTERN ARC FOREST CONSERVATION AND MANAGEMENT PROJECT
(TF-23498, TF-52283)**

And

ASSESSMENT OF ANALYTIC AND ADVISORY ACTIVITIES

**ENVIRONMENTAL CRISIS OR SUSTAINABLE DEVELOPMENT
OPPORTUNITY? TRANSFORMING THE CHARCOAL SECTOR IN
TANZANIA: A POLICY NOTE (P107475)**

**ENABLING REFORMS: A STAKEHOLDER-BASED ANALYSIS OF THE
POLITICAL ECONOMY OF TANZANIA'S CHARCOAL SECTOR AND THE
POVERTY AND SOCIAL IMPACTS OF PROPOSED REFORMS (P120260)**

June 29, 2011

*Public Sector Evaluations (IEGPS)
Independent Evaluation Group*

Currency Equivalents (annual averages)

Currency Unit = Tanzanian shilling (TZS)

2002	US\$1.00	TZS 994.12
2003	US\$1.00	TZS 1062.81
2004	US\$1.00	TZS 1112.82
2005	US\$1.00	TZS 1150.30
2006	US\$1.00	TZS 1286.25
2007	US\$1.00	TZS 1270.24
2008	US\$1.00	TZS 1221.70
2009	US\$1.00	TZS 1344.95

Abbreviations and Acronyms

AAA	Analytic and Advisory Activities	MNRT	Ministry of Natural Resources and Tourism
ACS	Activity Completion Summary	M&E	Monitoring and Evaluation
CBFM	Community Based Forest Management	NFAC	National Forest Advisory Committee
DANIDA	Danish International Development Assistance	NAFOBEDA	National Forest and Beekeeping Database
DCA	Development Credit Agreement	NAFORMA	National Forest Resources Monitoring and Assessment
DfID	United Kingdom Department for International Development	NFP	National Forest Program
DFO	District Forest Officer	OPCS	Operations Policy and Country Services
EAFCOMP	Eastern Arc Forest Conservation and Management Project	PAD	Project Appraisal Document
EAMCEF	Eastern Arc Mountains Conservation Endowment Fund	PE	Political Economy analysis
ESMAP	Energy Sector Management Assistance Program	PFM	Participatory Forest Management
ESW	Economic and Sector Work	PMO–RALG	Prime Minister’s Office – Regional Administration and Local Government
FBD	Forestry and Beekeeping Division of the Ministry of Natural Resources and Tourism	PPAR	Project Performance Assessment Report
GAC	Governance and Anti-Corruption	PSI	Private Sector Involvement
GEF	Global Environment Facility	PSIA	Poverty and Social Impact Assessment
GEO	Global Environmental Objective	TASAF	Tanzania Social Action Fund
GOT	Government of Tanzania	TFCMP	Tanzania Forest Conservation and Management Project
JFM	Joint Forest Management	TFGA	Trust Fund Grant Agreement
ICR	Implementation Completion Report	TFS	Tanzania Forest Service
IDA	International Development Association	TTL	Task Team Leader
IEG	Independent Evaluation Group	TZS	Tanzanian Shillings
IEGPS	Independent Evaluation Group, Public Sector	UNDP	United Nations Development Program
IFPRI	International Food Policy Research Institute	VLFR	Village Land Forest Reserve

Fiscal Year

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This report was prepared by April Connelly, who assessed the project in November 2010. Marie Charles and Romyne Pereira provided administrative support. The report was peer reviewed by Ridley Nelson and the panel reviewer was Nalini Kumar.

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Principal Ratings

Tanzania Forest Conservation and Management Project (Credit No. IDA-36040, IDA-3604A, TF-25922) and the Eastern Arc Forest Conservation and Management Project (TF-23498, TF-52283)

	<i>ICR*</i>	<i>ICR Review*</i>	<i>PPAR</i>
Outcome	Moderately Unsatisfactory	Unsatisfactory	Unsatisfactory
Risk to Development Outcome	Significant	High	High
Bank Performance	Moderately Unsatisfactory	Moderately Unsatisfactory	Moderately Unsatisfactory
Borrower Performance	Moderately Unsatisfactory	Moderately Unsatisfactory	Moderately Unsatisfactory

* The Implementation Completion Report (ICR) is a self-evaluation by the responsible Bank department. The ICR Review is an intermediate IEGPS product that seeks to independently verify the findings of the ICR.

Environmental crisis or sustainable development opportunity? Transforming the charcoal sector in Tanzania: a policy note (P107475)

<i>Evaluation Criterion</i>	<i>Rating</i>
Results	Satisfactory
Relevance	Satisfactory
Quality	Highly Satisfactory
Dialogue	Satisfactory

Enabling reforms: a stakeholder-based analysis of the political economy of Tanzania's charcoal sector and the poverty and social impacts of proposed reforms (P120260)

<i>Evaluation Criterion</i>	<i>Rating</i>
Results	Satisfactory
Relevance	Satisfactory
Quality	Highly Satisfactory
Dialogue	Satisfactory

Key Staff Responsible

Tanzania Forest Conservation and Management Project (Credit No. IDA-36040, IDA-3604A, TF-25922) and the Eastern Arc Forest Conservation and Management Project (TF-23498, TF-52283)

<i>Project</i>	<i>Task Manager/Leader</i>	<i>Division Chief/ Sector Director</i>	<i>Country Director</i>
Appraisal	Peter A. Dewees	Agnes I. Kiss	James W. Adams
Completion	Christian Albert Peter	Idah Z. Pswarayi- Riddihough	John Murray McIntire

Environmental crisis or sustainable development opportunity? Transforming the charcoal sector in Tanzania: a policy note (P107475)

<i>Project</i>	<i>Task Manager/Leader</i>	<i>Division Chief/ Sector Director</i>	<i>Country Director</i>
Appraisal	Christian Albert Peter	Marjory-Anne Bromhead	Judy O'Conner
Completion	Christian Albert Peter	Herbert Acquay	John Murray McIntire

Enabling reforms: a stakeholder-based analysis of the political economy of Tanzania's charcoal sector and the poverty and social impacts of proposed reforms (P120260)

<i>Project</i>	<i>Task Manager/Leader</i>	<i>Division Chief/ Sector Director</i>	<i>Country Director</i>
Appraisal	Klas Sander	Michele de Nevers	John Murray McIntire
Completion	Klas Sander	Michele de Nevers	John Murray McIntire

IEG Mission: Improving development results through excellence 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, IEG annually assesses 20-25 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), IEG staff examine project files and other documents, 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 IEG peer review, Panel review, and management approval. Once cleared internally, the PPAR is commented on by the responsible Bank department. The PPAR is also sent to the borrower for review. IEG incorporates both Bank and borrower comments as appropriate, and 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 IEG Rating System for Projects

IEG'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. IEG 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 IEG 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.

About the IEG Rating System for Analytic and Advisory Activities

IEG is piloting a methodology for assessing AAA products. The criteria used to assess the products reviewed in this report are included in Annex C.

Preface

This is a cluster assessment of a series of World Bank funded activities that aimed to address natural resource management issues in Tanzania: The Tanzania Forest Conservation and Management Project and its companion the Eastern Arc Forest Conservation and Management Project; a policy note, *“Environmental crisis or sustainable development opportunity? Transforming the charcoal sector in Tanzania”*; and a political economy analysis report, *“Enabling Reforms: A stakeholder-based analysis of the political economy of Tanzania’s charcoal sector and the poverty and social impacts of proposed reforms”*.

The Tanzania Forest Conservation and Management Project (TFCMP) and the Eastern Arc Forest Conservation and Management Project (EAFCMP) were integrated into a single operation with International Development Association (IDA) resources and a Global Environment Facility (GEF) grant. The IDA and GEF funded parts were appraised separately and issued two separate project identification numbers due to timing of the GEF approval process. The IDA credit was approved on February 26, 2002, became effective on May 29, 2002. The GEF grant, which appraised under the title of the Eastern Arc Forest Conservation and Management Project, was approved on July 3, 2003, became effective on May 18, 2005. The projects were originally scheduled to close on December 31, 2007. The closing date was extended once, by two years, to allow for completion of activities that had been added through project restructuring and to make up for slow implementation progress during the first few years of the project period. A total of US \$37.3 million of the IDA credit was disbursed and US\$ 28,884 was cancelled. The US\$7 million GEF grant was fully disbursed. The final total project cost was US\$44.7 million.

The sector work *“Environmental crisis or sustainable development opportunity? Transforming the charcoal sector in Tanzania”*, was begun on November 15, 2007 and delivered to the government on March 31, 2009. The report was officially launched in Tanzania in August 2009. Originally estimated at a cost of US\$70,000, the final cost was US\$138,120, financed through the Bank’s administrative budget and Bank executed trust fund resources from the Bank Netherlands Partnership Program-Environment (BNPP-Environment).

The sector work *“Enabling Reforms: A stakeholder-based analysis of the political economy of Tanzania’s charcoal sector and the poverty and social impacts of proposed reforms”* began on November 23, 2009 and was disseminated to the stakeholders in Tanzania in June 2010. The estimated cost was US\$80,000. The final cost was US\$ 77,288 financed by trust fund resources provided by the Governments of Finland and Norway and the Bank’s administrative budget.

This report was prepared by April Connelly, Evaluation Analyst, IEG. IEG conducted a mission to Tanzania from November 6 to November 19, 2010, visiting Dar es Salam, the District of Mkuranga, and Morogoro. The findings of the project assessment are based on a review of project documents, relevant literature, and interviews with Bank staff and consultants who worked on the project, central and local government personnel, donor representatives, representatives of key non-governmental organizations and community

organizations, and villagers. Annex A lists the persons interviewed in Tanzania and at Bank headquarters in Washington.

The findings of the AAA assessment are based on a review of internal files, the reports themselves, and interviews with Bank staff, government officials, development partners and civil society organizations in Tanzania. The AAA review is part of a pilot initiative IEG is conducting to develop a methodology for assessing AAA products. The pilot criteria for rating the various dimensions of AAA products are presented in Annex C.

IEG would like to express its appreciation to all those who participated in the assessment, and to staff at the World Bank office in Dar es Salaam, particularly Leah Mukutu, who helped make appointments and arranged transportation.

Copies of the draft PPAR were sent to government officials and implementing agencies for their review and comments but no comments were received.

Summary

This Performance Assessment Report (PPAR) examines a series of activities the World Bank supported in an attempt to improve the management of Tanzania's forest resources: a GEF and an IDA funded operation that aimed to strengthen the institutional framework for sustainable forest management and two pieces of analytical work that promote reforms aimed at transforming Tanzania's charcoal sector into a sustainable development opportunity. These activities were selected for review to draw lessons from different approaches to reforming sectors related to natural resources management and to provide input into IEG's forthcoming forest evaluation.

The Tanzania Forest Conservation and Management Project (TFCMP) and the Eastern Arc Forest Conservation and Management Project (EAFCMP) (2002-2009) are fully blended operations financed by a US\$31.1 million International Development Association (IDA) credit and a US\$7 million Global Environment Facility (GEF) grant. The projects were appraised and approved separately but were implemented as a combined operation. Their shared project development objective was to assist the government in the establishment of a framework for the long-term sustainable management and conservation of Tanzania's forest resources, strengthening the role of individuals, institutions and communities, and the private sector in management and conservation of forests. The global environment objective was to promote the sustainable conservation and management of the Eastern Arc forests. The closing date was extended once, by two years, to December 31, 2009, to make up for slow implementation progress and to allow for the completion of activities added during project restructuring in 2007.

Project design focused on institutional reforms, in particular the creation of a new executive forest agency, the Tanzania Forest Service (TFS). Many elements required to establish the TFS were put in place, and several tools were developed to enhance the institutional capacity to sustainably manage forest resources. Resources were channeled directly to communities to facilitate the process of establishing participatory forest management agreements. The Eastern Arc Conservation Endowment Fund was established as planned, and is funding conservation activities in the Eastern Arc Mountain forests. However, the TFS was not established until July 2010, seven months after project closure, and is still not functional. A number of the proposals to strengthen the capacity for sustainable forest management could not be implemented. In addition, a monitoring system to provide information on outcomes of small grant sub-projects was not established and public-private partnerships for the management of industrial forest plantations were not piloted. Finally, the Endowment Fund did not meet its target to raise additional capital. Though many project outputs have the potential to contribute to sustainable forest management, there is little evidence that the project's achievements to date constitute a coherent framework for the sustainable management of Tanzania's forest resources.

The *outcome* of the TFCMP and EAFCMP is rated Unsatisfactory. The relevance of objectives was substantial, while the relevance of design was modest. The objective of establishing a framework for long-term sustainable management and conservation was modestly achieved. The objective of strengthening the role of individuals, local institutions, and communities in management and conservation was modestly achieved. Achievement of the third objective, strengthening the role of the private sector, was negligible. Efficiency was rated modest. The quality of *Monitoring and Evaluation* was negligible. Initially there were

few quantitative outcome indicators and no baselines or measurable targets. An attempt was made to improve the M&E framework during implementation by changing the wording of indicators to make them more measurable and by retroactively establishing baselines. While progress against each of the key performance indicators was recorded, the link between the reported achievements and project activities is tenuous in some cases.

The *Risk to Development Outcome* is rated high. Project gains are at risk because of insufficient funds to continue activities since project closure and unresolved benefit sharing issues at the policy level. *Bank performance* is rated moderately unsatisfactory. While the project responded to priorities outlined in the forest policy, its scope was overambitious, M&E was of poor quality, and supervision was hampered by a lack of continuity in task managers. *Borrower performance* is rated moderately unsatisfactory. Government commitment was insufficient to bring about the proposed reforms within the project timeframe and project management suffered from capacity constraints in procurement and financial management.

The report *Environmental crisis or sustainable development opportunity? Transforming the charcoal sector in Tanzania: a policy note* (carried out in 2008-2009) aimed to: consolidate and analyze information on the charcoal sector; present policy options that could turn the sector into a sustainable activity that provides economic incentives as well as environmental benefits; and identify knowledge gaps and piloting activities.

In terms of *results*, the report is rated satisfactory. It has contributed to the broader development dialogue on the charcoal sector in Tanzania. It led to a follow-up sector work that assessed the political economy of the proposed reforms. Other donors in Tanzania have drawn on the report's analysis in the development of their own programs and it has served as a reference for World Bank staff working on household energy issues. As a result of the diagnostic ground work laid by the report, Tanzania is under consideration as a pilot country by a trust fund program that intends to finance clean cooking initiatives. At the time of this assessment, however, the report received little attention from the government.

Strategic relevance and ownership of the report is rated satisfactory on balance. The report addressed a topic of high relevance to Tanzania and other Sub-Saharan African countries. The report aimed to be strategic, by highlighting charcoal sector reform as a potential sustainable development opportunity. It was delivered as the government embarked on a review of its energy strategy and also corresponds with renewed interest within the Bank. Feedback was solicited from an array of local stakeholders in the course of producing the report, including the formulation of recommendations, though the level of government interest and engagement beyond participation in stakeholder workshops appears to have been limited.

With respect to *quality*, the report is rated highly satisfactory. Stakeholders interviewed by IEG, including government technical staff, unanimously viewed the document as a high quality diagnostic piece. It drew on a wealth of studies that had already been completed on the topic but its value added lies in the comprehensive description of the sector across all segments of the value chain, which is presented in a readable and easily accessible fashion, and its clear actionable recommendations.

Finally, *dissemination and sustained dialogue* is rated satisfactory on balance. The team made an effort to reach different audiences by publishing the report's findings in different formats. Its translation into the national language, the production of a short film and its availability on the Bank's external website set it above the dissemination of many other Bank ESW products. However, there is little evidence of sustained engagement.

The report *Enabling reforms: a stakeholder-based analysis of the political economy of Tanzania's charcoal sector and the poverty and social impacts of proposed reforms* (carried out in 2009 – 2010) was a follow-on analysis to the policy note, undertaken to gain a better understanding of the feasibility of the suggested reforms. Its objectives were to: 1) provide relevant stakeholders with a profound analysis of the political economy of the charcoal sector in Tanzania, including mapping networks and power relations prevalent in the charcoal sector, in order to better understand the role of different players; and (2) analyze the poverty and social impacts of proposed policy reforms in the charcoal sector.

Results are rated satisfactory. The report contributed to the broader development dialogue on charcoal, specifically providing a better understanding of the political economy of the charcoal sector in Tanzania. It has served as a reference for staff working on similar issues within the Bank and other development partners operating in Tanzania. As of November 2010, the report, issued in June 2010, had had little influence on government policy, though it may be too early to expect to see such results.

Strategic Relevance and Ownership is rated satisfactory. The report addressed an important development constraint for Tanzania and was produced in a participatory fashion, including multiple stakeholder workshops in which participants generated the primary inputs to the report, but there is little indication of government involvement in defining the scope or carrying out work on the report beyond participation in relevant workshops.

Quality is rated highly satisfactory. Stakeholders gave the report high marks for its systematic documentation of the political economy surrounding proposed reforms, which many felt was important information that had been missing from other studies on the topic. The report has been touted within the Bank as a best practice example of political economy analysis for a sector.

Dialogue and Dissemination is rated satisfactory. The authors have been proactive in disseminating the report to relevant staff within the Bank but there was little follow up in Tanzania by the Bank beyond the initial dissemination workshops, though it may be too soon to assess this dimension of the report.

Lessons

The experience of the Forest Conservation and Management Project generates the following lessons:

- A reform agenda that depends on the buy-in of key individuals can be stalled unless there is: (a) a contingency plan for the loss of political will and (b)

sufficient flexibility in project design to enable adjustments to changes in the level of ownership.

- Late and incomplete restructuring can result in a failure to complete activities within the project timeframe and, as a consequence, to achieve project objectives.
- The use of demand-driven approaches for forestry or natural resources management activities may be constrained by insufficient demand, as communities often have other priorities.
- Small grant monitoring that narrowly focuses on ensuring that grant monies were used for their intended purpose is insufficient to demonstrate outcome level results and is a lost opportunity for learning.
- The financial sustainability of endowment funds can be compromised without sufficient and early attention to developing the fund-raising skills of Endowment Fund staff.

The charcoal reform sector work generates the following lessons:

- High quality analysis is insufficient on its own to prompt action from government decision makers.
- Reform of sectors in which responsibility cuts across multiple agencies may be difficult without a sustained dialogue through multiple sector units in the Bank (forestry, environment, energy).

The following lessons emerge from both the TFCMP/EAFCMP and sector work experience:

- Changes in mind-set may be difficult to bring about without a strategy for generating broad-based consensus up front.
- One project cycle may not be long enough to bring about institutional changes. Similarly, dissemination of analytic work without a program for sustained dialogue may limit results.

Vinod Thomas
Director-General
Evaluation

1. Background

1.1 Forest and woodlands cover nearly 40 percent of the total mainland area of Tanzania. Forest resources play an important role in mitigating the impacts of poverty (World Bank 2002). Eighty-seven percent of the poor live in rural areas and depend heavily on forest resources, including charcoal and firewood, to support their livelihoods (Miledge and others 2007, Blomley and Iddi 2009). Forest products account for 10-15 percent of Tanzania's registered export earnings and the forest sector provides about 3 million person-years of employment annually (MNRT 2008a, cited in Blomley and Iddi 2009). Tanzania's forests also make an important contribution to the country's energy and water supply. Biomass (wood fuels and charcoal) is the main source of energy for both urban and rural households, accounting for over 90 percent of Tanzania's energy supply (URT 2003). Catchment forests play a critical role in maintaining water flows to urban areas and to hydroelectric generating facilities, the main commercial energy source in Tanzania.

1.2 The bulk of Tanzania's forests are dry "miombo" woodlands¹ that provide critical forest products to rural communities and urban centers, are an important source of dry season grazing, and perform important services as watershed catchments. The highest levels of Tanzania's forest biodiversity are found in the country's montane forests, concentrated in the Eastern Arc Mountains, a globally recognized biodiversity hotspot.² The forests in these mountains also feed over 22 rivers; their catchments collectively provide water for all of the nation's coastal communities and generate nearly 70 percent of Tanzania's hydroelectric energy (World Bank 2003).

1.3 The effective management of Tanzania's forest resources is constrained by several factors. Financial resources for the sector are tightly constrained and heavily dependent on donor funding, which has been highly fragmented and ineffective at addressing Tanzania's national policy priorities (World Bank 2002). National budget allocations to the Forest Sector have generally been inadequate and subject to fluctuation.³ The potential for forests to generate revenue to finance forest management has not been realized due to poor governance, lack of accountability and limited oversight which hinders effective revenue collection (World Bank 2002). Sustainable forest

¹ The miombo woodland is one of the major dry forest-savannah biomes of the world. It covers much of central and southern Africa and is named for the oak-like "miombo" trees.

² The biodiversity hotspot concept identifies areas for conservation priority based upon where the conservation threat is greatest to the greatest number of species. There are 34 designated biodiversity hotspots globally. Two factors determine which areas qualify as hotspots: number of endemic species (those found nowhere else) and degree of threat.

³ The unpredictable flow of funds from the Treasury to Ministry Departments and Agencies is not unique to the forest sector. Commenting on this problem in general, Caulfield (2002) notes "A recent (2001) public expenditure review conducted by the Government of Tanzania and World Bank highlighted the lack of predictability of budget releases as one of the main problems afflicting financial administration. Month-to-month releases are highly variable and do not reflect the needs of the recipients—extreme cases such as the Ministry of Water receiving more than its total annual budget in one month. Deviations between annual budgeted and actual figures for Ministries has varied as much as up to 40% in the last two years, but some estimates put this figure even higher (Therkildsen 2000). Unpredictability of resource flows from the Treasury to spending units impacts on both allocative and operational efficiency." The problematic release of funds from Treasury to Ministries has also been noted in subsequent Public Expenditure Reviews.

management is also hindered by uncertain tenure and lack of protection status. Unreserved forests, which are not formally gazetted as reserves, represent approximately 56 percent of the national forest estate. Deforestation occurs in both reserved and unreserved forests but is more prevalent on unreserved lands where the lack of protected status allows for their legal conversion to other uses (World Bank 2002).

1.4 Charcoal is an important forest product. It not only accounts for a large share of Tanzania's energy, but its unsustainable production is one source of forest resource degradation, particularly in forests adjacent to urban areas. There is no coherent policy framework governing charcoal production, trade, and use in Tanzania. Charcoal regulations are unclear, partially enforced, or easily bypassed. Consequently, only an estimated 20 percent of the taxes and fees due on charcoal-related activities are collected and paid (World Bank 2010b). The highly informal nature of the charcoal sector also creates challenges for forest management.

1.5 This assessment reviews a series of activities the Bank supported in an attempt to improve the management of Tanzania's critical forest resources: a GEF and IDA blended lending operation that aimed to strengthen the institutional framework for sustainable forest management and two pieces of analytical work that promoted reform of the charcoal sector. Both the forestry sector and charcoal trade are characterized by weak governance, law enforcement, and other regulatory capacity (Miledge and others 2007, World Bank 2010, World Bank 2011a). The forestry project and the charcoal sector work assessed in this report advocated ambitious agendas to reform each sector. The proposed reforms required significant political support; results in both cases have been constrained by a lack of adequate political commitment and buy-in.

1.6 The report proceeds as follows: Chapter 2 assesses the Tanzania Forest Conservation and Management Project and the Eastern Arc Forest Conservation and Management Project. The policy note and political economy analysis of the charcoal sector are reviewed in chapters 3 and 4. Chapter 5 presents the lessons from each set of activities as well as some common lessons that emerged across all three activities.

