Partnership for Growth (PFG) Mid-Term Evaluation: Tanzania

Final Report

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Final Report Tanzania

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LIST OF ACRONYMS

ADB	Agricultural Development Bank
ADRICS	Annual District Inventory and Condition Survey
ADT	Average Daily Traffic
AICD	Africa Infrastructure Country Diagnostic
ATTI	Appropriate Technology Training Institute
BRN	Big Results Now
CDCS	Country Development and Cooperation Strategy
DANIDA	Danish International Development Agency
DFID	Department for International Development (United Kingdom)
DROMAS	District Roads Management System
EA	Evaluability Assessment
EAPP	Eastern Africa Power Pool
ECG	Electric Company of Ghana
EWURA	Energy and Water Utilities Regulatory Authority
FARA	Fixed Amount Reimbursement Agreement
FARIL	Fixed Amount Reimbursement Letters
FTF	Feed the Future
GOT	Government of Tanzania (includes the Revolutionary Government of Zanzibar (RGZ)
IPTL	Independent Power Tanzania Limited
IPP	Independent Power Purchasers
IRAT	Improving Rural Access in Tanzania
IRRIP	Irrigation and Rural Roads Infrastructure Project
JCAP	Joint Country Action Plan
JICA	Japan International Cooperation Agency
JISR	Joint Infrastructure Sector Review
LBT	Labor Based Technology
LGA	Local Government Authority
LGTP	Local Government Transport Project
LOA	Line of action
LRDF	Local Roads Development Fund
M&E	Monitoring and evaluation
MEM	Ministry of Energy and Mining
MOFEP	Ministry of Finance and Economic Planning
MWCEL	Ministry of Water, Construction, Energy and Lands
NARUC	National Association of Regulatory Utility Commissioners
NBFI	Non-bank financial Institution
NPLs	Non-performing loans
PDB	Presidents Delivery Bureau
PFG	Partnership for Growth
PMORALG	Prime Minister's Office Regional Administration and Local Government
PPA	Power