2. Tanzania Forest Conservation and Management Project and the Eastern Arc Forest Conservation and Management Project

Context

2.1 The project was developed at a time when the dominant paradigm of forest management in Tanzania was shifting from an approach of "command and control", which excludes local community involvement towards active management, with greater participation by non-state actors (World Bank 2002). In 1967, Tanzania's forests were nationalized under the Arusha Declaration, which aimed at building a socialist state (Kihyo 1998). While the central government was responsible for the management of public land, in practice virtually no management activities were undertaken and much of the forested areas were treated as open access. As population growth increased pressures on forests, there was an increasing recognition that the government did not have the

capacity to effectively manage the country's vast stretches of natural forests and woodlands on its own. Government capacity to effectively manage the state's 80,000 ha of industrial plantations was also limited. At the same time, there was increasing awareness of the need to involve communities in the management of forest resources and acknowledgement that communities are entitled to these resources, consistent with a worldwide shift toward participatory forest management by development practitioners (World Bank 2002).

2.2 In 1998, Tanzania approved a new National Forestry Policy that provided scope for developing alternative forest management and conservation regimes and encouraged the participation of communities and other non-state actors (MNRT, 1998a cited in Blomley and Said, World Bank 2002). This was followed by the government's preparation of the National Forest Program (NFP), which outlined a plan for implementation of the forest policy, provided the framework for future public expenditure in the forestry sector, and outlined priorities for donor financing. The Tanzania Forest Conservation and Management Project (TFCMP) was conceived in response to the disconnect between the policy objectives put forth in the NFP and the prevailing institutional structure that was to deliver on these objectives yet remained oriented toward regulation and enforcement of forest legislation and the exclusion of local populations (World Bank 2002).

2.3 Preparation of the TFCMP followed the IDA-funded Forest Resources Management Project (US\$ 18 million, 1992-1999). The TFCMP was to serve as a financial delivery mechanism for the National Forest Program by supporting four of the innovations called for by both the forest policy and NFP:

2.4 ***Establishment of a new forest agency as a semi- autonomous 'executive agency'***. The forest policy called for the creation of a new service-oriented forest management agency to be established as a specialized 'executive agency' as defined by the Executive Agencies Act (1997). This proposal was consistent with a wider national program of civil service reforms ongoing at the time. Executive Agencies are semi-autonomous public bodies whose operations share many of the characteristics of the private sector: they are often funded by charges imposed on service users and retain a higher percentage of what is collected than ministry agencies, pay higher wages than the public sector, frequently are funded on a performance-related basis, and recruit executives through open competition (URT 2005). Establishment of the agency was intended to improve the capacity to provide service delivery functions to facilitate forest management.

2.5 ***Support the management of forests by communities through Participatory Forest Management (PFM) agreements***. The National Forest Policy also recognizes the need to bring unreserved forests under the jurisdiction of local communities through PFM arrangements (Blomley and Iddi 2009, Blomley and Ramadhani 2006). The TFCMP supports the expansion of the two primary PFM approaches in Tanzania: Joint Forest Management (JFM) and Community Based Forest Management (CBFM). JFM is a collaborative management approach whereby forest management responsibility and returns are shared between government and forest-adjacent communities. JFM takes place on land that is owned and managed by central or local governments for forest

management, such as National Forest Reserves (for catchment, mangrove, or production purposes). CBFM takes place in forests on “village land.” Villagers assume full management responsibility for an area of forest within their jurisdiction that has been formally declared by village and district governments as a village land forest reserve (VLFR). Villagers have the right to harvest and retain all income from the sale of forest products and to undertake forest surveillance patrols (including arresting and fining offenders). They are also exempt from local government taxes on forest products and regulations regarding “reserved tree” species. (Blomley and Ramadhani 2006).

2.6 *Encourage greater participation of the private sector in industrial plantation management.* The National Forest Policy calls for more active involvement of the private sector in industrial plantation management in order to improve efficiency and productivity, and to reduce the fiscal burden of plantations on the public sector. The project aimed to support this goal by providing resources to develop and implement a framework to involve the private sector in the management of existing industrial plantations and strengthen the potential for the development and management of new plantations.

2.7 *Improving capacity for the conservation of forest biodiversity.* The National Forest Policy places a high priority on the conservation of forest biodiversity and management and calls for the establishment of new forest reserves in areas of high biodiversity value. Tanzania is a signatory to a number of biodiversity and natural resource conservation conventions, yet within the prevailing institutional structure there is very little capacity to address biodiversity conservation needs. Forest protection was undertaken in the past largely to meet the needs of the timber industry and to protect watershed catchments. Moreover, within the constrained fiscal framework in Tanzania, there are almost no public sector resources to make these types of investments in the absence of a financial return (World Bank 2002). The project aimed to address this through the establishment of a conservation endowment fund, the Eastern Arc Mountains Conservation Endowment Fund (EAMCEF), as a sustainable source of funding for conservation of the Eastern Arc Mountains forests, one of Tanzania’s biodiversity hotspots.

Design

2.8 The TFCMP and the Eastern Arc Forest Conservation and Management Project (EAFCMP) were essentially an integrated operation that blended International Development Association (IDA) resources with a Global Environment Facility (GEF) grant. The IDA credit and the GEF grant were appraised separately due to timing of the GEF approval process. Therefore, two project appraisal documents (PAD) were prepared and two project identification numbers were issued, but the project was managed as a single operation with shared objectives and will thus be evaluated as such. The IDA credit was approved on February 26, 2002 and became effective on May 29, 2002. The GEF grant, which was appraised under the title of the Eastern Arc Forest Conservation and Management Project, was approved by the Board on July 3, 2003 and became effective on May 18, 2005. The project was originally scheduled to close on December 31, 2007.

OBJECTIVES AND COMPONENTS

2.9 The formulation of the project's development objective (PDO) varies between the credit/grant agreement and the project appraisal document.

2.10 According to the Development Credit Agreement (schedule 2): "The objective of the project is to assist the Borrower in the establishment of a framework for long-term sustainable management and conservation of its forest resources by strengthening the role of all stakeholders, that is, individuals, local institutions and communities and the private sector in management and conservation of forests."

2.11 According to the PAD (pg. 5): " The objectives of the proposed Forest Conservation and Management Project (FCMP) are to provide the resources to assist Government in policy implementation, in particular by developing a framework for the long-term sustainable management and conservation of Tanzania's forest resources, strengthening the role of individuals, communities, villages, and the private sector in management and conservation of forests, and implementing this framework on a pilot scale. The project's specific objectives are to: (i) support the establishment of a new national forestry institutional framework effectively to support the sustainable management and protection of Tanzania's forest, woodland and industrial plantation resources; (ii) establish the framework for involvement of the private sector in industrial plantation development and management; and (iii) develop the institutional capacity within the forestry sector for coordination, financing, and management of biodiversity conservation interventions within Tanzania's forests, in particular in the forests of the Eastern Arc mountains."

2.12 For the purposes of this assessment, IEG will use the articulation of the objectives from the Development Credit Agreement because it is the legally binding document. Moreover, the wording of objectives in the credit agreement and the PAD are substantially similar. The "specific objectives" referenced in the PAD are not objectives, but a recapitulation of the project components.

2.13 In addition to the PDO, there was a global environmental objective (GEO) associated with the GEF funding. Two versions were presented in the PAD:

- "The global environmental objectives of the project are to (i) develop and begin to implement an integrated biodiversity conservation strategy for the Eastern Arc Mountains (which account for 40 percent of Tanzania's remaining tropical high forest cover), which will, in turn, strengthen Tanzania's capacity to coordinate and lead forest biodiversity conservation interventions, (ii) support an integrated community-based pilot intervention in a priority conservation area to achieve sustainable impact related to both biodiversity and human development, (iii) improve the institutional mechanisms and capacity to undertake forest biodiversity conservation, and (iv) develop, and implement on a pilot basis, a sustainable financing mechanism for conservation activities in the Eastern Arc forests." (pg. 6)

- “The main global environmental objective of this GEF activity is to promote the sustainable conservation and management of the Eastern Arc forests.” (pg. 14)

2.14 According to the PAD the project contained four main components and nine subcomponents.

2.15 **Component 1 –Supporting institutional change and improving service delivery** (appraisal cost US\$22.1 million; actual US\$25.6 million). This component would assist the government with the design and establishment of the TFS as a specialized 'executive agency', as defined by the Executive Agencies Act (1997). Sub-component 1.1: Establishment of the TFS with clearly defined roles, functions, performance standards, and monitoring. The project provided resources to manage the change process, to strengthen the capacity for administration and management, to rationalize and to strengthen the capacity for tasks related to policy, planning, and legislation (which would remain with the Ministry). Financing of key infrastructure investments including construction of new office facilities to house TFS headquarters and Ministry staff in a single location, and a limited amount of civil works at the regional and district level based on an assessment infrastructure needs. Sub-component 1.2: Improving revenue collection from forests and woodlands, to improve the capacity of the TFS to become self-financing, and ensure that revenues are reinvested at the local level in forest protection and management through local institutions. The project provided resources for the design and implementation of a coherent forestry revenue strategy to increase net revenues, this included commissioning studies, piloting improved revenue collection and forest surveillance activities, and the purchase of vehicles and equipment. Sub-component 1.3: Improving service-delivery mechanisms for participatory forest and woodland management. The project funds supported workshops; awareness raising activities; support for networking, information sharing, and monitoring; the preparation of guidelines; training facilitators; and, providing assistance to villagers to put in place participatory forest management agreements.

2.16 **Component 2 - Private sector involvement in industrial plantation management** (appraisal cost US\$2.9 million; actual US\$3.0 million). The component would provide the resources to assess the technical and financial feasibility of industrial plantations with reference to existing and potential markets as well as the formulation of steps and guidelines for the private sector's involvement. Multiple mechanisms for the involvement of the private sector would be developed and implemented on a pilot basis, and were expected to include leasing arrangements, joint forest management, and co-management. Sub-component 2.1: Improving the plantation resource information base and management planning capacity. Sub-component 2.2: Strengthening institutional support services for private sector involvement. Sub-component 2.3: Pilot alternative management of selected industrial plantations. Sub-component 2.4: Monitoring and evaluation of the pilot operations.

2.17 **Component 3 - Eastern Arc Forest Conservation and Management** (appraisal cost US\$9.2 million; actual US\$ 13.4 million). To be financed largely by GEF (supplemented by IDA), jointly developed and implemented by the World Bank and

UNDP.⁴ This component would support institutional reform, strategy development, pilots of community-based conservation, and the establishment and operation of a sustainable financing mechanism for tropical high forest conservation in Tanzania through the Eastern Arc Mountains Conservation Endowment Fund. Sub-component 3.1: Institutional reforms for forest biodiversity conservation, in particular of the Eastern Arc. Sub-component 3.2: Mechanisms for sustainable financing of biodiversity conservation, including the establishment of an Eastern Arc Mountains Conservation Endowment Fund.⁵

2.18 Component 4 - Project Administration and Management (appraisal cost US\$ 0.6 million IDA; actual US\$2.7 million) To finance the costs of administration and management of the project components.

PROJECT RESTRUCTURING

2.19 The DCA was amended three times. Each amendment was approved at the Regional Vice President level rather than at the Board because the objective and associated indicators remained unchanged. The GEO also remained unchanged.

2.20 The DCA was first amended on July 5, 2006, adding a subcomponent to provide participatory forest management sub-grants at the community level and adjusting implementation arrangements to allow for these funds to be implemented by the project management unit of another Bank funded project that was under implementation at the same time as the TFCMP/EAFCMP, the Tanzanian Social Fund II (TASAF), through a special financing window restricted to participatory forestry management activities. Initially it was envisaged that the TFCMP/EAFCMP would focus its support for participatory forest management at the central government level by implementing awareness raising activities and training a pool of service providers, and that the Danish International Development Assistance (DANIDA) would complement this by supporting participatory forest management activities through local government offices in the districts.⁶ During implementation, the government requested that the TFCMP/EAFCMP finance additional participatory forest management activities at the local level to roll out

⁴ The Eastern Arc component of the TFCMP was part of a larger request for GEF support made up of a US\$7 million grant to be implemented by the Bank under the TFCMP and a separate US\$5 million grant to be implemented concurrently as a separate project under the UNDP. The UNDP and World Bank presented a single joint GEF proposal for US\$12 million but requested that the GEF Secretariat make two separate disbursements. Each IA followed its own internal project management processes. Though the description of the UNDP-implemented GEF activities were noted in the TFCMP PAD, those activities are not included in the TFCMP credit agreement and the US\$5million GEF grant implemented by UNDP is not counted in TFCMP project costs.

⁵ The PAD also refers to two additional sub-components funded by a separate US\$ 5million GEF grant and implemented by UNDP as a complement to the Bank implemented activities: (1) Development and preparation of an integrated Conservation Strategy for the Eastern Arc Mountain Forests; and (2) a forest conservation intervention through government and community partnership initiatives.

⁶ At appraisal, in the spirit of discussions of moving toward a possible Sector Wide Approach in forestry, the Bank and other donors supporting participatory forest management activities agreed to support government efforts to develop a nationwide program as opposed to implementing projects in isolation of one another. Following approval of the TFCMP, The Ministry of Foreign Affairs (Finland) also agreed to the support implementation of PFM activities at the district level.

participatory forest management on a larger scale, because support from other donors was not national in scale.

2.21 Rather than disburse funds to local governments who would in turn prepare forest management agreements on behalf of communities, the Bank decided to channel these resources directly to local communities by creating a special participatory forest management window under another IDA financed project, the Second Tanzania Social Action Fund (TASAF), that was already operating at the community level utilizing the community driven development approach. The decision to utilize TASAF, however, created some tension with the other development partners who had already spent a year creating procedures to finance participatory forest management through local governments at the district level, were concerned with the parallel systems created, and felt the Bank's decision was contrary to principles of donor harmonization.

2.22 The DCA was amended for a second time on July 20, 2007. The project closing date was extended by two years to make up for slow implementation progress during the first few years of the project period and allow for implementation of additional activities. The results framework was adjusted to improve the measurability of indicators. A new disbursement category was added that enabled the implementation of a Resettlement Action Plan related to setting up a protected area. The country financing parameters were retrofitted to increase the percentage of disbursements for all categories by 100 percent and credit proceeds were reallocated from government capacity building to project management. Additional subcomponents were added but no additional funds were required due to significant exchange rate gains over the course of implementation. Two sub-components were added under component one: (i) implementation of forest resources and ecosystem assessment, and the preparation and pilot implementation of forest management plans; and (ii) support the government's efforts to integrate sustainable woodfuel utilization in the overall energy strategy of the country by financing activities to improve charcoal production; to study the feasibility of woodfuel plantations; as well as to pilot innovative economic instruments that also consider alternative sources of energy. A sub-component was added to component three providing support for: (i) consolidation of protected area forests and nature reserves; (ii) facilitation of preparation and pilot implementation of management plans of selected critical watershed forests; and (iii) implementation of a Resettlement Action plan and the use of SDR1.16 million of credit proceeds to pay compensate approximately 1,130 farmers, in an area affected by the creation of a new protected area.

2.23 A third amendment to the DCA was made on August 4, 2009 which reallocated credit proceeds to reflect changes in disbursement categories consistent with the final agreed activities and budgets for the remainder of the project period, and increased the amount of funds that could be held in one of the special accounts.

IMPLEMENTATION ARRANGEMENTS

2.24 The Forestry and Beekeeping Division (FBD) of the Ministry of Natural Resources and Tourism (MNRT) was the lead agency charged with project implementation. A mainstreamed project implementation unit was created led by a project coordinator and supported by technical component leaders, and procurement and

financial management specialists appointed by the MNRT. An Executive Agency Implementation Team, representing all the units of FBD, was also appointed to oversee the process of establishing the TFS.

2.25 The National Forest Program Steering Committee, comprised of representatives of the MNRT and other key government agencies, had overall oversight responsibility to ensure that project activities were implemented in a manner consistent with the National Forest and Beekeeping Program. The NFP Steering Committee was later replaced with the National Forest and Beekeeping Program Sector wide Approach Steering Committee.

2.26 The Management Unit for TASAF II, another IDA financed project, was charged with implementing participatory forest management at the village level through a dedicated participatory forest management window established under a Memorandum of Understanding with the MNRT, dated February 6, 2006.

2.27 The EAMCEF implemented activities associated with the establishment and operation of the endowment fund under a subsidiary agreement with the government. The EAMCEF operates as a Not-For-Profit Non-Governmental Organization. It is governed by a Board of Trustees and its day-to-day operations are run by the Endowment Fund Secretariat (EFS).

Implementation

PLANNED VERSUS ACTUAL COST AND FINANCING.

2.28 The US\$40 million project was to be financed with a US \$31.1 million IDA credit, a US \$7 million GEF grant, Government counterpart funding of US\$ 1.7 million and the remaining US\$ 0.2 million was expected to come from un-specified national NGOs. US\$0.03 million of the IDA credit was cancelled. Actual project cost was US \$44.7 million financed by a US \$37.3 million IDA credit,⁷ a US \$7 million GEF grant, and a US \$1.3 million Borrower contribution.⁸ There was no reallocation of funds across components. Exchange rate gains over the project's life were sufficient to cover the new activities added during project restructuring without reallocating funds from other components.

IMPLEMENTATION EXPERIENCE

2.29 Project implementation was hampered by four main issues: delays in the approval of critical steps to move forward with proposed reforms; turnover of government and Bank staff; delays in establishing mechanism to support participatory forest management activities at the local level; and weaknesses in procurement and financial management.

⁷ The difference between appraisal estimate the actual amount of the IDA credit is due to appreciation of special drawing rights over the project's implementation period.

⁸ The total amount of funding from all sources was US\$ 45.6 million while the final project cost was reported to be US\$44.7 million. IEG could not find an explanation for the US\$.9 million discrepancy.

2.30 ***Approval of critical steps to move forward with proposed reforms was delayed by wavering government commitment.*** The main focus of the project was to support the transition of the Forest and Beekeeping Division of the MNRT into a semi-autonomous agency-the Tanzania Forest Service (TFS). The key framework documents required to establish the agency were approved by the Head of the Public Service Management in the President's office in 2006 but final review and approval within the MNRT was continually delayed throughout the life of the project.⁹ The process of establishing the TFS was also delayed by the failure to appoint a Chief Executive to lead the agency. Suitable candidates were shortlisted through a competitive process but the Minister did not confirm the appointment. Planned activities to involve the private sector in the management of state owned industrial plantations could not be carried out in part due to delays in the establishment of the National Forest Advisory Committee (NFAC), responsible for vetting all concession management contracts. Government commitment to move forward with PSI activities waned out of a reluctance to pursue concession agreements in the absence of reliable information on the forest resource base and the lack of appropriate regulatory and procedural frameworks to allocate concessions, concerns over an attempted pilot concession that was perceived to have been offered in a non-transparent manner, the lack of a common understanding of the concept of private sector involvement, and general backlash against privatization after mixed results in other sectors. Senior FBD staff also had reservations about the concept of awarding concessions based on their view that industrial plantations would be the most valuable asset for generating revenue for the future TFS.

2.31 ***Frequent turnover of key staff in both the Ministry and the Bank resulted in a loss of institutional memory, which weakened the leadership and implementation capacity required to move the proposed reforms forward.*** On the borrower side, there were multiple changes in the Minister and Principal Secretary in the MNRT and in FBD Directors.¹⁰ With each change, the incoming official required time to understand what the proposed reforms were intended to achieve before signing off on them. Some were openly opposed to the proposed reforms. Others were appointed in an acting capacity and consequently held little power. Technical staff in the project implementation unit also changed.¹¹ As a result there were few individuals from the project design stage who could brief new leadership and facilitate the change management process within the FBD. On

⁹ The reasons for delays under the project are unclear. The broader literature on Tanzania's Executive Agency Program, however, reports a lack of political will and support and, in some cases, open hostility to the establishment of other executive agencies in Tanzania. Caulfield (2002) suggests that this is in part a consequence of the Minister's low profile in the Executive Agencies Act and in practice.

¹⁰ During the course of the project, there were four Ministers, four Principal Secretaries, two FBD Directors, and three acting Directors, some of whom held their post for less than a year.

¹¹ There were a total of four Project Coordinators as well as turnover of component leaders and changes in the composition of the Executive Agency Implementation Team. The initial members of the Executive Agency Implementation Team had been trained in change management to be able to assist the Chief Executive in the establishment of TFS. Supervision reports indicate, however, that within four years of inception the team had lost five of its nine original members. Their replacements reportedly lacked basic change management skills required to improve awareness of the TFS objectives and the overall change process among FBD staff.

the Bank side, there were a total of four task managers, which contributed to loss of the momentum for institutional reform that had been generated during project preparation and had implications for effective supervision and dialogue with the government.

2.32 *Delays in establishing a mechanism to channel funds directly to local communities and subsequent disbursement challenges delayed funding of many participatory forest management subprojects until the final year of the project.*

Disbursements under the participatory forest management window that was created in TASAF were initially slow due to the low priority that communities ascribed to forestry and district staff's misunderstanding of the eligibility criteria for PFM funds. District staff were unfamiliar with TASAF's definition of a community as "a group of individuals with a common need", and rejected proposals for natural resource management subprojects if members of the same village had already submitted a proposal for another type of subproject. The district staff viewed these groups as belonging to the same community, while according to TASAF they were distinct. To address these issues the project carried out awareness raising activities to explain the potential benefits of PFM to communities and capacity building workshops to explain TASAF rules to district staff. Local service providers were also hired to facilitate the community planning process in districts where interest in natural resource management subprojects was highest. Once interest in PFM activities increased, subproject approval was constrained by inadequate appraisal and low quality proposals. Training workshops were subsequently held that improved facilitator capacity for subproject appraisal. The number of approved subprojects increased, but this in turn created a cash flow bottleneck. Consequently approved subprojects waited over three months for the release of funds.

2.33 *Procurement was a persistent problem, resulting in slow disbursement, project inefficiencies, and the delay or cancellation of some activities.* Supervision documents note that during the initial years the implementing agency lacked the capacity to implement agreed systems, including financial management, procurement and contract management. The first year of implementation was spent putting systems in place for these functions. Implementation was subsequently delayed by lengthy bureaucratic government procurement procedures. Additional procurement expertise was eventually contracted, but problems persisted. The improved revenue collection sub-component was particularly affected.

SAFEGUARDS

2.34 At appraisal the project was categorized as a category B project and the following safeguards were triggered: Environmental Assessment (OP 4.01, BP 4.01, GP 4.01), Natural Habitats (OP 4.04, BP 4.04, GP 4.04), and Forestry (OP 4.36, GP 4.36). An analysis of environmental and social issues related to the Project was carried out during preparation and concluded that overall Project impact on environmental management and conservation in forests would be positive. The project completion report indicates that environmental compliance mechanisms were also strengthened during implementation, including the preparation of Forest Sector-specific Environmental Impact Assessment Guidelines.

2.35 While no social safeguard was triggered at appraisal, during the project implementation period the government established a protected area in the Eastern Arc Mountains and requested to use US\$1.75 million of credit proceeds to contribute to the development of a resettlement action plan to compensate farmers in the affected area triggering O.P. 4.12 (Involuntary Resettlement). By project closure, all cash compensation had been duly paid out and a grievance settlement mechanism was implemented. Land for compensation was identified and demarcated on an idle, state-owned plantation estate but as of the IEG mission allocation of land was not completed. Follow up to ensure that ownership of the farm is revoked by the President and allocated in accordance with the resettlement action plan is being undertaken by the local MP through the Commissioner for Land at the Ministry for Lands, Housing and Human Settlements.

Achievement of Objectives

OBJECTIVE 1: DEVELOPING A FRAMEWORK FOR THE LONG-TERM SUSTAINABLE MANAGEMENT AND CONSERVATION OF TANZANIA'S FOREST RESOURCES

Outputs

2.36 Progress towards the establishment of new forest agency. The key documents required to establish the TFS were prepared and approved by the Head of the Public Service Management in the President's Office, and an Acting Chief Executive was appointed in November of 2009 to oversee the change management process. However, the TFS establishment order, a critical step in creating the new forest agency, was finally issued but only after project closure, despite the two-year extension of the closing date and a loan covenant that "the Borrower shall establish and operate the Tanzanian Forest Service as an autonomous institution within 24 months after the effective date". A new building was constructed to house the TFS headquarters. Construction of the building also enabled the entire MNRT, which had previously been located in 40 different offices, to move into a single location.

2.37 Improving revenue collection. The project commissioned studies that explored different mechanisms to improve revenue collection, but few of the study recommendations have been implemented. A forest royalties criterion was developed based on the market value of forest products and services, as opposed to administrative pricing currently practiced, but its use has not yet been approved. A computerized system to track revenue collection was piloted in 25 districts, but FBD staff report that the system is no longer functional due to problems with computer viruses, unreliable electricity, and the fact that some District Forest Officers are computer illiterate.

2.38 Forest surveillance activities were also carried out to contribute to improved revenue collection and forest governance. Water-mark documents for licensing of forest produce were introduced to control forgery. Twelve permanent checkpoints were constructed to control the transport of forest products on roads that enter the main markets for forest products. While this is an improvement over the temporary structures that previously served as check points, FBD staff indicated that this is well below the estimated 80 checkpoints that are needed. The project budget was sufficient to construct

additional check points, but procurement bottlenecks meant that the funds could not be utilized before project closure. Vehicles were provided for Forest Surveillance Units (FSU's) in each of the seven terrestrial zones of the country and two speed boats were procured to patrol the coastline. The 25 districts with the most forest resources were provided with vehicles and received funds to patrol and supervise harvesting activities.

2.39 Ecosystem planning and mapping. TFCMP/EAFCMP funds contributed to the creation of a central database for forestry data nationwide, the National Forestry and Beekeeping Database, which was largely supported by other donors. The system was piloted in 65 districts, but a number of capacity constraints were encountered in scaling it up; as of the IEG mission in November 2010 it was not operational. FBD staff reported that at the request of development partners they have gone back to the drawing board to develop a strategy to start over. Project resources also covered the government's co-financing of a National Ecosystem and Forest Resources Monitoring Assessment (NAFORMA) financed by the Embassy of Finland. Launch of work on NAFORMA was delayed, however, due to factors unrelated to the project. As a result TFCMP/EAFCMP funds were used instead to procure vehicles.

2.40 The project achieved mixed results with respect to strengthening the core functions that can contribute to sustainable management and conservation of forests within the existing institutional framework. Management plans were completed for 1.3m hectares of production and protection forest, including eight critical ecosystems, exceeding the target of 150,000 hectares. Four thousand five hundred hectares were set aside for sustainable wood-fuel production within a government plantation scheme and a wood-fuel action plan was prepared that drew on the findings of the policy note on charcoal sector reforms (assessed in chapter 3). However, as of November 2010 the wood fuel action plan had not been implemented, and it has not been incorporated into a nationwide energy strategy as had been envisioned in the project restructuring document.

2.41 Mechanisms to support forest conservation activities. The Eastern Arc Conservation Endowment Fund (EAMCEF) was established to address the need for long-term support for conservation and management of the Eastern Arc Mountain forests. The fund was capitalized as planned and is operational, but operates on a smaller scale than anticipated. During the project timeframe, a total 49 small grant projects were funded (vs. target of 20 small grant projects) that address three priority categories: half of the grants financed community based conservation and development activities designed to improve the livelihoods of forest adjacent communities, 45 percent funded subprojects that aimed to improve ecological functions of the ecosystem and strengthen the management capabilities of the responsible institutions, and 15 percent financed applied biodiversity research relevant to conservation of biodiversity. As of November 2010, 41 of the grant funded subprojects had been completed and 8 were ongoing.

Outcomes

2.42 As of the IEG mission in November 2010, the TFS was not yet functional and had no Chief Executive or management team.¹² An opportunity was missed for the TFS to benefit from capacity building through implementation of the TFCMP/EAFEMP.

2.43 Revenue collected by the FBD increased over pre-project levels. Project files indicate that revenue collection was 2 billion TZS in FY 1999/2000, 23 billion TZS in 2007/08, and 15.5 billion TZS in 2008/2009; FBD staff informed the IEG mission that collection in FY 2009/2010 was 33 b TZS. It is not possible to determine the extent to which this was due to project activities. There is no information to show the extent that the increase in revenue collected is due to better collection procedures and how much is due to increased production.¹³ Anecdotal evidence suggests that the FBD's field presence and enforcement capacity were strengthened as a result of the project's support for surveillance activities. FBD staff also report that funds for forest surveillance are now allocated in a more strategic fashion, focusing on the 25 priority areas with the highest incidence of illegal logging; prior to the TFCMP/EAFEMP, FBD resources were not targeted to specific areas.

2.44 There is no information on the outcome level results of the EAMCEF grants to determine if they are in fact contributing to improved conservation of the Eastern Arc Mountain forests. The EAMCEF monitoring system verifies that subproject funds have been used for agreed purposes, but it does not measure the outcomes resulting from the subprojects.¹⁴

2.45 Efficacy of the first objective is assessed as modest. Although several of the project's outputs have the potential to improve the core functions associated with sustainable forest management, the TFS is still not operational, and there is no evidence of the contribution of outputs improved forest conservation. Moreover, the project's achievements do not in themselves constitute a cohesive framework for the long-term sustainable management and conservation of Tanzania's forest resources.

OBJECTIVE 2: STRENGTHENING THE ROLE OF INDIVIDUALS, COMMUNITIES, AND VILLAGES IN THE MANAGEMENT AND CONSERVATION OF FORESTS

Outputs

2.46 Workshops were carried out to raise awareness of PFM process and legal requirements among stakeholders, but details such as the number of workshops carried

¹² There were several pending steps before the agency can become operational: recruitment of a Chief Executive to lead the agency, ceremonial launch of the agency, selection of a senior management team, transfer of assets from the FBD to the TFS, and submission of a proposed budget in time for the national budgeting process in March 2011.

¹³ The project completion report notes for example, that policy changes – not related to the project - regarding the export of logs have also had an impact on the quantities of logs and other products transported. (World Bank 2010).

¹⁴ Further details of the EAMCEF are discussed under the achievement of the GEO below.

out and the number of participants were not made available to IEG. Guidelines were prepared that aimed to clarify and streamline legal procedures associated with PFM, including harvesting guidelines for village forest management arrangements and a revision of the guidelines for establishing community based forest management agreements. A draft of the guidelines for establishing joint forest management agreements was also prepared but has not yet been published, as the Ministry of Finance has yet to approve the proposed revenue sharing formula. Four hundred local facilitators were trained in the process of facilitating the establishing PFM agreements.

2.47 Under the TASAF PFM window, 273 subprojects were financed in 25 districts. Of these, 212 funded the process of establishing legally recognized PFM agreements: 179 subprojects resulted in the establishment of CBFM agreements and 33 resulted in JFM agreements. Among the 61 projects that did not finance PFM agreements, 55 subprojects financed beekeeping activities, and 6 subprojects funded the establishment of nurseries, which provided temporary employment for food insecure populations to plant trees.

Outcomes

2.48 The project's target was to bring 50,000 hectares of unreserved forests under reserved status through the establishment of CBFM or JFM agreements. Data that IEG obtained from the TASAF implementation unit indicate that the 212 subprojects that supported established CBFM and JFM agreements cover 2.3 million hectares of forest, substantially surpassing the target. CBFM agreements account for 2,303,103 ha. and JFM agreements account for 40,971 ha. However, the outcomes resulting from the CBFM and JFM subprojects (such as changes in forest condition and improvements in village livelihoods) are not known. TASAF only monitors compliance with agreed actions that lead to the legal recognition of a PFM agreement, but does not measure the outcomes resulting from the creation of such agreements, such as how well communities are implementing their plans and whether anticipated ecological and economic benefits are materializing.¹⁵ Moreover, a mechanism was not created to ensure continued delivery of PFM services to these communities or to expand PFM agreements beyond the project. The outcome-level results from awareness raising activities, training and the publication of guidelines were not monitored.

2.49 Efficacy of the second objective is assessed as modest. The project succeeded in expanding the number of PFM arrangements in the country, surpassing the targets it set for itself in this regard, but there is no evidence to substantiate how well communities are implementing their plans and whether the anticipated benefits are materializing. According to the project's appraisal document, ultimately the goal of the project's support was to improve service-delivery mechanisms for PFM and now that the project has closed there is no longer a mechanism to deliver these services.

¹⁵ The broader literature on PFM agreements in Tanzania, notes that data on the outcomes resulting from PFM in general is limited. Preliminary research shows that when well facilitated, PFM contributes to sustainable forest management and can lead to recovery and/or maintenance of forest quality, though contribute to sustainable forest management, though further research and documentation is required to confirm this conclusively. Evidence is less clear with respect to actual economic returns and contributions to rural livelihoods generated by forest management under PFM.

OBJECTIVE 3: STRENGTHENING THE ROLE OF THE PRIVATE SECTOR IN THE MANAGEMENT AND CONSERVATION OF FORESTS

Outputs

2.50 The project aimed to pilot three mechanisms to involve the private sector in plantation management and monitor their implementation in order to learn which mechanisms were most suitable. The target was for 20,000 ha of forest plantations to be placed under private management agreements. Three areas were identified as pilot sites where informal public-private management arrangements were already in existence and a memorandum of understanding was drafted to pilot formalized agreements on 16,563 hectares. However, formal contracts were not issued and the pilots were not carried out.

2.51 The project prepared the “Framework and Guidelines for Evaluating and Awarding Forest Concessions in Tanzania” and a template for concession agreements but approval of the documents by the National Forest Advisory Committee (NFAC), as required by the national forest policy, was still pending as of November 2010. A forest inventory of all 80,000 ha of state owned industrial plantations was completed in 2009 and the outdated management plans for 15 government owned plantations were updated. However, results have been constrained by delays in putting in place the NFAC, which approves all concession management contracts. The Committee was finally established in April 2010, four months after project closure. The IEG mission was informed that the Committee meets quarterly but as of November 2010, the concessions guidelines and template had not yet been reviewed and no contracts had been approved.

Outcomes

2.52 The project’s outputs have laid the some of the groundwork to enable future involvement of the private sector in the management of plantations. The forest inventory improved the information base on plantation resources which provides the FBD with critical information to make an informed evaluation of future concession bids. However, to date the FBD has not formally engaged with the private sector to manage government plantations and there is little indication that it intends to do so in the near future¹⁶, and the project did not learn what public-private arrangements are most suitable. Efficacy of the third objective, therefore, is assessed as negligible.

GEO: PROMOTE THE SUSTAINABLE CONSERVATION AND MANAGEMENT OF THE EASTERN ARC FORESTS.

2.53 US\$ 2 million of the IDA credit and the full US\$7 million GEF grant were devoted to the establishment of the Eastern Arc Conservation Endowment Fund (EAMCEF). The primary purpose of the EAMCEF is to address the need for long-term support for conservation and management of the Eastern Arc Mountain forests. The entire GEF grant was devoted to capitalizing the fund while the IDA credit financed the initial operations and programmatic expenses as well as sub-project grants during the

¹⁶ One school of thought among FBD officials is that rather than offering concessions of state owned industrial plantations the private sector should be encouraged to develop their own plantations.

establishment phase (2002-2009). As noted in the discussion of the achievement of the first project objective, during the project timeframe, a total of 49 small grant projects were funded but there is no information on the outcome level results of the EAMCEF grants to determine if they are in fact contributing to improved conservation of the Eastern Arc Mountain forests (see paragraph 2.44).

2.54 According to the project's 2010 completion report, revenue generated from the fund is currently insufficient to implement conservation activities in the full area under its mandate. As a result grant activities have been limited to a subset of five districts to ensure that available resources achieve results on the ground. A fundraising plan was developed to secure additional funds to increase the endowment's principal but it has not been fully implemented. Additional capital raised during the project implementation period was limited to a US\$ 371,575 grant from Unilever. Revenue generated from the endowments investment has been less than anticipated as a result of volatility associated with the global financial crisis and the need to adopt a more conservative investment strategy than originally planned. The fund declined from US\$7.7 million in September 2007 to a low of US\$ 5.8 million in December 2008. By project end (December 2009) the endowment fund had recovered to US\$7.8 million, but it was below the target of US\$11 million set as part of the 2007 project restructuring. The IEG mission was informed that as of November 2010 the fund was close to US\$ 8 million.

Ratings

2.55 ***Relevance of Objectives is rated Substantial.*** The project's development objectives were consistent with the 2000 CAS objectives of supporting sustainable rural development and private sector development as well as the goal of public sector reform and institutional building by aiming to increase the effectiveness of the public sector and improve governance. The objectives remain relevant to the Joint Assistance Strategy covering 2007-2010 (extended through a CAS Progress Report until June 2011), which placed importance on governance and accountability in the forest sector and recognizes the role of the sector in economic growth. Project objectives were also consistent with the goals of the National Forest Program, which sets forth the framework for expenditure and donor support to the forestry sector. The PDO remains relevant to Tanzania's National Strategy for Growth and Reduction of Poverty 2005-2010 which recognizes the importance of natural resource management and forestry under the Economic Growth and Reduction of Income Poverty cluster. The GEO is consistent with the GEF Strategy for Biodiversity Conservation, specifically Operational Programs 3 and 4 on Forest Ecosystems and Mountain Ecosystems. GEF support is also consistent with Article 8 of the Convention on Biological Diversity, which relates to *in situ* conservation.

2.56 ***Relevance of Design is rated Modest.*** The project included a clear statement of objectives, though the term "framework" could have been better defined.¹⁷ The key performance indicators identified in the PAD included a mix of intermediate outputs and outcomes, but the log frame in the PAD was weak. In the discussion of each component

¹⁷ The term framework is not explicitly defined but it can be inferred from the discussion in the PAD that "framework" refers to the "institutional structure" of the forest sector. It is also clear from the discussion in the PAD that the intention of the project is to create a new institutional framework.

there was a clear link to the overarching objective of creating a cohesive institutional framework for the sustainable management and conservation of forests.

2.57 During the course of the project, however, the relevance of design to the project's overall objective diminished. The project's PFM activities were initially intended to improve the capacity of the TFS to support the delivery of services to local communities. The project was restructured, however, to channel most of its PFM resources directly to local communities through the TASAF project. While this facilitated the expansion of PFM agreements on the ground, the link between the project's activities and enhancing the institutional capacity to facilitate such agreements was weakened. Project restructuring was carried out a second time, following the mid-term review, in an attempt to address some of the factors that had stalled implementation of institutional reforms. The emphasis of the project was shifted to activities to improve the sustainable management of forest resources within the existing institutional structure, with less emphasis on reform. This was a pragmatic approach in the sense that it focused on activities that were under the control of the project management unit as opposed to institutional reforms that required political leadership outside of the projects control. But the project's objective of establishing a framework for forest conservation and management was not changed.

2.58 Finally, the link between the project's third component and the rest of the project also became less clear over time. Originally, US\$275,000, of the US\$7 million GEF grants, was intended to support institutional reforms for forest biodiversity conservation, which would be linked to the institutional restructuring proposed for the forestry sector as a whole. This component was dropped during implementation, when the establishment of the TFS had stalled, and the entire US\$7m GEF grant was instead utilized to capitalize the endowment fund.

2.59 Another shortcoming in design was that the time required to bring about the proposed reforms was underestimated, which suggests that an Adaptable Program Loan may have been a more appropriate choice of lending instrument to allow for longer-term support with clear objectives and predefined parameters to move from one phase to the next.

2.60 **Efficacy of the first objective is modest.** A critical element of the envisaged institutional framework, establishment of the TFS, did not take place during the project's lifetime. Other measures designed to improve the framework for sustainable forest management were not implemented in full and those that were implemented do not constitute a cohesive "framework". In addition, the various risks to development outcome are also of relevance to overall efficacy as institutional reform, including the establishment of endowment funds, are of little relevance unless they are sustainable. **Efficacy of the second objective is modest.** The project exceeded its target for the number of hectares of forests officially recognized under CBFM or JFM agreements, but there is little evidence that capacity to deliver PFM services has been improved and there is no mechanism in place to ensure the continued delivery of PFM services beyond project closure. **Efficacy of third objective is negligible.** The project carried out an inventory which improved the information base for industrial plantations and provides an important basis for assessing concession bids. A concession agreement template was

drafted, as well as guidelines for awarding concessions but neither has been approved and the project did not pilot public-private management mechanisms as planned.

2.61 *The efficiency of the project in meeting its objectives is modest.* A formal cost-benefit analysis was not made at appraisal or at project closure. The project appraisal document includes an annex on economic and financial consideration which covers (a) poverty impacts, (b) environmental values and the national economy, (c) carbon sequestration, (d) industrial plantation production, and (e) fiscal revenue collection in relation to FBD expenditures and budget allocation. The analysis, however, is limited to a discussion of issues that have implications for costs and benefits, not a comprehensive quantitative analysis. The project completion report estimated US\$13.7 million per year for potential direct and indirect benefits from select project activities, but costs are not factored into the analysis. Further, the mechanisms required to capture some of the benefits included in this estimate, such as payment for carbon sequestration and watershed services, have not yet been put into place. In addition many of the benefits included in this calculation will not be realized unless sustainable forest management is maintained over a number of years, which is unclear given the high risk to development outcome (see below).

2.62 In accordance with GEF requirements, an incremental cost analysis was prepared at appraisal for the GEF financed project component focusing on conservation of Eastern Arc Mountains forest biodiversity. The project completion report did not revisit this analysis because by project closure the GEF dropped the requirement for cost analysis and no other procedure was introduced in its place.

2.63 The project was not very cost-effective considering that all planned funds were utilized but the project achieved far less than what was anticipated at appraisal. In addition, project efficiency as a whole was adversely affected by inadequacies in implementation. Weakness in procurement meant that some activities could not be implemented or were not implemented to the extent intended. The timing of disbursement created additional inefficiencies. Project files indicate that at times funds were not received when needed or were received when no activities could be undertaken. For example, funds for boundary demarcation were released in the rainy season when forests were inaccessible. As a consequence of the delays in establishing the TFS, the strategic plan and other framework documents that were prepared early in the implementation period became out of date and had to be updated. In addition, the project completion report notes that complex contract amendment procedures triggered by poor financial management could have been avoided by timely reporting. “Particular weaknesses existed in management of civil works contracts, specifically the construction of the (TFS) offices. Notably, there was improper application of the exchange rate formula and substantial cost over-runs, which were only formally reported at a very late stage, triggered complex contract amendment procedures that could have been avoided by timely reporting.” (ICR, pg.11)

OUTCOME

2.64 The outcome of the TFCMP/EAFRCMP is rated Unsatisfactory based on the substantial relevance of its objectives, but only modest relevance of design, modest to

negligible achievement of its three objectives, and modest efficiency in meeting those objectives, major shortcomings, which corresponds to an unsatisfactory rating.

RISK TO DEVELOPMENT OUTCOME

2.65 *The risk to development outcome is high.* The extent to which project gains are fully institutionalized and sustainable is questionable. Activities that aimed to improve revenue collection capacity and forest enforcement are at risk due to insufficient funds for implementation. Gains from strengthened forest surveillance have not been sustained since project closure. The FBD reports that there has been a marked decrease in the frequency and duration of patrols due to insufficient budget to operate patrol vehicles and cover staff per diems. While FBD technical staff expressed enthusiasm for the potential of tools to improve surveillance and revenue collection capacity identified through project consultancies, such as the log tracking system, they currently lack the budget to operationalize these systems. Until the TFS becomes functional, it is premature to judge the extent that it will utilize the tools developed by the project.

2.66 There are several risks to the gains made in expanding the area of forests under management arrangements with various stakeholders. Sustainability of forests managed under JFM Agreements is at risk because benefit sharing has not been resolved at the policy level.¹⁸ The benefits under CBFM agreements are well established legally. However, support provided through the TASAF PFM window only supports communities in the process of obtaining VLFR status and many stakeholders noted that communities need additional support beyond this point to improve their capacity to actually implement their management plans. The sustainability of TASAF as a mechanism for facilitating additional PFM agreements is in question because there is no additional source of funding for the PFM window since the TFCMP/EAFCMP has closed. Private sector actors involved in plantation management under MOUs are at risk until formal contracts are signed. Supervision reports consistently noted that private sector interest in public-private forest management arrangements has waned due to the delay in contract formalization.

2.67 The financial sustainability of the endowment fund is at risk because the secretariat has not yet implemented its fund-raising strategy and current investment income is insufficient to cover the full area under its mandate. By project closure, the endowment's capital had not grown to a level where the investment income would be sufficient to cover operating costs and sustain grant-making activities. Nonetheless, since the TFCMP/EAFCMP's closure the EAMCEF has had to rely on the income generated by its investment to cover operating costs, limiting growth of capital through the reinvestment of revenues. The EAMCEF Activity Implementation Report (November 2010) notes that "following a persistent volatility in the world economy and international financial markets, the EAMCEF investment had been adversely affected during the past

¹⁸ The main benefit of this arrangement in the absence of approval of an official benefit sharing formula has been that communities are able to utilize forest products from government reserves for self-consumption, where as in the absence of a JFM agreement communities are completely excluded from utilizing any forest products within these reserves. The potential for JFM arrangements has however been questioned in the literature because these arrangements usually take place in government forest reserves with conservation status, as a result there is limited scope for economic benefits.

period and in turn, its future sustainability has been put at a serious threat.. EAMCEF cannot afford to meet its financial needs exclusively from its already weakened investment. In order for EAMCEF to effectively sustain its achievements and maintain its biodiversity conservation agenda, it needs more financial assistance from the Government of Tanzania, multilateral and bilateral donors and other stakeholders for the enhancement of the endowment capital as well as for direct funding of its operations and programme activities.” The IEG mission was informed by the Royal Norwegian Embassy of their intent to fund operating expenses for the fund and subproject grants for the next five years, but it is not clear when the funds are anticipated to be disbursed.

BANK PERFORMANCE

2.68 ***Quality at Entry is rated moderately unsatisfactory.*** The basic framework of design drew on the experience of an earlier Bank-supported forest management project and the Bank delayed preparation of the TFCMP/EAFEMP until the completion report of the earlier project was issued to ensure that its lessons would inform project design. Nonetheless, project design was complex and the scope of the proposed reform program was overly ambitious. The project responded to priorities outlined in the national forest policy but the time required to bring about change was underestimated and information, such as inventory data, needed to make informed decisions on some activities was lacking. Some key risks were underestimated and insufficiently mitigated. Implementation of the proposed reforms depended on continuity in political commitment which was ultimately beyond the control of the project, and there was no contingency plan for how to build momentum in the event that political will was not forthcoming. A comprehensive M&E system was not developed until five years into implementation.

2.69 ***Supervision quality is rated moderately unsatisfactory.*** Supervision in the first three years of implementation was weak. Project implementation was rated satisfactory in supervision reports even though disbursements were low and progress on many activities was slower than anticipated. M&E was noted as a concern in supervision reports and aides memoire but no action was taken to improve it until the mid-term review in 2006. Indicators were improved at that point and were used to guide supervision missions for the remainder of the project.

2.70 Supervision was affected by multiple changes in of the TTL. The TTL who prepared the project left the region before the project became effective and task management was transferred to a marine specialist who was new to the country and unfamiliar with the sector. The subsequent TTL was a sector specialist but was based in another country office which limited opportunities for face to face engagement with key decision makers and for follow up. In October 2005, task management was passed to a forestry/natural resources management specialist who was placed in the country office and managed the project to completion. This arrangement reportedly improved supervision and dialogue with the government and also improved the Bank’s ability to respond to challenges in real time.

2.71 Following the mid-term review, the Bank attempted to revive the project by restructuring to focus on activities that under the control of technical staff of the implementation agency that had shown strong ownership of the project but the changes

that were introduced were insufficient to achieve the PDO, which remained unchanged. The Bank proposed to remove the establishment of the TFS as a key project performance indicator was not accepted by the core team of project implementation staff, feared that this would send negative signals to political decision makers and further decrease the likelihood that the TFS would be established. However, the Bank's decision, as part of the 2007 restructuring exercise, to increase the percentage of financing parameters to be financed by credit proceeds for all categories helped to overcome implementation delays caused by the lack of counterpart funding. Positive changes in supervision, however, occurred too late in the implementation period to make up for the time and momentum that had already been lost.

2.72 The moderately unsatisfactory ratings for quality at entry and supervision results in an *overall bank performance rating of moderately unsatisfactory*.

BORROWER PERFORMANCE

2.73 *Government performance is rated moderately unsatisfactory.* On the positive side, the Government's commitment to the project was reflected by the relatively quick approval for the establishment of the TFS on the part of the Public Service Management in the President's Office. The Government also gave strong weight to environmental and social safeguards. However, this is outweighed by several less than satisfactory aspects of government performance including the failure to establish the TFS despite receiving all necessary clearances (due in large part to opposition from within the MTNR itself); the MoF's indecision on sharing of benefits and revenue generated by JFM agreements that jeopardized the sustainability of some community management achievements; delays in putting in place the National Forest Advisory Committee; contract management problems; and the lack of delivery on funding commitments for the National Forest Resources Monitoring and Assessment.

2.74 *Implementing agency performance is rated moderately unsatisfactory.* Three implementing agencies were involved with the project: the Forest and Beekeeping Division within the MNRT was the main implementing agency; the project management unit of TASAF was responsible for the participatory forest management subcomponent; and the Eastern Arc Mountain Conservation Endowment Fund implemented the IDA/GEF Eastern Arc Mountain component. The performance of TASAF and Eastern Arc Mountain Conservation Endowment Fund were on the whole satisfactory but there were significant shortcomings in the performance of FBD. The FBD is credited with adopting a pragmatic approach to project implementation in the absence of the TFS but project achievements were undermined by a lack of counterpart funding during the first five years of implementation because the FBD failed to request the financing provisions as agreed under the DCA in its budget submission to the MNRT. Supervision reports indicate that money did not arrive when it was needed or arrived too late to be used for intended activities. Procurement, contract management and financial management capacity constraints resulted in slow disbursements and were exacerbated by frequent transfers of FBD fiduciary staff. Project implementation staff were reportedly supportive of the project's proposed reforms, but their ability to focus on the reform process was constrained by competing demands on their time. Supervision reports indicate that staff

were often redirected to address other pressing concerns such as an illegal logging scandal, fires, and the degradation of water catchment areas.

2.75 The moderately unsatisfactory ratings for both government and implementing agency performance results in an *overall borrower performance rating of moderately unsatisfactory*.

MONITORING AND EVALUATION (M&E)

2.76 Design. The project appraisal document contained a Project Design Summary rather than a full-fledged Results Framework. Key performance indicators were identified but baselines were not defined and targets were not established against which project progress could be measured. The project implementation manual clearly states the expectation that a monitoring system would be established during implementation.

2.77 Implementation. Supervision reports repeatedly flagged the lack of a project specific M&E system as an issue of concern, but little was done to address the problem until 2006. Project files also indicate a lack of capacity within the MNRT to conduct project M&E. During the mid-term review, carried out in 2006, a Results Framework was established, intermediate outcome indicators were added, and baselines were defined. The 2007 amendment to the DCA further revised the results framework to improve the measurability of indicators. Progress against indicators in the revised results framework was recorded during supervision missions from 2007 onward. However, the link between some reported achievements and project activities is somewhat tenuous, as the M&E system lacked controls to isolate project achievements from other factors. Rather than utilize a project specific M&E system, the FBD anticipated that the project's results framework would be harmonized with the National Forestry and Beekeeping Database that was under development in parallel to project implementation. The objective of the database was to provide a single, institutionalized, national system into which relevant forestry data can be captured, as opposed to individual project based monitoring systems that cease to function once projects close. Its roll out experienced multiple problems and ultimately it was not operationalized as planned. The completion report indicates that majority of the TFCMP/EAFRCMP indicators were not updated into the system.

2.78 Use. The indicators in the results framework were used to assess project progress during supervision missions, but the mission found no other evidence of the use of M&E to guide project management decisions.

2.79 Overall monitoring and evaluation is assessed as **negligible**.

3. Environmental crisis or sustainable development opportunity? Transforming the charcoal sector in Tanzania: a policy note

Context

3.1 Charcoal production and utilization in Tanzania is largely unregulated and is perceived to be one of the key drivers of forest degradation. Deforestation of watersheds for charcoal production had also received attention in the press in Tanzania for its contribution to irregular water flows in reservoirs, impeding hydroelectric power. At the same time the charcoal sector plays an important socio-economic role as a source of energy and productive activity. According to the 2003 National Energy Policy, wood fuels (charcoal and fire wood) account for over 90 percent of Tanzania's energy supply. Charcoal is particularly important as a cooking fuel in urban areas. Several features make it an attractive and preferred option over other available cooking fuels: low cost, wide availability, ease of transport, and availability in small quantities as needed (World Bank 2009). Between 2001 and 2007 the proportion of households in Dar es Salaam using charcoal as their energy source grew from 47 percent to 71 percent¹⁹ and demand is projected to grow (World Bank 2009). The annual revenue generated by the charcoal industry in Dar es Salaam alone is valued at US\$ 350 million. Activities related to the production and trade of charcoal employ more than 100,000 people (PREM 2007). Charcoal production is especially important as an income source for the poorest households who have limited alternatives (World Bank 2009).

3.2 Previous attempts to address “the charcoal challenge” in the country had met with little success, partly because they addressed a single issue on the charcoal value chain in isolation of others. An extreme example of a failed attempt occurred in 2006 when the MNRT responded to negative press coverage of deforestation and illegal logging by imposing a ban on charcoal. The ensuing public outcry caused the ban to be lifted within two weeks.

3.3 This report is listed in the 2007-2010 Joint Assistance Strategy as an analytical and advisory activity under the cluster for Growth and Reduction of Income Poverty. It is classified in the activity completion summary as a client requested task. The request for this sector work came through the MNRT when the TFCMP/EAFEMP was well under implementation. The sector work originated to respond to a perceived gap in knowledge of the wood fuel sector that would enable key decision makers in Tanzania to make strategic decisions to achieve sustainable use of charcoal. The policy note introduction states that “the Government of Tanzania asked the World Bank to provide decision makers in Tanzania with a policy note summarizing the fundamental characteristics of charcoal use in the country and presenting policy options along the entire value chain of charcoal production and consumption.”

¹⁹ During the same period the use of liquid petroleum gas declined from 43 percent to 12 percent.

3.4 The policy note was intended to be a relatively small product to provide “just-in-time” advice to the government on policy options that could turn the sector into a sustainable activity that provides economic incentives as well as environmental benefits. A number of studies had already been produced on the charcoal sector in Tanzania and other countries. Therefore, rather than undertake additional research, the concept note proposed to consolidate existing research into a comprehensive analytical overview of the sector. Each component of the value chain (production, trade, and consumption) was to be analyzed according to four dimensions: socioeconomic, environmental, policy and institutional. The report aimed to add value by providing a comprehensive overview of the sector and by identifying knowledge gaps where more detailed data analysis would be required in the future and activities that would require piloting.

3.5 The final report discusses a range of policy measures along the entire charcoal value chain in Tanzania: production, trade, and consumption (see Box 1). It begins with a broad overview of the charcoal sector in Tanzania and its key challenges, followed by a summary of the key legal and policy measures to address these challenges undertaken over the past two decades and an assessment of how successful they have been. Key policy recommendations are then set out along the production and marketing chains, along with identification of knowledge gaps and piloting activities that will be needed. It closes with an assessment of the likely impact of the reforms on reducing deforestation and forest degradation, as well as the positive impacts on boosting employment and improving rural livelihoods and concludes with an assessment of the costs of the policy recommendations made.

Box 1. Recommendations of the Policy Note report

The policy note sets forth a number of recommendations that, would lead to an increased formalization of the charcoal sector, changing the regulatory, fiscal, and pricing frameworks:

- Ensuring that charcoal revenue collection responsibilities of local governments are matched with an ability to retain a higher share of revenue collected. It is proposed that the Ministry of Natural Resources and Tourism, the Prime Minister’s Office–Regional Administration and Local Government, and the Ministry of Finance and Economic Affairs identify pilot districts with the commitment and political will to reform charcoal trade.
- Supporting local governments in reinvesting charcoal income, with the objective to further improve revenue collection and promote sustainable forest management.
- Introducing fiscal incentives that reward sustainably produced charcoal and place additional costs on illegal production. To offset the increased investment costs associated with sustainably produced charcoal, it proposed that a fiscal incentive scheme be developed.
- Introducing reduced licensing costs for charcoal coming from areas with an approved harvesting plan. At the same time, tougher sanctions could be introduced for illegally produced or traded charcoal.
- Strengthening the government’s capacity for monitoring and enforcement of rules and regulations regarding both transport and trade of charcoal.

Given the current political economy of charcoal in the country, bringing the charcoal trade into the tax-based economy is a significant challenge, that needs to be tackled head-on and would require strong political support if the vested and powerful interests that currently control the sector are to be confronted. Furthermore, as reforms gather pace, increasing amounts of traded charcoal would enter the formal economy reflecting the true costs of production (including raw material costs, and all fees and taxes). As a result, the end price to consumers is expected to rise.

Supporting measures are proposed that would make the charcoal sector more sustainable, inclusive, and

achieve greater impacts on poverty reduction, if implemented alongside the policy reforms:

- Harvesting plans need to be developed for forest areas administered by central or local governments.
- Scaling up community-based forest management will help secure tenure for rural producers.
- Small-scale plantations and woodlots could increase supplies of wood for charcoal and trigger economic opportunities and land-use planning in rural areas.
- Effective pricing policies of raw material by charcoal producers could provide an incentive to adopt technologies improving the efficiency of charcoal production.
- The promotion of fuel-efficient stoves can compensate for expected increases in sustainable charcoal prices.
- Fuel switching, targeted at better-off segments of the society, must be an integral part of policy measures to achieve sustainable charcoal production.

In addition to the employment and income benefits the above measures would deliver, charcoal sector reform would increase government revenue and broaden the tax base. Furthermore, if measures are introduced to improve the supply of raw materials for charcoal production (through tree planting initiatives and participatory forest management), unsustainable production would gradually be replaced by regulated production on a sustainable basis.

There is increasing interest inside and outside the Tanzanian government in climate mitigation and adaptation, and in particular Reducing Emissions from Deforestation and Forest Degradation (REDD). For charcoal sector reform, the following considerations for promoting stakeholder participation at the local level, currently discussed under REDD initiatives, are of relevance: (a) strengthening rights and governance through forest tenure reforms, mapping of lands, and recognition of rights to ecosystem services in support to the ongoing expansion of participatory forest management; (b) providing incentives for tree planting, woodlot establishment, and technologies improving the efficiency of charcoal production; and (c) using REDD funding to develop stronger accountability structures, inclusive processes that engage a multitude of stakeholders, and monitoring and control systems at the local level.

Source: World Bank (2009)

Process

3.6 According to the activity completion summary the report was produced over a period of 16 months (from the date of the concept note to delivery to client). Work on the report appears to have progressed smoothly. The concept note was reviewed on November 15, 2007 and during the first year a literature review was prepared and secondary data analysis completed. In October 2008 four stakeholder workshops were held in Dar es Salaam to discuss and agree upon the specific policy measures to incorporate in the report. Participants included representatives of various sector ministries, district officials, charcoal producers, traders, NGOs and development partners. A decision meeting was held in December 2008 and the final report was delivered to the client (the FBD) in March 2009, approximately six months after the original estimated delivery date. Dissemination was postponed to allow time to print a sufficient number of copies of the report. The report was officially launched in a series of workshops in Tanzania in August 2009.

3.7 The analysis was carried out by a small team comprising two Bank staff: a Forestry/ NRM specialist based in the Dar es Salaam Country office, who was the final TTL for the TFCMP/EAFEMP, and a Natural Resources Economist from the Environment Department. Input was also provided by a local consulting firm active in

renewable energy and the charcoal sector. Staff of the MNRT/FBD facilitated the organization of the workshops.

3.8 The final cost of the report, US\$138,120, was above the original estimate of US\$70,000²⁰ but there is no information in the project files to explain the cost overrun. All costs were covered by the Bank's administrative budget and Bank executed trust funds from the Bank Netherlands Partnership Program Environment.

3.9 Economic and Sector Work (ESW) is assessed on four criteria²¹: results; strategic relevance and ownership; quality; and, dissemination and sustained dialogue. The following sections assess the evidence on each of the criteria. Detailed evidence is presented in Annex D.

Results

3.10 In assessments of Bank lending products, results are assessed against an explicit statement of objectives and key performance indicators. In the case of sector work a statement of objectives is not always clearly defined. Expected results can, however, be inferred from the discussion of the scope of the document, its intended audience and expected outcomes found in different documents in the project files. Based on the statement in the concept note, the inferred objectives of this policy note are: (1) to consolidate and analyze information on the sector; (2) to present policy options and implementation advice; and, (3) to identify knowledge gaps and piloting activities.²² With respect to outcome level results, the concept note and the final report clearly indicate that the policy note would provide input to activities to be carried out under the TFCMP/EAFEMP, specifically the development of a wood fuel action plan. The primary audience is identified as the government. Secondary audiences are identified as the other development partners, civil society, stakeholders in Tanzania and other countries in the region.

²⁰ Different estimated costs are on record for this product. According to the Activity Completion Summary in the Project Portal, the estimated cost was US\$70,000, while the work program amount in the Project System Module was US\$207,500.

²¹ An explanation of each of the criteria is presented in Annex C

²² Objectives noted in the Activity Completion Summary (ACS), which is completed following delivery of analytic tasks, where "to (a) provide an analysis of potential and constraints for substituting wood fuels with alternative energy sources taking into account environmental, socio-economic, political and institutional dimensions; and (b) provide "on-time" policy advice to the GOT on how to potentially integrate wood fuels into future energy strategies of Tanzania." In addition to specific objectives, the ACS includes a list of five development objectives and associated indicators recognized by the Bank's Operations Policy and Country Services for analytical products. The task team ticks what those that are most relevant and rates progress against each but the basis for such ratings is not provided. In this case the Indicators selected in the ACS template and self rating: (1) Inform lending. Results Indicator: New loan under preparation/ implementation. Rated partially achieved. (2) Inform government policy. Results Indicator: New government strategy adopted. Rated partially achieved. (3) Inform/stimulate public debate. Results Indicator: Media widely reports Bank analysis. Rated largely achieved. (4) Influence development community. Results Indicators: Shift in donor policy/priorities. Rated largely achieved. Other Donors integrate results into new programs. Rated partially achieved.

3.11 The report achieved its immediate output-level objectives of completing the proposed analysis, suggesting policy recommendations, and identifying both short and long term interventions to implement each of the proposed recommendations, the key institutions associated with each intervention, and pilot activities or further knowledge that is required to implement each reform. With respect to outcome-level results, the policy note provided input to a wood fuel action plan produced under the TFCMP/EAFEMP. However, at the time of the IEG mission the wood fuel action plan had not yet been implemented, nor had it informed a review of the Energy Strategy for Tanzania. Progress in implementing the wood fuel action plan was affected by the implementation experience of the TFCMP/EAFEMP itself.

3.12 The report has directly led to a follow-up study to assess the political economy of the proposed reforms, which is reviewed in chapter 4. The combined analysis provided in these two reports has been utilized by World Bank HQ based staff and the donor community in Tanzania. Publication of the policy note was timely as it coincided with a renewed interest in Biomass Energy among some sectors within the Bank (energy, environment, forestry). There is awareness of the report among staff working on such issues, in particular staff working on household energy issues. Staff interviewed by IEG viewed the report as a solid descriptive piece that has contributed to the current state of knowledge on biofuels. The report has been cited by at least two recent World Bank publications on biofuels: “Biofuels in Africa: Opportunities, Prospects, Challenges” and a background paper prepared for the Bank’s Sustainable Energy Department, *Household Energy Access for Cooking and Heating. Lessons Learned and Way Forward*.²³ Some staff interviewed by IEG have also shared it as a reference for project implementation teams working on charcoal issues in other countries.

3.13 In addition, there is preliminary evidence that the report is influencing a World Bank Trust Fund program, the Africa Renewable Energy Access Program (AFREA), which is developing an options paper for the AFTEG that discusses how to integrate biomass options into the energy group’s work. The TTL charged with administering the trust fund credits the report with helping to shape the way they are approaching charcoal issues. The Trust fund is interested in financing biomass pilots that would incorporate clean cooking initiatives and take the entire supply chain into account. Tanzania is under consideration as a potential pilot country because of the analytical ground work that has been laid by the policy note and the follow up political economy report.

3.14 IEG interviewed three donors in Tanzania who have found the report to be of use to the development of their programs. The United Kingdom Department for International Development (DFID) directly credits the report and the follow-up political economy analysis, for its decision to allocate US \$4 million in its new country assistance strategy to address the charcoal sector. DFID was particularly struck by analysis that showed the sector’s contribution to the national economy, valued at US\$650 million, compared with coffee and tea, the country’s main export crops, which contribute US\$60 million and US\$45 million respectively. The Swiss Development Cooperation became aware of the

²³ The policy note has also been cited by work produced outside the Bank. For example, G. Shively, P. Jagger, D. Sserunkuuma, A. Arinaitwe, C. Chibwana. 2010. “Profits and Margins along Uganda’s Charcoal Value Chain”. *International Forestry Review* 12(3):270-283.

report when they were already in the process of developing a proposal for a charcoal sector intervention but note that they have drawn on the report to help them determine which segment of the value chain to target. UNDP states that they regularly draw on the report's analysis in their dialogue with the government to strengthen the case for a potential program to regulate the charcoal sector throughout East Africa. There is also ongoing dialogue between the report's authors and GTZ who proposed development of a Biomass Energy Strategy in Tanzania. Each of the interventions mentioned above were in preliminary stages of development at the time of this assessment so it is too early to determine if they will in fact lead to implementation of the report's recommendations. None the less it is a clear indication that the report has raised awareness and is contributing to the dialogue on the topic within the development community.

3.15 To date, the report has not yet found much traction with the government and there is little evidence of its impact on the Bank's country program in Tanzania. Interviews with the Country Management team suggest that the report's recommendations are unlikely to be taken up under the Country Assistance Strategy currently under preparation. A challenge has been the difficulty in identifying an institutional champion willing to take the reforms forward.²⁴ This may stem in part from the fact that no one public institution in Tanzania has overall authority to regulate the charcoal sector. The responsibility cuts across four Ministries: the Ministry of Energy and Minerals, the MNRT, the Prime Minister's Office for Regional and Local Government, and the Division of Environment in the Vice President's Office. Implementation of the proposed recommendations also involves the Ministry of Finance and Economic Affairs. The cross cutting nature of the topic has several implications for engendering ownership. Within each agency, charcoal competes with other priorities of greater importance to the institution. The fact that each agency is only responsible for regulating one segment of the charcoal value chain may reduce its priority. Within the Bank the subject also falls under the sphere of different sector units. Conducting an effective dialogue across all of the relevant agencies may be confined by competing priorities in each of the individual sector units within the Bank. The lack of follow through by the government may be tied to the process by which the policy note was produced.²⁵

3.16 It is a challenge to determine the appropriate length of time to judge intermediate to long term outcome level results from this sector work. The report was printed in March 2009 and outcome level results may take some time to materialize. Moreover, with the change in several key Ministers following the elections that took place in October 2010,

²⁴ The Assistant Commissioner for Renewable Energy is reported to have been a proponent for charcoal sector reforms and supportive of the Bank's work but took a position in a different government agency shortly after the policy note was completed. The challenge of identifying an institutional champion to move the reforms forward is not new; staff working on charcoal in Tanzania reported similar challenges in the 1980's. IEG interviews with the donor community in Tanzania as well correspondence between the Task Team and other development partners attempting to address the sector indicate that this challenge is not unique to the Bank.

²⁵ IEG's evaluation of Economic and Sector Work and Technical Assistance found that "close collaboration with clients, from task initiation through the formulation of recommendations, was important for ESW and TA to be effective, whether clients actually produced part of the task or not." (IEG 2008) In addition the evaluation found that where champions did not already exist, they could be cultivated through substantial efforts in collaborating with clients.

there could be improved scope for engagement with some government agencies. In fact, the recently elected Minister of Environment has expressed preliminary interest in addressing charcoal (see the section on dissemination and dialogue). Moreover, the report coincides with a renewed interest in biofuels within the Bank and new energy strategies under preparation that incorporate biomass as a renewable energy, which may increase scope to influence future Bank activities and for follow up with the government.

3.17 **Results are rated satisfactory.** The report to date has contributed to the state of knowledge on the charcoal sector in Tanzania. It led to a follow-up sector work that assessed the political economy of the proposed reforms and has also served as a reference for World Bank staff working on household energy issues and other development partners in Tanzania. The diagnostic ground work laid by the report is credited with Tanzania being considered as a potential pilot country for a trust fund clean cooking initiative and for potential inclusion of the topic in one donor partner's country program. But to date there is no discernable impact on government policy.

Strategic Relevance and Ownership

3.18 Given the sheer magnitude of the sector and its socioeconomic importance, charcoal is clearly an important development issue for Tanzania. It has been identified as a long standing development constraint in the literature and it is an area that received attention from the Bank in the past. In the late 1980's the Bank financed a pilot program for improved charcoal stove distribution and more efficient charcoal production that was financed as part of the Energy I Project. During the same time period, wood fuel supply (firewood and charcoal) was also addressed under the UNDP/World Bank Energy Sector Management Assistance Program (ESMAP). The Bank subsequently moved away from the topic. The report is timely in that it coincides with a recent resurgence of interest in the topic within the Bank in conjunction with the climate change agenda. In addition, there are four national policies that recognize charcoal as a development challenge: The National Strategy for Growth and Reduction of Poverty (Tanzania's PRSP); The National Energy Policy; National Environment Policy; and the Forest Policy. However, rather than promote reform of the charcoal sector, the solution that is advocated is to replace charcoal with other sources of energy. Only the forest policy explicitly supports the development of biomass energy resources (including charcoal). (GTZ/UTR Ministry of Energy and Minerals 2010) The literature documents how charcoal has been perceived negatively by most policy makers (GTZ/UTR Ministry of Energy and Minerals 2010).

3.19 The fact that reforming the sector is not advocated by most government policy documents should not be viewed as a lack of relevance on the part of the policy note. It is a sector that has implications for poverty alleviation and environmental sustainability, including forest health. In fact, the policy note is strategic in the sense that it attempts to raise awareness of a missed opportunity. An implicit objective of the report appears to be to contribute to a shift in the prevailing negative perception of the sector: "Significant changes need to be introduced to regularize and legalize the currently informal sector. This would require a major shift both inside and outside government with regard to how charcoal is viewed and managed from a policy perspective. Currently, the sector is viewed almost entirely negatively, and as a result, prevailing policies and laws tend to focus on regulation, enforcement, restriction, and, where possible, moving away from the

sector altogether to other energy sources. This policy note argues that this perception will need to be changed, and instead a more enabling environment created that allows for responsible, sustainable, and profitable enterprises to flourish within the sector. This policy note provides recommendations that, if implemented, would lead to an increased formalization of the charcoal sector, changing the regulatory, fiscal, and pricing frameworks.” (World Bank 2010).

3.20 The report was included in the 2007-2010 Joint Country Assistance Strategy, which was agreed upon with the government. But beyond the initial request for the policy note the government has shown very little ownership of the production of the report. It is not clear to what extent key decision makers participated in defining the scope or in the actual production of the report. Prior to the stakeholder workshops in October 2008, an email was sent to the MNRT and the Ministry of Energy and Minerals, copied to other relevant ministries, informing them of the initiation of field work and requesting their leadership in the process. Interviews indicate that an Advisory Committee was put together with policy makers from each of the key ministries responsible for regulating the sector but it is not clear to what extent they actually provided input. The final draft, addressed to the Permanent Secretary of the MNRT and copied to other relevant Ministries, was delivered on March 31, 2009. Project files indicate that the government was provided with an opportunity to comment but there is no record of any comments being received. The final report acknowledges the support of the Director of FBD/MNRT and the Assistant Commissioner of Renewable Energy in the Ministry of Energy and Minerals and their respective staff. Technical staff in the FBD provided logistical support for production and dissemination of the report but were not included in providing substantive input and lacked buy in. Interviews suggest that the government felt disengaged from the process and viewed the report as a “World Bank / Civil Society initiative” rather than a government produced document that they have a mandate to operationalize.

3.21 On balance, *Strategic Relevance and Ownership is rated satisfactory*. The report addresses a recognized development constraint in Tanzania and many other Sub-Saharan African countries. It was delivered as the government embarked on a revision of its energy strategy and also corresponds with renewed interest within the Bank. The report aimed to be strategic by highlighting a potential opportunity that is has not yet been picked up in government policies. A local NGO was involved in the production of the report, and input to the recommendations was solicited from an array of local stakeholders through participation in workshops. But the government’s role in defining the scope of the report and in its production appears to have been limited.

Quality

3.22 Stakeholders interviewed by IEG unanimously viewed the policy note as a high quality diagnostic report. A literature review of the charcoal sector in Tanzania carried out as a scoping exercise for a GTZ initiative, describes the report as “the most thorough review of the charcoal industry in Tanzania to date.” (GTZ/UTR Ministry of Energy and Minerals 2010) Some stakeholders interviewed by IEG also praised it for its concise and user friendly presentation that in their view increases its accessibility to policy makers.

3.23 The report appropriately drew on the existing knowledge, including the experience from other countries, and analyzed how it would work in Tanzania. It provides specific policy recommendations and suggests short and long term actions required to put the recommendations into practice. The recommendations are made more operational through the identification of the key institutions to lead each process, and where pilot activities are needed, as well as indicating knowledge gaps that need to be filled to implement the proposed reform. The information is presented in a concise and readable manner that is accessible to many audiences.

3.24 The policy note also appears to have received appropriate input from relevant experts and adequate managerial oversight during preparation. The concept note and the final draft were reviewed by Bank staff and an external expert. Peer reviewers comments, which suggested tightening the report to bring out key messages and make it more readable for policy makers, appear to have been taken into account. A criticism noted by one reviewer was the “failure to ask questions about who were the primary actors which controlled the charcoal trade.” But this was addressed in a follow up report on the political economy (assessed in chapter 4). With respect to management oversight, the sector manager chaired the review of the concept note as well as the final decision meeting and the authors report that the country director was very supportive of the work and encouraged the team to proceed with a follow-up study when trust funds later became available.

3.25 **Quality is rated highly satisfactory.** It provides a comprehensive description of the state of the charcoal sector in Tanzania. It drew appropriately on existing knowledge but analyzed how it would work in the Tanzanian context. The work was adequately peer reviewed by experts within and outside of the Bank. The information is comprehensive but presented in a concise and readable format that is accessible to policy makers and provides clear and actionable recommendations.

Dialogue and Dissemination

3.26 The report was officially launched in Tanzania in August 2009. A series of dissemination workshops were held targeting the same stakeholder groups that had participated in the workshops carried out as part of the report’s preparation. Journalists were also invited to attend the dissemination events. The IEG mission found a high level of awareness of the reports in Tanzania, particularly in Dar es Salaam. Stakeholders interviewed by IEG who attended dissemination workshops described the launch as a high quality event, though some commented on the absence of government decision makers from the MNRT. Stakeholders noted that there was some media coverage at the time of the launch. A criticism of the dissemination workshops is that the Bank largely convened people who already bought into the need for the proposed reforms and thus missed an opportunity to engage other important actors. That is not to say that the sector work is not of value to the stakeholders convened but that to take the recommendations forward, traction also is required with decision makers who may not currently buy in to the solution advocated.

3.27 The Team made an effort to reach different audiences by publishing the report’s findings in different formats. The full report was printed in English and is easily

retrievable from the Bank's external website. A four page summary was prepared in English and Kiswahili and was distributed to officials at the district level through a local NGO. A 15-minute documentary film based on the policy notes findings was also produced in an English and Kiswahili version. While the report was pitched to policy makers, the documentary was targeted to the general public with the intention of creating the basis for an informed discussion about the future role of charcoal in Tanzania. Both versions of the documentary are posted on the World Bank's You Tube Channel. The documentary was screened in Dar es Salaam in June 2010, at the launch of a follow-up report on the poverty and social impacts of the reforms proposed in the policy note. Copies of the documentary were also provided to the FBD's zonal extension mobile cinema units, which host movie nights in each of the districts. The report's accessibility on the Bank's website, the effort to disseminate key messages in Kiswahili and the film are notable improvements over past efforts to disseminate Bank sector work in client countries.²⁶

3.28 Beyond the official dissemination events, there is little evidence of strategic follow up by the Bank's country office. To date, the report has not served as an input to a sustained dialogue with the client.²⁷ The TTL relocated to another country office within a year of the report's launch. His replacement was familiar with the report but at the time of this assessment she had only begun her post in the country office and her work program was unclear. At the time of this assessment, the scope for policy dialogue with the FBD or MNRT, the official counterpart agency for the report, was limited because since closure of the TFCMP/EAFRCMP there have been no further Bank-funded operations under MNRT implementation. Substantive engagement with the MNRT on the follow up ESW appears to have been limited (see chapter 4). It is unclear whether support for the FBD or the MNRT will be included in the new CAS that is under preparation. The Bank's support for the Energy Sector, another relevant ministry to implement the report's recommendations, is focused on electrification. In the future there

²⁶ Background work on Analytic and Advisory Activities that was carried for IEG's recent evaluation of Agriculture and Agribusiness provides a useful benchmark to compare dissemination of the policy note with past ESW dissemination efforts. Only seven of the 19 reports examined for that review had been translated into the local language and less than a third of the reports were made available on a website. While most of the reports examined for that paper had been presented at a seminar, only 18 percent of these seminars were reported in the local media. Similarly an internal quality assurance report carried out in 2004 found that "(r)eports too often were not translated into local languages or formally published, which reduced impact. Also, the Bank needs to make more use of Web-based dissemination for AAA reports."

²⁷ IEG's evaluation of ESW and TA (2008) found that sustained follow-up after the completion of the tasks was important for effectiveness. Yet, the lack of sustained dialogue appears to be a common flaw with World Bank AAA. IEG's Agriculture and Agribusiness Evaluation (2010) note that "less than a quarter of the AAA reviewed led to sustained engagement on a particular topic in the country, suggesting that inadequate dissemination may be limiting the results achieved. Most reports were presented at a seminar and discussed with senior policy makers, but dissemination tended to stop there." A background paper on AAA commissioned for the same evaluation pointed to several institutional factors that contribute to the lack of sustained follow-up "(i)n the Bank's business processes, AAA is viewed as a discrete activity and once the report has been delivered to the client and the seminar given, the task is complete. Dissemination is still viewed quiet narrowly as a seminar or series of seminars, and is something of a residual. Bank procedures do not require a "sustained dialogue plan" as part of the concept note. Also the concept of "sustained dialogue" is not part of business of budgeting processes, is difficult to measure and monitor, and thus tends to be minimized."

may be scope for taking up the issue with the Department of Environment. A World Bank mission participating in the climate change conference in Cancun (December 2010) held preliminary discussions with the newly appointed Minister of Environment who reportedly expressed interest in addressing charcoal. However, it is premature to assess whether this will evolve to an opportunity for sustained dialogue.

3.29 Follow-up has been somewhat greater within the Bank. One co-author has been proactive in reaching out to colleagues working on related issues, primarily through informal follow up. However, stakeholders interviewed by IEG note that there is a need to reach out beyond those within the Bank who already buy into the issue.

3.30 ***Dissemination and Sustained Dialogue is rated satisfactory.*** The Team made an effort to reach different audiences by publishing the reports information in different formats. Its translation into the local language, the production of a short film and availability on the Bank's external website set it above the dissemination of many other Bank ESW products. However, there is little evidence of a plan for sustained engagement by the Bank's country office.

4. Enabling reforms: a stakeholder-based analysis of the political economy of Tanzania's charcoal sector and the poverty and social impacts of proposed reforms (Report)

Context

4.1 This report was a Bank initiated Knowledge Management Product. It was prepared as a follow-on analysis to the charcoal policy note discussed in chapter 3. It was intended to be a short note that would take the policy note a step further by providing a better understanding of the potential poverty and social impacts of the policies proposed and to test their feasibility by looking at the political economy of charcoal sector reform.

4.2 Three key questions guided the overall analysis: (1) what are effective, environmentally sustainable policy measures to halt the rapid rate of deforestation and to address the loss of government revenue due to unregulated charcoal production, trade, and utilization? (2) Which of these policy measures could be feasibly and successfully implemented, given the political economy of the charcoal sector? and (3) What would be the poverty and social impacts of such policy measures if they were to be implemented with the aim of making the sector more socially sustainable?

4.3 Two types of analysis were employed: (1) Political economy analysis, which is concerned with the interaction of political and economic processes in society, the distribution of power and wealth between different groups and individuals, and the processes that create, sustain and transform their relationships over time. Political economy analysis looks at how actors use their position to protect or strengthen their political or economic interests; and (2) Poverty and Social Impact Analysis (PSIA), which assesses the intended and unintended consequences of policy reforms on the well-being or welfare of different social groups, with particular emphasis on the poor and vulnerable groups.²⁸

4.4 For the Political Economy Analysis two key hypotheses were tested: (1) Influential networks in the charcoal sector maintain a system of informal institutions (i.e. rules, processes, organizations) that effectively undermines the establishment and/or enforcement of formal charcoal sector governance. (2) The incentive structure that governs the charcoal sector - both from the bottom up (local governments not partaking in charcoal revenue collection) and the top down (policy makers involved in the charcoal business profiting from the status quo) - inhibits the design and enforcement of effective sector regulation.

²⁸ The bulk of the report is devoted to political economy analysis. With respect to the PSIA analysis, the report notes that due to very limited data availability and the informal nature of the charcoal sector business, an exploratory quantitative approach was chosen and cautions that the findings and recommendations of the should be treated with care.

4.5 Three hypotheses were explored through the PSIA analysis: (1) Influence and profits in the charcoal value chain are concentrated in the hands of a limited number of powerful actors or institutions. (2) Implementation of the proposed key reforms in Tanzania's charcoal sector will result in a more equitable distribution of profits along the charcoal value chain, given that rules governing the sector will be effectively enforced. (3) Implementation of reforms and effective enforcement of rules will result in higher consumer prices, thus negatively affecting poorer households and their ability to pay for energy supply.

4.6 The final report identifies key disincentives, weaknesses in the charcoal sector governance structure, and power relationships that favor the environmentally unsustainable and economically inequitable status quo and inhibit the design and implementation of a coherent reform strategy. It also points out key steps towards making the sector more environmentally, economically, and socially sustainable. The final conclusions of the report are summarized in Box 2.

Box 2. Conclusions of the Political Economy report

- The fiscal disempowerment of village and district governments, combined with the uncertainty about forest asset ownership and user rights, and the limited policy implementation and monitoring capacity of government agencies at all organizational levels, create substantial disincentives for sustainable management of the charcoal sector by government institutions and for sustainable production, trade, and use by non-governmental stakeholders.
- An open conversation within and among key government agencies and a strategic decision are needed on the direction of the charcoal sector toward a stricter sanctions regime.
- New policies (or changes in existing policies) need to be based on realistic goals and expectations. They need a coherent communication strategy that translates the legal provisions of the policy into actionable instructions to district or village governments, even in remote areas of the country.
- Matching institutional responsibilities of village and district governments to implement and enforce charcoal sector policies with the right to retain a percentage of charcoal revenues seems imperative to create incentives for better policy implementation and monitoring at the sub-national level.
- In this respect, vertical accountabilities and reporting mechanisms within existing systems and structures in MNRT, PMO-RALG and MEM should be strengthened to ensure compliance with centrally formulated policies and directives at the sub-national level, and to gather real-time information about the de facto functioning of the charcoal sector in practice.
- MNRT, MEM and other key central government agencies need to scope out a mode of engagement with the dealer-transporter-wholesaler networks that exercise substantial de facto control over the charcoal sector. Converting the currently irregular and informal interactions with this stakeholder group (mainly through village and district level authorities) into a more formal relationship with regular meetings, also including central government agencies, might contribute to a better understanding of how the sector functions in practice and inclusion of this critical stakeholder group in the design of charcoal sector policy reforms.
- A realistic short to medium term goal might be to increase the share of payable taxes and fees collected from 20 percent to 40 percent and to impose a sustainability premium of 10 percent, encouraging sustainable forest management and charcoal production while discouraging the production, trade, and use of unsustainably produced charcoal. This could result in a 7 percent increase in the retail price of charcoal, which consumers might still be able to absorb. However, one should engage in a deliberative process of developing policy measures that promote sustainable charcoal production while including wholesalers and retailers in sharing the higher costs of a more sustainably operating sector.
- Other non-governmental stakeholders need to be empowered through information campaigns, promotion of more efficient technology, and more sustainable management practices. This applies first and foremost to producers, but also to charcoal consumers, women, bicycle transporters, improved stove producers, and alternative energy providers.

Source: World Bank 2010b

Process

4.7 The report was produced over a period of seven months. A virtual review of the draft Concept Note was conducted over the period November 13 - 30, 2009. A preliminary mission to Tanzania was carried out between December 6 - 22, 2009 to gather data and refine the research design. A second mission was carried out from March 16 to April 2, 2010 in which participatory research was conducted with various stakeholder groups. Three workshops were held with development partners and central government policy makers (Ministry of Finance; Natural Resources and Tourism; Energy & Mining; Environment; Local Government & Decentralization; Health & Social Welfare) to scope out the feasibility of proposed key policy reforms in the charcoal sector through political economy discussions. Eleven focus group discussions were held with charcoal sector stakeholders (producers, consumers, traders and transporters, wholesalers, retailers, local government and administration, women's groups) in Dar-es-Salaam and the surrounding districts and villages to provide input to the political economy and PSIA analysis. IFPRI's Net-Map approach was used a tool for qualitative data collection.²⁹ Project files indicate that the interactive discussion meetings, lasting up to 4 hours each, provided a platform for mutual experience sharing, learning and awareness raising of critical (political, economic, social and environmental) issues surrounding charcoal sector reforms. The team reported that feedback received from the participating stakeholders on the process and outputs of the workshops and focus group discussions was strongly positive. This view was corroborated in interviews with participating stakeholders. The team synthesized information from the qualitative discussion and quantitative data on household income and government charcoal revenue, and charcoal and fuel prices, which was used to model the expected effects of changes in charcoal / fuel prices on household behavior and income. A final draft was produced on May 21, 2010. The report was launched in Tanzania in June 2010.

4.8 The report was prepared by an interdisciplinary team comprising four Bank staff, the two authors of the policy note (a forestry / natural resource management specialist and an environmental economist), two social scientists, and three local facilitators with environmental resource management expertise. Two hundred stakeholders participated in focus group discussions. The team describes the process as highly participatory but Bank-led and directed. Estimated at US\$80,000,³⁰ the final cost of the report was US\$ 77,288, financed by TF-ESSD resources provided by the Governments of Finland and Norway and the Bank's administrative budget.

4.9 The following sections assess the evidence on four criteria used to rate AAA products: results, strategic relevance and ownership, quality, and dialogue and

²⁹ Net-Map is described as an innovative interview-based power mapping tool that helps people visualize, discuss and understand how different actors, institutions and processes can have an impact on policy outcomes.

³⁰ Estimated costs differ in the Bank's data system. According to the Activity Completion Summary in the Project Portal the estimated cost was US\$80,000, while the estimate in the Project System Module is US\$118,114.

dissemination. An explanation of the criteria for each rating is presented in Annex C and detailed evidence is noted in Annex D.

Results

4.10 According to the concept note, “(t)he key objective of this activity is to inform the discussions around reforms in Tanzania’s charcoal sector by providing policy-relevant knowledge on key issues. As such, the objective of this activity is twofold: (1) Providing relevant stakeholders with a profound analysis of the political economy of the charcoal sector in Tanzania. This includes mapping networks and power relations persistent in the charcoal sector to better understand the role of different players; (2) Analyzing the poverty and social impacts of proposed policy reforms in the charcoal sector.”³¹ Two main audiences were identified: (1) policy makers and charcoal sector stakeholders; and (2) the World Bank and other development partners.

4.11 Many stakeholders view the political economy report and the policy note that preceded it as a combined product. Thus, much of the assessment of the results of the policy note pertains to this report as well. The report fulfilled the its immediate output level goals in terms of providing the proposed analysis of policy alternatives to design the most viable pro-poor policies. It has also contributed to the broader development dialogue on charcoal issues in Tanzania. The report has succeeded in informing World Bank staff and other development partners in Tanzania on the political economy surrounding the charcoal sector in Tanzania. Bank staff felt the report has contributed to the current state of knowledge on the topic. The report has also raised awareness of the utility of the political economy analysis approach in general. One respondent commented on the unique analysis: “I have never seen a report like that one. It doesn’t just tell you the state of affairs but really shows you why things are the way they are. This kind of analysis is very useful for figuring out where you can intervene.” Another planned to replicate the analysis in his work in countries in other regions.

³¹ Additional results were identified in the concept note’s discussion of the intended audience: “It is also expected that the results of this activity would give sector stakeholders the knowledge and opportunity to engage more effectively in the policy dialogue around charcoal sector reform...Opponents and proponents of reform will be identified with whom development partners can seek further engagement to facilitate much needed policy reforms. The results from the poverty and social impact analysis will allow them to provide support in policy areas that are deemed most critical for equitable and pro-poor policy reform outcomes in the charcoal sector.” No specific indicators were defined at inception but the concept note spells out four expected short-term to medium-term outcomes, aiming at improvements in policy design and donor support in the charcoal sector:

- Policy makers, in-country stakeholders and development partners gain an improved understanding of the key political economy impediments to charcoal sector reform.
- The poverty and social implications of proposed charcoal sector policy reforms are understood and, following from this, policy alternatives can be developed and considered to provide decision-makers with options to design the most viable pro-poor policies.
- Following from the above, entry points (institutional, individual, processes) for charcoal sector reform can be identified for further engagement.
- The results from the political economy analysis (including stakeholder and institutional analysis) inform and facilitate policy dialogue and stakeholder participation/consultation in the preparation and implementation of policy reforms in Tanzania’s charcoal sector.”

4.12 The report has also been highlighted in the Governance and Anti-Corruption (GAC) Knowledge and Learning Portal as a best practice example of political economy analysis at the sector level. It has also been cited as a reference by at least one non-Bank publication: *Impacts of Pollution on Ecosystem Services for the Millennium Development Goals. Stockholm Environment Institute, Project Report – 2010*. The report has not yet led to a new lending operation, but due to the analytical ground work represented by analysis in this report and the policy note, Tanzania is under consideration as a country in which to pilot a trust fund program on clean cooking initiatives. The report has also been utilized by other the development partners in Tanzania, notably DFID and UNDP. The Swiss Development Cooperation, however, which utilized the policy note to focus its proposed program of work on charcoal, was not aware of this follow-up report.

4.13 As with the policy note upon which this report built, there is no evidence of the report having impacted government programs in any of the relevant line agencies or the World Bank's country program to date. Results have been hampered by the same challenges facing the policy note. It is worth noting, however, that it may be too early to assess the full results. The report was published in June 2010, elections were held in Tanzania in October 2010, and the IEG mission took place in November 2010.

4.14 **Results are rated *satisfactory*.** The report has provided stakeholders with a better understanding of the political economy of the charcoal sector in Tanzania. It has served as a reference for staff working on similar issues within the Bank and other development partners operating in Tanzania. It has also raised awareness of the utility of political economy analysis as an analytic tool within the Bank. There has been little influence to date on the government of Tanzania, though it may be too early to assess this dimension of the report.

Strategic Relevance and Ownership

4.15 The strategic relevance issues are similar to those of the policy note. The report addresses a topic of high relevance to Tanzanian society, based on its socioeconomic importance and identification as a development constraint. The production and utilization of charcoal (and other biofuels) have been identified as a development constraint due to their adverse health effects and pressure placed on natural resources through unsustainable production. While charcoal is not explicitly mentioned by name it is relevant to each of the clusters in the Joint Country Partnership Strategy. The report provided important analysis of the political economy of charcoal reforms, which was missing from the policy note that preceded it. The report is timely. Its publication coincides with a renewed interest in biofuels among various sector units (e.g. energy, environment) within the Bank.

4.16 The report was produced in a participatory fashion and included workshops in which over 200 local stakeholders, including government officials, participated in the generation of qualitative data. Beyond the workshops, however, it is not clear to what extent the government was involved in defining the scope or in preparation of the report. In December 2009 the team held preliminary discussions with the Assistant Commissioner for Renewable Energy and other officials from the Ministry of Energy and was encouraged to initiate the analytical activity. Project files indicate that central

government policy makers from Ministry of Finance; Natural Resources and Tourism; Energy and Mining; Environment; Local Government and Decentralization; Health and Social Welfare attended the political economy analysis discussions. There is no record in the project files of a request for government comments on the final draft and interviews suggests that the government felt disengaged from the process of producing this report as well as the policy note that preceded it and that some view it as a “World Bank/Civil Society” initiative rather than a government document that they have a mandate to operationalize.

4.17 ***Strategic Relevance and Ownership is rated satisfactory.*** The report addresses a key development constraint for Tanzania and is relevant to the priorities in the Joint Country Partnership Strategy. Its publication is timely. The report was produced in a participatory fashion with the participation of over 200 local stakeholders but there is weak evidence government interest or engagement in producing the report, beyond their participation in focus groups.

Quality

4.18 The report employed a solid methodology. Specific hypothesis to be tested were identified at the planning stage, and IFPRI's Net-Map approach was used as a tool for qualitative data collection with local stakeholders to conduct the analysis in a participatory yet structured manner. Stakeholders interviewed by IEG viewed the report as a high quality document and the political economy perspective of the report was seen by many as filling an important gap in knowledge on the sector. One source noted that both pieces of sector work were “head and shoulders” above other reports on the topic in terms of quality and value added, adding that the Bank said things that needed to be said in a non-confrontational manner. Although the report itself cautions that results of its quantitative analysis are tentative, some stakeholders also comment that given the data poor environment in Tanzania in general and of the charcoal sector in particular, the report also makes a valuable contribution in providing quantitative data on the sector, albeit limited. The GAC Knowledge and Learning Portal’s feature of the report as a best practice example as noted above is a further indication of the report’s quality.

4.19 The report was reviewed by an appropriate mix of technical specialists. Written comments on the concept note were received from peer reviewers in the Bank’s environment and social development units in the Bank. Peer reviewers felt their comments were taken into account to the extent possible. The final report indicates that the draft was peer reviewed by three specialists from the Bank’s environment and social development units but there is no record in project files of minutes from the review of the final draft or peer reviewer comments. It provides a clear understanding of the local context and provides clear and actionable recommendations.

4.20 ***Quality is rated highly satisfactory.*** Stakeholders interviewed view the report as a high quality document. It employed solid methodology and was subject to adequate peer review. The report received appropriate managerial attention and both the concept note and the final report were reviewed by appropriate sector experts. It provides a clear understanding of the local context and provides clear and actionable recommendations.

Dialogue and Dissemination

4.21 While the policy note was pitched to a broader audience, this report was targeted to decision makers in government and the donor community. Initial dissemination consisted of a formal launch in Dar es Salaam in June 2010 through a series of workshops. One workshop was held for donor partners and the press and a second workshop was held for government officials. During the workshops the documentary based on the findings of the earlier policy note was also presented. The report was emailed to Bank staff in the Africa region and the forestry community and a brown bag discussion was held for staff in December 2010. The report is easily retrievable on the Bank's external website and is featured on the Governance and Anti-Corruption Knowledge and Learning Portal. The authors have been proactive in bringing the report to the attention of relevant Bank staff. There is little evidence, however, of sustained follow up in the country office, but it may be too early to assess this dimension of the report.

4.22 *Dissemination and Dialogue are rated satisfactory.* The authors have been proactive in disseminating the report to relevant staff within the Bank. Sustained engagement by the Bank in Tanzania has been limited, but it may be too soon to assess this dimension of the report.

5. Lessons

5.1 The experience of the TFCMP/EAFCMP suggests the following lessons:

- **A reform agenda that depends on the buy-in of key individuals can be stalled unless there is: (a) a contingency plan for the loss of political will and (b) sufficient flexibility in project design to enable adjustments to changes in the level of ownership.** In the case of the TFCMP/EAFCMP, the right mix of people appears to have converged during preparation but the project did not prepare for the likelihood that personalities would change.
- **Late and incomplete restructuring can result in a failure to complete project activities within the project timeframe and, as a consequence, to achieve project objectives.** In this case, the Bank proactively refocused credit proceeds on activities that were under control of the project implementation unit and could improve forest management within the existing institutional structure, but the objective of changing the institutional structure remained unchanged. Some of the activities added through restructuring were delayed by procurement challenges that had plagued the project since inception.
- **The use of demand-driven approaches for forestry or natural resources management activities may be constrained by insufficient demand, as communities often have other priorities.**
- **Small grant monitoring that narrowly focuses on ensuring that grant monies were used for their intended purpose, is insufficient to demonstrate outcome level results and is a lost opportunity for learning.** In the case of the EAMCEF, an opportunity was also lost to learn which activities generate greater returns in terms of conservation and livelihoods goals. In the case of the TASAF PRM window, an opportunity was lost to gather information that would allow for a comparison of two different modalities to deliver support for the establishment of PFM agreements.
- **The financial sustainability of endowment funds can be compromised without sufficient and early attention to developing the fund-raising skills of Endowment Fund staff.**

5.2 The experience of the two pieces of sector work yields the following lessons:

- **High quality analysis is insufficient on its own to prompt action from government decision makers.** The policy note and follow up political economy analysis were both viewed as high quality documents that addressed a relevant topic but that alone was insufficient to generate results. More attention should be given to how to foster ownership of the process and objectives up front.
- **Reform of sectors in which responsibility cuts across multiple agencies may be difficult without a sustained dialogue through multiple sector units in the Bank (forestry, environment, energy).**

5.3 The following lessons emerge from the experience of both the TFCMP/EAFCMP and the Sector Work:

- **Changes in mind-set may be difficult to bring about without a strategy for generating broad-based consensus up front.** In the case of the TFCMP/EAFCMP, consensus was there during preparation but was lost once core members on the borrower and bank side moved on. While consultation workshops were held during preparation, interviews with stakeholders suggest that a relatively small group of people fully bought into the reforms, understood what they were trying to accomplish, and were involved in the project's design. When key personalities changed there was an insufficient base of people who understood and bought into the proposed reforms to inform new leadership. In the case the sector work, the Bank attempted to change the way that charcoal is viewed by presenting reform of the sector as a missed opportunity. Despite producing high quality documents there has been no buy-in from decision makers. A strategy is required to engage government decision makers from the beginning and keep them engaged throughout the process.
- **One project cycle may not be long enough to bring about institutional changes. Similarly dissemination of analytic work without a program for sustained dialogue may also limit results.** One project was not long enough to ensure that the new institutions had sufficient capacity to be effective and ensure a shift in the way that forests are managed. Similarly the brief period of dissemination was insufficient to ensure that the charcoal studies remain visible and are on hand for political windows of opportunity.

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Annex A. List of People Consulted

World Bank (Dar es Salaam)

Ann Jeanette Glauber, Sr. Natural Resources Management Specialist

Chiyo Kanda, Acting Country Director

Ida T. W. Manjolo, Social Protection Specialist, TTL TASAF

World Bank (Nairobi)

Richard Kaguamba, former Bank staff, TTL Tanzania Forest Conservation and Management Project (implementation)

Christian Peter, TTL Tanzania Forest Conservation and Management Project (closure) and TTL Environmental Crisis or Sustainable Development Opportunity: Policy Note (by phone)

World Bank (Washington)

Sameer Akbar, Sr. Environmental Specialist (ENV)

Rogério Carneiro de Miranda, Consultant (AFTEG) (by phone)

Peter Dewees, TTL Tanzania Forest Conservation and Management Project (appraisal)

Koffi Ekouevi, Senior Economist, (SEGEM)

Clemens Bernhard Gros, Social Development Specialist (SDV)

Richard Hosier, Sr. Environmental Specialist (ENVGC)

Nathalie Weirer Johnson, TTL Eastern Arc Forest Conservation and Management Project

Daniel Kammen, Chief Technical Specialist (TWI)

Dana Rysankova, Senior Energy Specialist (AFTEG)

Klas Sanders, TTL Enabling Reforms: A Stakeholder-Based Analysis of the Political Economy of Tanzania's Charcoal Sector and the Poverty and Social Impacts of Proposed Reforms of Charcoal Reforms

Tjardaa Storm Van Leeuwen, former Adviser (AFTEG)

Forest and Beekeeping Division in the Ministry of Natural Resources and Tourism

Amina Akida, Coordinator National Forest and Beekeeping Database (NAFOBEDA)

Ahmed Bwasheikh, Project Accountant

Monica Kagya, Acting CEO of Tanzania Forest Service

Gerald Kamwenda, TFCMP Coordinator at project closure

Leonard Lyimo, Responsible for revenue collection activities in TFCMP

Felix L. Mallya, Retired Forest Officer, Former TFCMP Project Coordinator

Hybert Mengy, Consultant, Financial Management

Juma Mgoo, Acting Director, Forest and Beekeeping Division, former lead of TFS component

Gladness Mkamba, Assistant Director, Forest and Beekeeping Division

Jared Otieno, Responsible for forest and ecosystem assessment component

Hadija Remedheri, Director of Forest Utilization and former PFM component lead

Joseph Johnson Vigile, PRM component lead at project closure

Forest and Beekeeping Division Field Based Staff

Heriberih J. A. Haulle, Regional Catchment Forest Manager for Morogoro Region

John Kimariu, District Catchment Forest Manager for Morogoro District
Vincent Mnaya, Forestry Assistant, Vigwaza Check Point
Elia N. Mndeme, Assistant Regional Catchment Forest Manager for Morogoro
Luciana E. Mshana, Coordinator Nature Reserves, FBD - Morogoro

International Consultants to Forest and Beekeeping Division

Tom Blomley, DANIDA Consultant and PFM Advisor (by phone)
Campbell Day, PSI advisor for the Tanzania Forest Conservation and Management Project
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Anna-Leena Simula, Indufor Consultant and Private Sector Advisor

Ministry of Energy and Minerals

Paul Moris Kiwele, Principal Forest Coordinator - Bio Energy

Tanzania Social Action Fund (TASAF)

Anna Kyande, Finance and Operations Officer
Erasto L. Machume, Director of Operations
Omar Malio, Project Officer and Participatory Forest Management Coordinator
Ali, Mohamid, Accountant

Local Government Authorities

Local Government, District of Mkuranga:

Timothy Kudra, Acting Village Forest Coordinator
Sipora J. Liana, District Executive Director
Elizabeth Mwanilyala, Village Fund Justification Assistant
Sharo Rogasiani, PFM Focal Person, District Forest Officer

Local Government, Morogoro:

Ande Samuel Mallango, Lands, Natural Resources, Environment

Village Beneficiaries

Village of Mkuluwili
Village of Kibuyuni

Eastern Arc Mountains Conservation Management Fund (EAMCEF)

Raymond Killeuga, Program Officer
Emmanuel Malada, Finance and Administration Officer
Francis Sabuni, Executive Director

EAMCEF Grant Recipients

Chelestino Balama, Researcher, Tanzania Forest Research Institute (TAFORI)
Mr. Mishana, MECCA Group, NGO providing training in production of improved stoves

Sokoine University of Agriculture

Professor Said Iddi, Faculty of Forestry and Nature Conservation, Former Director of Forestry and Beekeeping Division, Board Member Eastern Arc Conservation Endowment Fund

Civil Society

Charles Meshack, Executive Director, Tanzania Forest Conservation Group

Simon Milledge, Royal Norwegian Embassy, former staff TRAFFIC

Paul Nnyiti, Senior Conservation Officer, Wildlife Conservation Society of Tanzania

Francis Songela, Programme Manager, CAMCO

Shima Sago, Assistant Manager, TaTEDO, Center For Sustainable Modern Energy Expertise

Peter Sumbi, Forest Programme Officer, WWF

Donors

Magdalena Banasiak, Climate Change Adviser, Kenya and Tanzania, DFID

Ivar Jorgensen, Counsellor on Environment and Climate Change, Royal Norwegian Embassy

Gertrude Lyatuu, Assistant Resident Representative, Team Leader Energy and Environment, UNDP

Merja Makela, Counsellor Natural Resources, Embassy of Finland

Jema Ngwale, Programme Officer Environment, Danish Embassy, DANIDA

Merete Villum Pedersen, Senior Technical Advisor, DANIDA (by phone)

Patrik Zimmerli, Programme Officer – Economic Growth, SDC

Annex B. Basic Data Sheet

TANZANIA FOREST CONSERVATION AND MANAGEMENT PROJECT (IDA-36040, IDA-3604A, TF-25922, TF-52283)

Key Project Data (amounts in US\$ million)

	<i>Appraisal estimate</i>	<i>Actual or current estimate</i>	<i>Actual as % of appraisal estimate</i>
Total project costs	40.0	44.7	112
Credit amount	31.1	37.3	120
Cofinancing	7.0	7.0	100
Cancellation	n/a	.03	

Cumulative Estimated and Actual Disbursements IDA Credit

	<i>FY03</i>	<i>FY04</i>	<i>FY05</i>	<i>FY06</i>	<i>FY07</i>	<i>FY08</i>	<i>FY09</i>	<i>FY10</i>
Appraisal estimate (US\$M)	4.70	11.10	19.40	25.90	31.10	31.10	31.10	31.10
Actual (US\$M)	1.58	2.27	4.47	10.17	16.67	25.17	31.27	37.27
Actual as % of appraisal	34	20	23	39	54	81	101	120
Date of final disbursement: May 11, 2010								

Cumulative Estimated and Actual Disbursements GEF Grant

	<i>FY03</i>	<i>FY04</i>	<i>FY05</i>	<i>FY06</i>	<i>FY07</i>	<i>FY08</i>	<i>FY09</i>	<i>FY10</i>
Appraisal estimate (US\$M)				7.00	7.00	7.00	7.00	7.00
Actual (US\$M)				0.00	7.00	7.00	7.00	7.00
Actual as % of appraisal				0	100	100	100	100
Date of final disbursement: November 29, 2006								

Project Dates

	<i>Original</i>	<i>Actual</i>
Initiating memorandum	March 15, 2001	April 20, 2000
Negotiations	February 15, 2002	December 10, 2001
Board approval	July 2, 2002	February 26, 2002
Signing	(not recorded)	March, 13 2002
Effectiveness	(not recorded)	May 29, 2002
Closing date	December 31, 2007	December 31, 2009

Task Team members

Names	Title Unit	Responsibility/Specialty
Lending (from Task Team in PAD Data Sheet)		
Peter A. Dewees	Lead Environmental Specialist AFTES	Task Team Leader
Ladisy Komba Chengula	Sr. Agricultural Economist SASDA	
Pascal Tegwa	Sr. Procurement Specialist AFTPC	
Mercy Sabai	Sr. Financial Management Specialist AFTFM	
Kithinji Kiragu	Institutional Change Specialist EASER	
Supervision (from Task Team Members in all archived ISRs)		
Christian Albert Peter	Sr. Natural Resources Mgmt. Specialist AFTEN	Task Team Leader
Nathalie Weier Johnson	Sr. Environmental Specialist ECSS3	Task Team Leader (EAFCMP)
Bella Lelouma Diallo	Sr. Financial Management Specialist AFTFM	
Mercy Mataro Sabai	Sr. Financial Management Specialist AFTFM	
Gisbert Joseph Kinyero	Procurement Specialist AFTPC	
Luis M. Schwarz	Sr. Finance Officer CTRFC	
Jean O. Owino	Finance Analyst CTRDM	
Cherumaine Perumal	Finance Assistant CTRDM	
Jane Kibbassa	Senior Environmental Specialist AFTEN	
Ida Manjolo	Social Protection Specialist AFTSP	
Vildan Verbeek-Demiraydin	Senior Economist AFTRL	
Zainab Z. Semgalawe	Senior Rural Development Specialist_ AFTAR	
Klas Sander	Natural Resources Economist ENV	
Elizabeth F. Sakaya	Temporary AFTEN	
Faith-Lucy Matumbo	Team Assistant AFCE1	
Edith Ruguru Mwenda	Sr. Counsel LEGAF	
Marjory Mpundu	Counsel LEGAF	
Indumathie V. Hewawasam	Sr. Environmental Specialist AFTEN	Task Team Leader
Pascal Tegwa	Sr. Procurement Specialist AFTPC	
Paavo Eliste	Sr. Economist EASER	
Dean W. Housden	Program Assistant AFTCS	
Donald Paul Mneney	Sr. Procurement Specialist AFTPC	
Jorge O. Pena	Portfolio Officer CTRCF	
Abu Mvungi	Consultant AFTEN	
Aza A. Rashid	Program Assistant SASFP	
Geoffrey D. N. Shoo	Consultant AFTFM	
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Richard John Kaguamba	Consultant ENVCF	Task Team Leader
Modupe A. Adebawale	Consultant CFPPM	
Rogati Anael Kayani	Consultant AFTPC	
Mohammed Bekhechi	Lead Counsel LEGEN	
Serigne Omar Fye	Consultant AFTEN	

Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	US\$ Thousands (incl. travel & consultant costs)
Lending		
FY99		24.2
FY00	11	58.3
FY01	17	133.1
Total:	28	215.6
Supervision/ICR		
FY02	16	88.1
FY03	43	178.3
FY04	35	138.4
FY05	38	79.9
FY06	44	112.3
FY07	40	126.1
FY08	19	79.6
FY09	13	84.0
FY10	13	55.9
Total:	261	942.6

Annex C. Criteria for Rating Bank Economic and Sector Work

<i>Rating</i>	<i>Results</i>	<i>Strategic Relevance and Ownership</i>	<i>Quality</i>	<i>Dialogue and Dissemination</i>
HS	<p>Meets to a high extent both of the following criteria:</p> <ul style="list-style-type: none"> • Impact on government programs and/or the broader development dialogue in the country • Impact on the design of the Bank's program and/or the subsequent CAS. 	<p>Meets to a high extent all of the following three criteria:</p> <ul style="list-style-type: none"> • Addresses a key development constraint and is coherent with the country assistance program • Delivered at the right time in relation to key decisions • Evidence of strong interest by government, development partners, or civil society and/or evidence of active engagement of government agencies or local institutions in conducting the work 	<p>Meets to a high extent all of the following six criteria</p> <ul style="list-style-type: none"> • Use of appropriate knowledge and analytic techniques. • Analysis of existing and/or new local data • Effective use of cross-country comparisons and global experience^a • Evidence of clear understanding of local institutions and context. • Clear and actionable recommendations. • Subjected to adequate peer review and client feedback 	<p>Meets to a high extent all of the following three criteria:</p> <ul style="list-style-type: none"> • Evidence of appropriate dissemination • Report reaches effectively the right audiences through appropriate targeted distribution and events. • Evidence of sustained engagement
S	<ul style="list-style-type: none"> • Substantial impact on both of the criteria or substantial impact on one and high impact on the other 	<ul style="list-style-type: none"> • No more than minor shortcomings in any of the three criteria 	<ul style="list-style-type: none"> • No more than minor shortcomings in any of the six criteria. 	<ul style="list-style-type: none"> • No more than minor shortcomings in any of the above areas.
MS	<ul style="list-style-type: none"> • Substantial or higher impact on one criterion, modest or no impact on the other. 	<ul style="list-style-type: none"> • Moderate shortcomings in no more than 2 criteria and no more than minor shortcomings in the third OR major shortcomings in one criterion but no more than minor shortcomings in the other two. 	<ul style="list-style-type: none"> • Moderate shortcomings in no more than 2 criteria and no more than minor shortcomings on the remainder OR major shortcomings in one but no more than minor shortcomings in others 	<ul style="list-style-type: none"> • Moderate shortcomings in no more than two of the above criteria and no more than minor in the third OR major shortcomings in one criterion but no more than minor shortcomings in the other two
MU	<ul style="list-style-type: none"> • At least modest impact on one criterion, modest or no impact on the other 	<ul style="list-style-type: none"> • Moderate shortcomings in all 3 criteria or major shortcomings in 1-2 criteria and no worse than moderate shortcomings in the remaining criteria 	<ul style="list-style-type: none"> • Moderate shortcomings in half or more of the criteria with no more than minor shortcomings in the others OR major shortcomings in fewer than half of the criteria with no more than moderate shortcomings in the others 	<ul style="list-style-type: none"> • Moderate shortcomings in all 3 criteria or major shortcomings in 1-2 criteria and no worse than moderate shortcomings in the remaining criteria.
U	<ul style="list-style-type: none"> • No impact on either criterion. 	<ul style="list-style-type: none"> • Major shortcomings in all three criteria 	<ul style="list-style-type: none"> • Major shortcomings in majority of above criteria 	<ul style="list-style-type: none"> • Major shortcomings in all three criteria.
HU	<ul style="list-style-type: none"> • Negative impact on one or both of the criteria 	<ul style="list-style-type: none"> • Severe shortcomings 2 or more of the criteria 	<ul style="list-style-type: none"> • Severe shortcomings in half or more of the criteria 	<ul style="list-style-type: none"> • Severe shortcomings in 2 or more of the criteria

Note: HS – Highly Satisfactory; S – Satisfactory; MS – Moderately Satisfactory; MU – Moderately Unsatisfactory; and U – Unsatisfactory, HU – Highly Unsatisfactory

a. As appropriate, contingent on the nature of the analytic work.

Annex D. Sector Work Assessments

(a) Environmental crisis or sustainable development opportunity? Transforming the charcoal sector in Tanzania: a policy note

Environmental crisis or sustainable development opportunity? Transforming the charcoal sector in Tanzania: a policy note								
Product Data								
Country Director	Sector Manager	Task Manager	Project ID/ Type/ Report No./Cost	Number of: Volumes/ Pages	Languages	Document Type	Topics	Unit
John McIntire	Marjory-Anne Bromhead	Christian Peter	P107475/ ESW 50207/ \$138,120	1 Volume/ 72 pages	English Swahili	Working Paper – Policy Note	Environment, Energy, Rural Development	AFTEN
Background								
<p>This report is listed in the 2007-2010 Joint Assistance Strategy as an analytical and advisory activity under the cluster for Growth and Reduction of Income Poverty. It is classified in the activity completion summary as a client requested task. The request for this sector work came through the MNRT when the TFCMP/EAFRCMP was well under implementation. The report was initiated on November 15, 2007, delivered to the government in March 2009, and officially launched in dissemination workshops in Tanzania in August 2009. Originally estimated at US\$70,000, the final cost of the report was US\$138,120. The topic of the report is one for which much had already been written, therefore the authors did not generate new analysis but consolidated available material including recent studies on charcoal utilization and trade conducted in the country. The report discusses a range of policy measures along the entire charcoal value chain in Tanzania: production, trade, and consumption. It begins with a broad overview of the charcoal sector in Tanzania and some of the key challenges being faced. It includes a summary of the key legal and policy measures that have been taken over the past two decades and an assessment of how successful they have been. It then sets out key policy recommendations along the production and marketing chains. It closes with an assessment of the likely impact of the reforms on reducing deforestation and forest degradation, as well as the positive impacts on boosting employment and improving rural livelihoods and concludes with an assessment of the costs of the policy recommendations made.</p>								
Overall Assessment								
<p>The report addresses issues of high relevance to Tanzania and was timely. It coincides with a renewed interest in bio-fuels among some sectors in the Bank. Stakeholders view it as a high quality diagnostic assessment that has contributed to the broader development dialogue on charcoal and woodfuels in Africa. It has served as a reference for Bank staff working on related issues within the Bank and has been utilized by other development partners in Tanzania in the development of their programs. Implementation of the recommended reforms, however, has not advanced with the government of Tanzania. A key challenge has been identifying an institutional champion willing to take the reform forward. Results to date also suffered from limited follow-up in the country office. That said, the report has come at an opportune time within the Bank, it coincides with a renewed interest in biofuels. New energy strategies under preparation that incorporate biomass as a renewable energy, which may increase scope to influence future Bank activities and for follow up with the government.</p>								
Lessons								
<ul style="list-style-type: none"> • High quality analysis is insufficient on its own to prompt action from government decision makers. • Failure to engage government decision makers from the beginning and keep them engaged throughout the process is can hinder sector work results, particularly work that attempts to challenge the status quo view. • Lack of sustained dialogue through multiple sectors of the Bank hinder attempts to reform sectors in which responsibility cuts across multiple agencies. 								
Ratings Summary								
Criterion	Rating	Comments						
Results	Satisfactory	Results are rated satisfactory. The report has contributed to the broader development dialogue on the charcoal sector in Tanzania. It is viewed as a valuable reference among donor partners and staff within the Bank. While it has not led to a new lending operation or change in policy, it has provided input to activities implemented under the TFCMP/EAFRCMP, which was ongoing at the time. It also led to a follow-up sector work that assessed the political economy of the proposed reforms, and is attributed with Tanzania						

		being considered as a pilot country for a trust fund program under preparation. Other donors in Tanzania have drawn on the report's analysis in the development of their own programs and it has served as a reference for World Bank staff working on household energy issues. As a result of the diagnostic ground work laid by the report, Tanzania is under consideration as pilot country by a trust fund program that intends to finance clean cooking initiatives. There is little evidence, however, of impact on government programs or policy. That said the report has come at an opportune time within the Bank coinciding with a renewed interest in biofuels. In light of new energy strategies under preparation that incorporate biomass as a renewable energy, there may increased scope for the policy note to influence future Bank activities and provide an entry point for future follow up with the government.
Strategic relevance and ownership	Satisfactory	Relevance and ownership in Tanzania are rated satisfactory. The report is listed as a AAA product in the 2007-2010 Joint Country Partnership Strategy. The topic is a recognized development constraint in some government policies and the report is strategic in its attempt to highlight this constraint as a potential opportunity. Local stakeholders were engaged in conducting the work but level of government interest and engagement in conducting the work appears to have been limited.
Quality	Highly Satisfactory	Quality was highly satisfactory. Stakeholders consistently ranked it as one of the best descriptive pieces of work on the current state of the charcoal sector in Tanzania. The report appropriately drew on the existing knowledge, including the experience from other countries, and analyzed how it would work in Tanzania. Several features of the report, however, were seen as setting it apart from the multiple studies that had already been produced on the topic. First, the report was comprehensive in the scope of the analysis and the recommendations that spanned the entire charcoal value chain, whereas other studies focus on one aspect or one segment of the production or marketing chain. Second, the report conducted a valuation of the sector's contribution to the national economy and lost revenue due to unregulated activities. Multiple stakeholders pointed to the compelling argument for action made through this aspect of the report. In addition, many felt that the concise presentation and readability of the report was an asset, making it more accessible to policy makers. The report provides clear and actionable recommendations.
Dissemination and dialogue	Satisfactory	Dissemination and sustained dialogue are rated satisfactory. Formal dissemination was carried through a series of workshops in Tanzania in August 2009. The team made an effort to reach out to different audiences through production of differentiated products. Its translation into the local language, the production of a short film and availability on the Bank's external website set it above the dissemination of many other Bank ESW products. However, there is little evidence of a plan for sustained dialogue or strategic follow up by the Bank's country office. The scope for sustained dialogue in Tanzania to date has been limited. However, within the Bank the report authors have been proactive in bringing the report to the attention of Bank staff working on topics covered by the report.
Criterion	Evidence of Results	
RESULTS INDICATORS: Did product have:		
..results objectives defined at inception?	Specific objectives were not defined in the concept note but can be inferred from the discussion of the report's scope and its results indicators. "The ESW would not undertake any additional research, but: provide a consolidation of the existing information in a comprehensive manner; discuss and recommend (a Maximum of 5) feasible policy options and provide structured advice on how to implement the provided options." Another indication of anticipated results was the following statement: "It is planned that the outcomes of the ESW will be taken up the Bank financed "Tanzania Forest Conservation and Management Project" through activities such as (i) the improvement of charcoal production, (ii) studying the feasibility of woodfuel plantations as well as (iii) piloting innovative economic instruments."	

	<p>The primary audience identified in the concept note is the Government of Tanzania. Secondary audiences are identified as the other development partners, civil society, stakeholders in Tanzania and other countries in the region.</p> <p>The objectives set forth in the final report are “to identify a number of policy options, which if implemented together, will result in: sustainable and long-term management of forest and woodland resources; sustainable supply of energy, especially to the urban poor; increased revenue capture by the government from the charcoal sector as a whole; greater security and increased incomes for small-scale charcoal producers and traders. The report goes on to note that the policy note will serve as an input to the development of a Woodfuel Action Plan, currently under preparation by the GOT. The Woodfuel Action Plan in turn was intended to inform the review of the Energy Strategy for Tanzania” (World Bank 2009).</p> <p>A clear statement of objectives is presented in the Activity Completion Summary, created after the note was completed: “to (a) provide an analysis of potential and constraints for substituting woodfuels with alternative energy sources taking into account environmental, socio-economic, political and institutional dimensions; and (b) provide "on-time" policy advice to the GOT on how to potentially integrate woodfuel into future energy strategies of Tanzania. This ESW will provide the GOT - particularly FBD of MNRT - with a basis for developing a long-term strategy and immediate action plans to achieve sustainability in the charcoal sector.”</p>
..indicators defined at inception?	Indicators were not identified at inception. However, in the Activity Completion Summary that is carried out at completion, ticks were made against the following indicators: 1. Inform lending: New loan under preparation/implementation; 2. Inform government policy: New government strategy adopted; 3. Inform/stimulate public debate: Media widely reports Bank analysis; and, 4. Influence development community: Shift in donor policy/priorities; Other Donors integrate results into new programs.
..strategy to achieve results?	No specific strategy was defined to achieve results at inception.
RESULTS ACHIEVED: Did country use findings:	
..in policy law, regulation, or implementation?	No. To date the report has not triggered any changes in policy, law, regulation or implementation.
..in design of public expenditure?	No. This was not an objective.
..to raise stakeholder awareness?	The report may have raised awareness when it was discussed in stakeholder workshops during its preparation and when it was disseminated. A 15 minute documentary based on its findings has also been screened in country. The IEG mission found a wide amount of awareness of the report in Dar es Salaam, primarily among those already familiar with charcoal issues. Two aspects of the reports analysis were identified that provided new knowledge: the valuation of uncollected revenue from the charcoal sector and the analysis of potential charcoal reforms across the entire value chain.
..to build a coalition for change?	There are no indications of coalition building for the changes that were prescribed, nor does it appear that this was an objective.
..to build in-country capacity?	There is no indication that the report has been used to build in-country capacity to date, nor does it appear that this was an objective.
..to influence the donor community?	Three donors in Tanzania have found the report to be of use in attempt to the develop interventions to address charcoal. DFID directly credits the report, and the follow up political economy analysis, with its decision to allocate US \$4 million in their new country assistance strategy to address the charcoal sector. They were particularly compelled by analysis that showed the sectors contribution to the national economy, valued at US\$650 million, compared with coffee and tea, the country’s main export crops, which contribute US\$60 million and US\$45 million, respectively. The Swiss Development Cooperation became aware of the report when they were already in the process of developing a proposal for a charcoal sector intervention, but note that they have drawn on the report to help them determine which segment of the value chain to target. UNDP states that they regularly draw on the reports analysis in their dialogue with the government to strengthen the case for a potential program to regulate the charcoal sector throughout East Africa. There is also ongoing dialogue between the report’s authors and GTZ, who proposed development of a Biomass Energy Strategy in Tanzania. Each of the interventions mentioned above were in preliminary stages of development at the time of this assessment so it is too early to determine if they will in fact lead to implementation of the report’s recommendations. But they are a clear indication that the report has

	raised awareness and is contributing to the dialogue on the topic within the development community.
..to change institutions	There have been no institutional changes. The report provided input to a woodfuel strategy for the FBD that was developed under the Tanzania Forest Conservation and Management Project, but the strategy has not been implemented.
Did the Bank use the findings in:	
..the design of development policy lending?	No.
..the design of Bank lending products	To date the findings of the report have not been used in the design of a Bank lending operation. It is important to note, however, that the report was disseminated in August 2009 and it may be too early to assess this aspect of results. The policy note did provide input to a wood fuel action plan that was prepared under the TFCMP/EAFRCMP that was under implementation at the same time but the wood fuel action plan had not yet been implemented and it has not informed the review of the Energy Strategy for Tanzania as anticipated in the report's concept note. The report has also had some influence on Trust Fund activities. Africa Renewable Energy Access Program (AFREA), a trust fund for the Africa Region, is developing an options paper for the AFTEG that discusses how to integrate biomass options into the energy group's work. The TTL charged with administering the trust fund credits the report with helping to shape the way they are approaching charcoal issues. The trust fund is interested in financing biomass pilots that would incorporate clean cooking initiatives and take the entire supply chain into account. Tanzania is under consideration as a potential pilot country because of the analytical ground work that has been laid by the policy note and the political economy report.
..Bank strategy formulation?	The Bank is in the process of preparing a new energy strategy that will include a chapter on biofuels and the Africa Region's Energy Team is preparing its own Biomass Energy Strategy. The policy note has not informed these sector strategies but stakeholders note that the scope for incorporating the report's recommendations into future Bank activities may increase once the strategies are implemented. The policy note is timely even if it has not been a direct input to these strategies.
..future knowledge products?	Yes. The report "Enabling Reforms: A Stakeholder-Based Analysis of the Political Economy of Tanzania's Charcoal Sector and the Poverty and Social Impacts of Proposed Reforms. A Political Economy Analysis Report" builds directly on this Policy Note. The report has also served as a reference for a recent background paper on household energy produced by the Energy Anchor. It has also been cited by two recent World Bank publications on biofuels: " <i>Biofuels in Africa Opportunities Prospects Challenge</i> "s and a background paper prepared for the Bank's Sustainable Energy Department " <i>Household Energy Access for Cooking and Heating. Lessons Learned and Way Forward</i> ".
..informing country strategy?	A new CAS is currently under preparation. Members of the country management team expressed doubts as to whether findings of the report will be incorporated in the CAS program as the report has not had much traction with government decision makers to date. There are several government institutions that could potentially play a key role in implementing the report's recommendations but they are focused other priorities. No clear institutional champion has been identified to carry the proposed reforms forward.
Is there evidence that results are sustainable?	To date, outcome level results are insufficient to make an assessment of sustainability.
MONITORING OF RESULTS IMPACT: Did the Bank or client assess the product's impact on results?	No. Neither the Bank nor the client have monitored the report's impact on results.
Discussion of results: The has resulted in a follow up study which analyzes to feasibility and political economy aspects of the proposed reforms. It has served as a reference for Bank staff working on household energy issues and other development partners in Tanzania. The report has been cited by recent publications on biomass energy. The diagnostic ground work laid by the report is credited with Tanzania being considered as a potential pilot country for trust fund activities and for potential inclusion of the topic in one donor partner's country program. The report also served as an input to the production of a woodfuel action plan for the FBD which was carried out under the TCMP. However, the action plan has not in turn contributed to a nationwide strategy as anticipated in the report's concept note. To date there is little evidence of the report's impact on the Government. Some stakeholders interviewed by IEG view the new strategies as potentially opening up opportunities for the report's recommendations to be picked up in future Bank activities, but it is too early to assess this outcome.	
Criterion	Evidence of Strategic Relevance and Ownership

STRATEGIC RELEVANCE	
Did delivery of the product come in time to affect relevant government policy or Bank decisions?	The report came before the government revised its national energy strategy. Its publication coincides with the development of new energy strategies within the Bank, which include biomass energy.
Was the topic identified as "development constraint or opportunity in:	
.. the relevant CAS/CPS?	The topic of the report is listed as one of the Bank's planned AAA activities in the 2007-2010 Joint Country Partnership Strategy. Explicit references to charcoal in the text are limited to noting its contribution to total energy supply. However, the proposed reforms are relevant to each of the three clusters in the PRSP, which the JCPS supports.
..previous AAA?	Charcoal has long been identified as a development constraint in both Bank and non-bank literature.
..particular projects (specify)?	Charcoal was addressed by several WB supported operations in the late 1980's/early 1990's but since then the Bank moved away from the topic. Though interest in the topic has renewed in the past few years.
..particular evaluations?	No.
..policy dialogue with clients?	There appears to have been some dialogue with FBD during the implementation of the TFCMP/EAFEMP but the extent of dialogue is unclear.
..donor coordination fora?	No.
Under conditions of difficult dialogue, did the product?	Conditions of dialogue do not appear to have been difficult.
..focus on long-term issues for better receptivity to Bank input	Not applicable
.. address sector issues in areas where there is more receptivity to Bank input	Not applicable
..address country issues in a regional or global context?	Not applicable
OWNERSHIP	
Is product part of overall AAA program to which the authorities have contributed or agreed?	"Charcoal and woodfuel" is listed as a planned AAA activity in the 2007-2010 Joint Country Assistance Strategy.
Did the client request or commission the specific product?	Request for the policy note came through the MNRT/FBD, the report responded to the government's request for assistance to address the charcoal challenge. The report is classified as a "Client Request" task in the activity completion report.
Did the client cover some or all of the costs?	No. The costs of producing the report were completely financed by the Bank (BB and Trust Funds). The concept note states that the government set aside funding from the existing Tanzania Forest Conservation and Management IDA credit to support strategy development, consultation and dissemination, but no amount is indicated.
Did the key decision makers (as distinct from technical specialists) collaborate with, discuss or provide feedback on the product?	A steering committee of officials from a range of government agencies was formed but interviews with stakeholders suggest that their engagement was limited. The report was discussed periodically with the Director of the FBD and the former Assistant Commissioner in the Ministry of Energy and Minerals. The later was reported to be an enthusiastic advocate of addressing the topic and was supportive of the report, but since production of the report he has taken on a new position in a different government agency. Government officials from various agencies attended stakeholder workshops where the policy note recommendations were discussed and agreed upon, but the workshops were attended by technical staff rather than key decision makers. The final draft of the report was sent to government and they were provided an opportunity to comment, but there is no record of a response from the government in the project files. Some interviewees noted a lack of government presence at the dissemination workshops.
Did a local institute, academy, consulting firm or government agency help to:	
..define the scope of the work?	The scope of the work was defined by the Bank team. A steering committee of officials from a range of government agencies was formed but interviews in the field suggest that their engagement was limited.

..plan and design the work?	The work was planned and designed by the Bank team.
..carry out the work?	The work was primarily carried out by the Bank. A local CSO involved in charcoal issues produced a preliminary draft that the Bank team built on. Four stakeholder workshops were held in Dar es Salaam to discuss and agree upon specific policy measures with relevant stakeholders, including charcoal producers, traders, district officials, representatives from different sector ministries (MNRT, Ministry of Energy and Minerals), NGOs, and development partners.
.. analyze the results and write the report?	The analysis of the results and the writing were conducted by the Bank.
.. formulate conclusions and recommendations?	The authors formulated the recommendations, which were then discussed in workshops with local stakeholders.
..provide peer review or comments on the draft report?	The peer reviewers were Bank staff. There is no record of government comments. Peer comments were provided by non Bank experts on the topic who have consulted extensively with the government in Tanzania.
..organize workshops or discussions about the findings?	NGO's and technical staff in the FBD were involved in the organization of workshops/dissemination events.
<p>Discussion of Strategic relevance and ownership: The report addressed a topic of high relevance to Tanzania, based on its socio economic importance and identification as a development constraint. Charcoal, along with fuel wood, accounts for 90 percent of Tanzania's energy supply. It is the main cooking fuel in urban areas among all income groups. Its use has increased in recent years and demand is projected to increase. Activities associated with charcoal, trade, production and consumption provide are estimated to contribute \$650m to the national economy, yet most of the potential revenue is lost to the government because the sector is largely unregulated. Moreover the sector provides employment for 100,000 people. The unsustainable production of charcoal has been identified as a long standing development constraint in the literature. Bank supported operations in the late 1980's/early 1990's attempted to address the topic but since then the Bank moved away from the topic. However, the reports publication coincides with a renewed interest in biofuels among various sector units (e.g. energy, environment) within the Bank. While charcoal is not explicitly mentioned by name it is relevant to each cluster in the PRSP. Charcoal has also been identified as a development constraint in several national policies but the solution promoted is typically to replace charcoal with other fuel sources, rather than reform of the sector. The literature also documents how charcoal sector is widely perceived in a negative fashion by policy makers. The policy note attempted to challenge the status quo view of charcoal by presenting it as a sustainable development opportunity.</p> <p>The report was included as an AAA activity in the 2007-2010 Joint Country Assistance Strategy. Client engagement included stakeholder workshops to discuss and agree upon specific policy measures to incorporate in the report's recommendations. Periodic discussions on the report and the topic of charcoal reforms were also carried out by the TTL with the Director of Forest and Beekeeping and the Assistant Commissioner in the Ministry of Energy and Minerals, at inception and during the production of the report. However, Government ownership of the report has been weak. Interviews with technical staff suggest that the government felt disengaged from the process of producing the policy note and that some view it as a "World Bank/Civil Society" initiative rather than a government document that they have a mandate to operationalize. Weak government ownership may also be due in part to the fact that responsibility for regulating the sector cuts across multiple government agencies, the solutions advocated require convergence of these various actors, and the politically sensitive nature of some aspects of the sector.</p>	
Criterion	Evidence of Quality
QUALITY OF CONTENT	
Did the product...	
...include appropriate knowledge (i.e. make use of current and relevant knowledge from both inside and outside of the Bank)?	Yes. This report synthesized knowledge generated through previous research on charcoal and wood fuels carried out inside and outside of the Bank.
...cite relevant examples of practice or research from other countries in the region?	Yes. The report built on experience from other countries in Sub-Saharan Africa.
...cite relevant examples of practice or research from other regions?	Yes. The report has some examples of practice from outside of Sub-Saharan Africa.
...discuss the specific institutional and policy context for the issue in this	Yes. The report analyzed the institutional and policy context and provides suggestions for a way forward.

country?	
...collect and analyze existing local data?	Yes. The report used a simple model to simulate the household demand for cooking energy impacts forest resources and how different policy interventions may change the current situation using data for Dar es Salaam.
...generate new evidence?	Most of the report was a synthesis of existing information. What was new was the report's comprehensive coverage of the topic and its estimation of sectors contribution to the national economy and revenue lost to unregulated activities. The report also used a simple model to simulate the household demand for cooking energy impacts forest resources and how different policy interventions may change the current situation.
...include recommendations?	Yes. The report provides recommendations on addressing charcoal issues across the production and marketing chains.
Do the recommendations include specified actions to be taken by specified actors (incl. non-Bank)?	Yes. The report specifies recommendations and indicates specific government agencies relevant to carrying out each recommendation.
Was the product team staffed with the appropriate expertise (incl. consultants)?	The team was staffed with appropriate skills. The core team included a Natural Resources Management specialist and a Natural Resources Economist. Input from a Tanzanian NGO active in renewable energy issues.
Did the product receive appropriate managerial attention?	Yes. The Sector Manager chaired the decision meeting which was also attended by the Country Director.
Did the product receive sufficient budget?	The budget appears to have been sufficient for production of the report. However, it is not clear if it was sufficient for adequate dissemination and follow up in Tanzania. The final cost came in US\$ 68,120 over budget. (Estimated cost US \$70,000, Actual cost US\$ 138,120)
REVIEW OF CONTENT	
Was the draft peer-reviewed by appropriate experts?	Yes. Experts from within and outside of the Bank commented on the final draft. At concept stage the Sector Leader, of the Africa Region's Energy Unit, and an Advisor in the Africa Region's Agriculture and Rural Development Unit served as peer reviewers. Comments on the final draft were provided by the World Bank's Africa Region Agriculture and Rural Development Unit, the Africa Region Transport Unit, and the Social Development Unit as well as external experts from DANIDA/FBD and former ESMAP staff.
Were the peer-review comments taken into account as appropriate?	Peer review comments appear to have been taken into account.
Was the feedback from the client about the product incorporated into the final version?	The report was presented as a finished product to the government. A steering committee had been established with various government officials but it is not clear how much input they provided. The government was provided with a copy of the final report and provided an opportunity to comment but no comments are on record in the project files.
Discussion of quality: The report earned high marks by all stakeholders interviewed by IEG for its quality. It drew on a wealth of studies that had already been completed on the topic, including drawing on global experience, which were analyzed to understand how such experience would translate to the Tanzanian context. Aspects that made it stand out from the wealth of existing studies on the topic include its comprehensive analysis across the full spectrum of production and consumption activities, the concise and readable manner in which the analysis is presented, and the valuation of revenue lost due to unregulated activities. The final point was viewed as particularly compelling to some donor partners who attribute the report with putting the topic on their radar. Others highlighted the report's contribution to the knowledge base on charcoal, particularly in light of the scarcity of data in Tanzania on informal sectors. The report was peer reviewed by Bank and non Bank experts and appears to have received appropriate managerial oversight.. It provides clear and actionable recommendations and indicates specific government agencies relevant to carrying out each recommendation.	
Criterion	Evidence of Dissemination and Dialogue
INITIAL DISSEMINATION	
Was the product...	
...made available in the local language?	The full report was made available in English. A 4 page summary version was published in both English and Swahili. A 15 minute documentary based on the Policy Note was produced in English and Swahili. Both versions of the documentary are posted on the World Bank's You Tube Channel. The documentary was screened in Dar es Salaam in June 2010, at the launch of a follow-up report on the poverty and social impacts of the reforms proposed in the policy note. Copies of the documentary were also provided to the FBD's zonal extension mobile cinema units which hosts movie nights in each of the districts. At the time of the IEG mission, additional copies of the documentary were

	under production for distribution in Tanzania.
	The report and the documentary film are available in Bank external website and easily retrievable, though the speed and reliability of internet connections in Tanzania may be problematic.
...discussed with senior policy-makers?	Senior policy-makers were invited to a stakeholder workshop in which policy recommendations were discussed and agreed upon and to the dissemination workshop but there is no record of whether they actually attended these events. The report was informally discussed with the Director of Forest and Beekeeping Division and the Assistant Commissioner in the Ministry of Energy. The later was reported to have been very enthusiastic about the issues addressed by the report, but since production of the report he has been promoted to a position in a different government agency.
...presented at a workshop, conference, seminar or on-line discussion?	The report was officially launched in Tanzania through a series of dissemination workshops targeting different stakeholder groups.
...covered in the general or specialized media?	The press were invited to dissemination events and stakeholders interviewed in Tanzania noted there was limited media coverage when the report was launched.
DIALOGUE	
Did the product serve as an input to a sustained engagement with the client through...	
...policy dialogue?	To date, there is little evidence that the report has served as an input to a sustained dialogue with the client, though at the time of the IEG mission additional copies of the documentary were being produced for dissemination in the country. The scope for policy dialogue with the FBD, the official counterpart agency for the report, is limited. Following the completion of the TFCMP/EAFRCMP there is no longer an natural resources management operation under the implementation of the MNRT and the country management team has indicated that it is unclear whether support for the FBD or the MNRT will be included in the new CAS under preparation. The Bank's support for the Energy Sector, another relevant ministry to implement the report's recommendations, is focused on electrification. A mission to the recent climate change conference in Cancun the Bank's environment team held preliminary discussion with the newly appointed Minister of Environment who indicated an interest in charcoal and expressed an interest in Bank support but it is premature to assess whether this will evolve into an opportunity for sustained policy dialogue.
...sustained workshops/discussions with stakeholders beyond initial dissemination?	At the time of IEG's mission there had been no workshops or discussions with the government beyond initial dissemination, though copies of the documentary were being produced with the intent to disseminate them in Tanzania. Within the Bank HQ informal dissemination activities are ongoing.
...lending products (Bank and non-Bank)?	The Tanzania Forest Conservation and Management Project, which was under implementation by the same Task Manager when the report was prepared, followed up on some of the recommendations through the preparation of a woodfuel action plan for the Forestry and Beekeeping Division, but the FBD has not implemented the action plan. The concept note anticipated that the wood fuel action plan would inform the review of the Energy Strategy for Tanzania but there is no indication that this happened.
...technical assistance (formal or informal)?	No.
...programmatic instruments?	No.
...other means (please discuss below)?	A follow up AAA was produced to assess the feasibility of the proposed recommendations. Workshops were held with stakeholders, including government officials, in the course of producing the report.
Discussion of Dissemination and Dialogue: The report was officially launched through a series of workshops with various groups of stakeholders. Those in attendance interviewed by IEG describe the launch as a high quality event. The launch is reported to have received limited media coverage. A criticism of the dissemination workshops is that the Bank convened people who already buy into the need for the proposed reforms. The team attempted to reach out to various audiences through differentiated products. The full report was published in English and targeted decision makers in the government and donor community, a 4 page summary produced in English and Kiswahili was distributed through a local NGO to stakeholders at the district level, and a 15 minute documentary film based on the policy notes findings was also produced in an English and Kiswahili version. While the report was pitched to policy makers, the documentary was targeted to the general public with the intention of creating the basis for an informed discussion about the future role of charcoal in Tanzania. Both versions of the documentary are posted on the World Bank's You Tube Channel. The documentary was screened in Dar es Salaam in June 2010, at the launch of a follow-up report on the poverty and social impacts of the reforms	

proposed in the policy note. Copies of the documentary were also provided to the FBD's zonal extension mobile cinema units which hosts movie nights in each of the districts. These initial dissemination efforts are a notable improvement over many past efforts to disseminate Bank knowledge products.

Evidence of sustained engagement is limited. Follow-up in the Bank's country office is unclear and monitoring of results has been absent. To date, the report does not appear to have served as an input to a sustained dialogue with the client. The TTL relocated to another country office within a year of the reports launch, his replacement is familiar with the report but at the time of this assessment, she had only just arrived and her work program was unclear. The scope for policy dialogue with the FBD or MNRT, the official counterpart agency for the report, is limited as there is no follow-on project to the TFCMP/EAFEMP. The country management team indicated that it is unclear whether support for the FBD or the MNRT will be included in the new CAS that is under preparation. The Bank's support to other relevant sectors, such as Energy, is focused on other priorities. While there is no formal mechanism for dissemination of the report within the Bank, the final report was emailed staff in the Africa region, and the authors have been proactively disseminating the report to staff in the Bank who are working on the issues addressed by the report.

(b) Enabling reforms: a stakeholder-based analysis of the political economy of Tanzania's charcoal sector and the poverty and social impacts of proposed reforms

Enabling reforms : a stakeholder-based analysis of the political economy of Tanzania's charcoal sector and the poverty and social impacts of proposed reforms								
Product Data								
Country Director	Sector Manager	Task Manager	Project ID/ Type/ Report No./Cost	Number of: Volumes/ Pages	Languages	Document Type	Topics	Unit
John McIntire	Michele de Nevers	Klas Sander	P120260/ Knowledge Management Product/ 55140/ US\$77,287	1 Volume/ 64 pages	English	Energy-Environment Review	Environment; Governance; Urban Development; Energy	Environment Department (ENV)
<p style="text-align: center;">Background</p> <p>The concept note for this report was produced in November 2009 and the final report was launched in Tanzania in June 2010. Originally estimated at approximately US\$ 80,000, the final cost of the report was US\$ 77,287. This report builds directly on the Policy Note on the charcoal sector in Tanzania (published in August 2009). While the Policy Note explored the impact of the charcoal business on Tanzania's forests and woodlands and the country's environment, this report provides an analysis of the key political economy factors that can facilitate or inhibit a comprehensive approach to reforming the sector. The report's objectives as set forth in its concept note were "to inform the discussions around reforms in Tanzania's charcoal sector by providing policy-relevant knowledge on key issues. As such, the objective of this activity is twofold: (1) Providing relevant stakeholders with a profound analysis of the political economy of the charcoal sector in Tanzania. This includes mapping networks and power relations persistent in the charcoal sector to better understand the role of different players; and (2). Analyzing the poverty and social impacts of proposed policy reforms in the charcoal sector."</p> <p style="text-align: center;">Overall Assessment</p> <p>The report succeeded in its goal of providing analysis to understand the barriers to charcoal sector reforms and has informed World Bank staff and other development partners in Tanzania. The recommendations have not been incorporated into a new lending operation or new government policy but it may be too early to assess such outcomes. The report was published in June 2010, national elections were held in Tanzania in October 2010 and the IEG mission to assess this report took place in November 2010. The report has been featured within the World Bank as a good practice example of political economy analysis and stakeholders interviewed found the document to be of good quality. The strategic relevance of this sector work is satisfactory. The report addresses a relevant development topic for Tanzania and many other Sub-Saharan African countries. The report is also timely in that it coincides with a renewed interest among some segments of the Bank in biomass energy. A difficulty has been the lack of an institutional champion to take the proposed reforms forward. As of the IEG mission in November 2010, there had limited follow up in Tanzania, though it may be too early to assess this dimension of the report.</p> <p style="text-align: center;">Lessons</p> <ul style="list-style-type: none"> • High quality analysis is insufficient on its own to prompt action from government decision makers. • Failure to engage government decision makers from the beginning and keep them engaged throughout the process is can hinder sector work results, particularly work that attempts to challenge the status quo view. • Lack of sustained dialogue through multiple sectors of the Bank hinder attempts to reform sectors in which responsibility cuts across multiple agencies. 								
Ratings Summary								
Criterion	Rating	Comments						
Results	Satisfactory	The report achieved its immediate objective of providing analysis to inform the discussions around charcoal sector reforms. The report has contributed to the state of knowledge on the current status of the charcoal sector in Tanzania. It has succeeded in informing World Bank staff and other development partners in Tanzania on the political economy surrounding the charcoal sector in Tanzania. The report has also raised awareness of the utility of the political economy analysis approach in general. The report has been highlighted in the Governance and Anti-Corruption (GAC) Knowledge and Learning Portal as a best practice example of political economy analysis at the sector level. The analysis has not						

		informed a new lending operation, or a change in policy but it appears to be too early to assess more intermediate results of this report as it was published in June 2010.
Strategic relevance and ownership	Satisfactory	Relevance and ownership are rated satisfactory because the report addressed an issue of long standing relevance and comes at a time when there is renewed interest in the topic within the Bank.
Quality	Highly Satisfactory	Quality was satisfactory. Stakeholders view the report as a high quality diagnostic piece and also found the method employed by this report to be relevant to their work. The report was peer reviewed by experts from within and outside of the Bank and appears to have received sufficient management oversight.
Dissemination and dialogue	Satisfactory	Dissemination and dialogue were carried out upon release of the report. However, follow-up activities in Tanzania at the time of this assessment were limited, though it may be too early to assess this dimension of the report. There has been a stronger follow up within the Bank, where the authors' have been proactive in bringing the report to the attention of staff working on similar issues.
Criterion	Evidence of Results	
RESULTS INDICATORS: Did product have:		
..results objectives defined at inception?	<p>Several objectives for this report were spelled out in the concept note, the report itself and the ACS.</p> <p>According to the concept note, "the key objective of this activity is to inform the discussions around reforms in Tanzania's charcoal sector by providing policy-relevant knowledge on key issues. As such, the objective of this activity is twofold: (1) Providing relevant stakeholders with a profound analysis of the political economy of the charcoal sector in Tanzania. This includes mapping networks and power relations persistent in the charcoal sector to better understand the role of different players; (2) Analyzing the poverty and social impacts of proposed policy reforms in the charcoal sector."</p> <p>The concept note also spelled out expected outcomes from the analysis (see below under indicators).</p> <p>The objectives are formulated slightly different in the actual report: "to assess the viability of policy reforms that have been proposed to make Tanzania's charcoal sector more environmentally, economically and socially sustainable, based on an analysis to the political economy of the sector and by looking at the likely poverty and social impacts of the proposed reforms." The text of the report also states that it "aims to facilitate the policy dialogue around charcoal sector reforms by providing analytical information on the political economy of the charcoal sector and on the potential poverty and social impacts of a sustainability-oriented reform agenda."</p> <p>The strategic objectives presented in the ACS are to "understand the social and poverty dimensions of potential reforms proposed for the charcoal sector in Tanzania. Complementary, the political economy of the charcoal sector will be analyzed to understand possible barriers to sector reforms."</p>	
..indicators defined at inception?	<p>No specific indicators were defined at inception but the concept note spells out four expected short-term to medium-term outcomes, aiming at improvements in policy design and donor support in the charcoal sector:</p> <ul style="list-style-type: none"> • Policy makers, in-country stakeholders and development partners gain an improved understanding of the key political economy impediments to charcoal sector reform. • The poverty and social implications of proposed charcoal sector policy reforms are understood and, following from this, policy alternatives can be developed and considered to provide decision-makers with options to design the most viable pro-poor policies. • Following from the above, entry points (institutional, individual, processes) for charcoal sector reform can be identified for further engagement. • The results from the political economy analysis (including stakeholder and institutional analysis) inform and facilitate policy dialogue and stakeholder participation/consultation in the preparation and implementation of policy reforms in Tanzania's charcoal sector." 	
..strategy to achieve results?	No specific strategy was defined to achieve results.	
RESULTS ACHIEVED: Did country use findings:		

..in policy law, regulation, or implementation?	No. To date the decision makers in government have not acted on the report's recommendations.
..in design of public expenditure?	No.
..to raise stakeholder awareness?	A variety of stakeholders in Tanzania were aware of the report. But most were already aware of charcoal issues. The report may have raised awareness of new aspects of the topic when discussed and disseminated. Some of the CSO's working on charcoal who participated in the stakeholder workshops during production of the study found the mapping exercises to be particularly useful, in terms of validating what had previously been viewed as anecdotal information. There was less interest by government officials, particularly those in decision making positions.
..to build a coalition for change?	No. There are no indications of coalition building for the changes that were prescribed, not as a result of the report. The concept note itself expressed doubts as to whether this would be possible: "(t)he process of conducting a PSIA, which can comprise consultative and participatory processes including a wider range of stakeholders, has the potential to open space for public policy dialogue and debate, to raise public awareness of important policy issues, and to build coalitions for reform. It is clear that the PSIA on proposed charcoal sector reforms in Tanzania will be based on information collected through key informant interviews, focus group discussions and other consultative/participatory processes and may thereby stimulate debate and raise awareness of important policy issues. However, it remains to be seen whether the analysis can serve as a vehicle for building coalitions for change, given the sensitive nature of reforms in this sector and the likely involvement of influential/key figures in Tanzania."
..to build in-country capacity?	No. There is no indication that the report has been used to build in-country capacity to date. Nor was it intended to.
..to influence the donor community?	The report has influenced the lending program of at least one donor and has been used as a reference by others. DFID's climate change advisor has proposed that \$4 million be devoted to address charcoal issues in their forthcoming country assistance strategy and attributes this decision directly to the policy note and the political economy analysis report. UNDP is in the early stages of putting together a regional program to address charcoal issues throughout East Africa and claim to draw on information from both the policy note and the political economy analysis report when presenting a case to policy makers but preparation of this program is in very preliminary stages.
..to change institutions	There have been no institutional changes to date in the areas addressed by the report.
Did the Bank use the findings in:	
..the design of development policy lending?	No.
..the design of Bank lending products	No, to date the report has not been used to design Bank lending products. But, as the report was printed in June 2010 it may be too early to judge this aspect of results. There is some indication that the report may influence future household energy interventions to be funded by the Africa Energy Trust Fund, the ESMAP trust fund for the Africa Region. The TTL charged with administering the trust fund notes that Tanzania is under consideration as a potential pilot country because of the analytical ground work that has been laid through the combined analysis in this report and the policy note that preceded it.
..Bank strategy formulation?	No. The Bank is in the process of preparing a new energy strategy that will include a chapter on biofuels and the Africa Region's Energy Team is preparing its own Biomass Energy Strategy. The report has not informed these sector strategies but stakeholders note that the scope for incorporating the report's recommendations into future Bank activities may increase once the strategies are implemented. In short, the report is timely even if it has not been a direct input to these strategies.
..future knowledge products?	The Africa Energy Trust Fund is developing an options paper on potential ways to include biomass into the energy teams work. One of the report authors is part of the team and the report and his experience in preparing it are reportedly shaping the way the team is approaching the topic.
..informing country strategy?	A new CAS is currently under preparation, but the country management team expressed doubts as to whether findings of the report will be incorporated in the CAS program. The report has not had much traction with government decision makers. No clear institutional champion has been identified to carry the recommended actions forward. Several government institutions that could potentially play a key role in implementing recommendations but each is focused other priorities.
Is there evidence that results are sustainable?	To date, there are insufficient output level results to make an assessment of sustainability.

MONITORING OF RESULTS IMPACT: Did the Bank or client assess the product's impact on results?	No. Neither the Bank nor the client have monitored the reports impact on results.
Discussion of results: The report has successfully achieved both of the immediate objectives that it set for itself. It has provided relevant stakeholders with analysis of the political economy of the charcoal sector in Tanzania and has also analyzed the poverty and social impacts of proposed policy reforms in the charcoal sector. Policy makers, in-country stakeholders and development partners appear to have gained an improved understanding of the key political economy impediments to charcoal sector reform and it has added value to policy note's findings. Participants in the stakeholder workshops who were interviewed by IEG noted that the report was useful in that it documented what everyone suspected but no one had documented. The report provided a well documented analysis of the political economy surrounding proposed reforms to the charcoal sector. It is highlighted as a best practice example of political economy analysis for a sector by the GAC knowledge portal. Several Bank staff interviewed by IEG value the report for demonstrating the utility of political economy analysis methodology. Including staff working in other regions who report that they plan to replicate the analysis in the countries in where they work. The results of the report in Tanzania have been constrained by the difficulty in identifying an institutional champion to the take reform forward, due in part to the cross cutting, multi-sectoral nature of the topic and the political sensitivity of some of the reforms. The report seems to be making some traction as a knowledge product within the Bank. But it may be too early to assess such outcomes.	
Criterion	Evidence of Strategic Relevance and Ownership
STRATEGIC RELEVANCE	
Did delivery of the product come in time to affect relevant government policy or Bank decisions?	The report came before the government revised its national energy strategy.
Was the topic identified as "development constraint or opportunity in:	
.. the relevant CAS/CSP?	Charcoal was not explicitly identified in the JCSP but the reforms proposed by the report are relevant to all pillars of the PRSP, which the JCSP supports.
..previous AAA?	Charcoal has long been identified as a development constraint in both Bank and non-bank literature.
..particular projects (specify)?	Charcoal was addressed by several WB supported operations in the late 1980's/early 1990's but since then the Bank moved away from the topic. Though interest in the topic has renewed in the past few years.
..particular evaluations?	No.
..policy dialogue with clients?	No.
..donor coordination fora?	No.
Under conditions of difficult dialogue, did the product?	Conditions of dialogue do not appear to have been difficult.
..focus on long-term issues for better receptivity to Bank input	Not applicable.
.. address sector issues in areas where there is more receptivity to Bank input	Not applicable.
..address country issues in a regional or global context?	Not applicable.
OWNERSHIP	
Is product part of overall AAA program to which the authorities have contributed or agreed?	Charcoal and woodfuel is listed as one of the Bank's planned AAA activities in the 2007-2010 Joint Country Assistance Strategy.
Did the client request or commission the specific	No. This was a Bank initiated activity although it was carried out in a participatory fashion.

product?	
Did the client cover some or all of the costs?	No. The costs were covered by TF-ESSD resources from the Governments of Finland and Norway.
Did the key decision makers (as distinct from technical specialists) collaborate with, discuss or provide feedback on the product?	<p>As a part of stakeholder meetings conducted as part of the participatory methodology used to produce the report, the team met representatives from the Ministry of Natural Resources and Tourism, Forestry and Beekeeping Division, the Ministry of Energy and Minerals, the Ministry of Health and Social Welfare, and representatives from district and local government entities (district commissioners, forest extension officers, foresters, village leaders).</p> <p>For the Political Economy component, 3 discussion workshops were held in Dar-es-Salaam with development partners and central government policy makers (Ministry of Finance; Natural Resources and Tourism; Energy & Mining; Environment; Local Government & Decentralization; Health & Social Welfare) to scope out the feasibility of proposed key policy reforms in the charcoal sector.</p> <p>For both the Political Economy and PSIA components, 11 focus group discussions were held with charcoal sector stakeholders (producers, consumers, traders & transporters, wholesalers, retailers, local government & administration, women's groups) in Dar-es-Salaam and the surrounding districts and villages, in collaboration with the Tanzania Traditional Energy Development and Environment Organization, a local organization, who acted as meeting facilitators and translators.</p>
Did a local institute, academy, consulting firm or government agency help to:	
..define the scope of the work?	The scope of the work was defined by the Bank team.
..plan and design the work?	The work was planned and designed by the Bank.
..carry out the work?	This was a Bank led activity carried out in a participatory fashion. In addition to Bank staff, the core team included three members of a local consulting firm/ngo. Local stakeholders, however, participated in political mapping exercises carried out through a series of workshops convening stakeholders in various categories (NGOs, government, local traders, etc).
.. analyze the results and write the report?	The analysis of the results and the writing were conducted by the three Bank authors.
.. formulate conclusions and recommendations?	The authors formulated the recommendations but there was substantial consultation with local stakeholders.
..provide peer review or comments on the draft report?	The peer reviewers were Bank staff. There is no record of government comments.
..organize workshops or discussions about the findings?	A local consultants and staff in the FBD assisted with organization of workshops and introduction to stakeholders.
<p>Discussion of Strategic relevance and ownership: These issues are identical to the policy note that preceded the report. The report addressed a topic of high relevance to Tanzania, based on its socio economic importance and identification as a development constraint. Charcoal, along with fuel wood, accounts for 90 percent of Tanzania's energy supply. It is the main cooking fuel in urban areas among all income groups. Its use has increased in recent years and demand is projected to grow. Activities associated with charcoal, trade, production and consumption provide are estimated to contribute \$650m to the national economy, yet most of the potential revenue is lost to the government because the sector is largely unregulated. Moreover the sector provides employment for 100,000 people. The unsustainable production of charcoal has been identified as a long standing development constraint in the literature. Bank supported operations in the late 1980's/early 1990's attempted to address the topic but since then the Bank moved away from the topic. However, the reports publication coincides with a renewed interest in biofuels among various sector units (e.g. energy, environment) within the Bank. Charcoal has also been identified as a development constraint in several national policies. The literature also documents how charcoal sector is widely perceived in a negative fashion by policy makers. While charcoal is not explicitly mentioned by name it is relevant to each of the clusters in the Joint Country Partnership Strategy. The report provided important analysis of the political economy of charcoal reforms, which was missing from the policy note that preceded it.</p> <p>The report was produced in a participatory fashion and included workshops with various local stakeholders (over 200 stakeholders participated), including government officials. Beyond the workshops, the extent of government engagement in conducting the work is unclear. There is no record on file of government comments on the final draft of the report and</p>	

interviews suggest that the government felt disengaged from the process of producing this report as well as the policy note that preceded it and that some view it as a “World Bank/Civil Society” initiative rather than a government document that they have a mandate to operationalize. Weak ownership may also be due in part to the politically sensitive nature of the topic responsibility and that responsibility for regulating the sector is fragmented across multiple government agencies.	
Criterion	Evidence of Quality
QUALITY OF CONTENT	
Did the product...	
...include appropriate knowledge (i.e. make use of current and relevant knowledge from both inside and outside of the Bank)?	Yes. The report built on existing studies completed in the recent past on the charcoal sector in Tanzania. The team also utilized IFPRI's Net-Map approach as a tool for PE analysis. Net-Map is an interview-based power mapping tool that helps people understand, visualize and discuss complex situations in which many different actors and institutions influence policy outcomes.
...cite relevant examples of practice or research from other countries in the region?	That was not the purpose. The report aimed to analyze the Tanzanian specific context.
...cite relevant examples of practice or research from other regions?	That was not the purpose. The report aimed to analyze the Tanzanian specific context.
...discuss the specific institutional and policy context for the issue in this country?	Yes. The report analyzed existing networks in the charcoal sector and identified groups that are more and least influential and analyzed drivers behind sector reform or standstill. It also carried out an analysis of the formal governance framework, in order to identify regulatory gaps and overlaps. The incentives and disincentives for sustainable charcoal sector management at different organizational levels (national, sub-national and district) and the de facto control over the charcoal sector were also discussed.
...collect and analyze existing local data?	Yes, the analytical work built on a number of studies on Tanzania's charcoal sector that have been conducted in the recent past. The team also drew on quantitative data from Household Budget Surveys as well as data collected in earlier research projects. The political economy analysis was designed to systematically tap the knowledge of stakeholders using a participatory approach.
...generate new evidence?	The information generated through the political economy was not new to local stakeholders. But the systematic documentation of this information was new and lent legitimacy. For the quantitative analysis of the poverty impacts, the team supplemented existing data with information gained in spot surveys carried out in Dar es Salaam and the surrounding districts.
...include recommendations?	Yes. The report lays out specific recommendations for action.
Do the recommendations include specified actions to be taken by specified actors (incl. non-Bank)?	Yes. The report provides actionable recommendations and identifies associated institutions for each.
Was the product team staffed with the appropriate expertise (incl. consultants)?	The team was staffed with appropriate interdisciplinary skills. The core team included a Natural Resources Economist from the Environment Unit, A Natural Resources Management Specialist from the Africa Region, and a Social Development Specialist from the Social Development Unit. The team also included three local consultants with experience working on charcoal and renewable energy initiatives.
Did the product receive appropriate managerial attention?	The sector manager oversaw the virtual review of the concept note.
Did the product receive sufficient budget?	The budget appears to have been adequate for preparation and initial dissemination but perhaps not for sustained follow up. The final cost to produce the report was US\$ 77,288, including dissemination workshops versus an original estimate of US\$ 80,000.
REVIEW OF CONTENT	
Was the draft peer-reviewed by appropriate experts?	An appropriate mix of technical specialist reviewed the concept note and final report. The concept note was peer reviewed by staff from the World Bank's Africa region's Poverty Reduction and Economic Management unit, the Environment Department, and the Social Development Unit. The final draft was peer reviewed by staff from the Africa Region's Environment and Natural Resources Management Unit, the Environment Department, and the Social Development Unit in the Latin American and Caribbean Region.

Were the peer-review comments taken into account as appropriate?	Peer reviewers felt their comments were taken into account to the extent possible.
Was the feedback from the client about the product incorporated into the final version?	Government officials attended the participatory workshop during preparation but the final report was presented as a finished product to the Government.
Discussion of quality: The report is considered by all stakeholders to be a high quality document. It employed solid methodology and was subject to adequate peer review. The report received appropriate managerial attention and both the concept note and the final report were reviewed by appropriate sector experts. It provides a clear understanding of the local context and provides clear and actionable recommendations. Stakeholders also commented that it did a good job of saying what needed to be said in a non-threatening manner.	
Criterion	Evidence of Dissemination and Dialogue
INITIAL DISSEMINATION	
Was the product...	
...made available in the local language?	The full report was made available in English.
...made available on a website?	The Report is available in Bank external website and easily retrievable.
...discussed with senior policy-makers?	Senior policy-makers were invited to dissemination workshop.
...presented at a workshop, conference, seminar or on-line discussion?	The report was presented at a series of dissemination workshops for different groups of stakeholders, though the intended audiences were those in a decision making role and not the broader public. The report was distributed to the WB staff in the AFR and the forestry community. A BBL was held on December 15, 2010, to discuss the report with staff in the Bank.
...covered in the general or specialized media?	Stakeholders interviewed by IEG noted that there was less media coverage of this report than the policy note that preceded it.
DIALOGUE	
Did the product serve as an input to a sustained engagement with the client through...	
...policy dialogue?	To date, there is little evidence that the report has served as an input to a sustained dialogue with the client. At the time of the assessment, the scope for policy dialogue within Tanzania was limited. Since the closure of the TFCMP/EAFRCMP there are no lending operations implemented by the FBD. The TTL relocated to another country office since the reports publication and his replacement began her post in the country office in November 2010, at the time of the IEG assessment. The country management team has indicated that it is unlikely that support for the FBD or the MNRT will be included in the new CAS under preparation. The Bank's support for the Energy Sector, another relevant ministry to address charcoal issues, is focused on electrification. A mission to the climate change conference in Cancun in November 2010 met with the newly appointed Minister of Environment expressed an interest in addressing charcoal but it is premature to assess this as evidence of a sustained policy dialogue.
...sustained workshops/discussions with stakeholders beyond initial dissemination?	At the time of the IEG mission in November 2010, there had been no workshops or discussions in Tanzania beyond initial dissemination. But it may have been unrealistic to expect this since the report was launched in June 2010 and national elections were held in October 2010. Within the Bank, the authors have been proactive in informally disseminating the report to staff working on relevant issues.
...lending products (Bank and non-Bank)?	No links can be identified to lending products. It is too soon to assess this aspect of dialogue as the report was only printed in June 2010.
...technical assistance (formal or informal)?	No.
...programmatically instruments?	No.
...other means (please discuss below)?	No other means of sustained engagement with input from this product have been identified.
Discussion of Dissemination and Dialogue: The report was officially launched in Tanzania, in June 2010, with a series of workshops targeting different stakeholder groups. Dissemination within the Bank has been largely through informal efforts on the part of the authors to bring the report to the attention of staff working on similar issues. With the revision of the	

Bank's corporate energy strategy, taking into account biofuels, as well as new biomass energy strategy for Africa, there may be greater scope to disseminate to a larger audience in the Bank in the future. At the date of assessment, November 2010, there was little indication of a strategy for sustained follow up in the country office but it appears to be too early to adequately assess this dimension of the report.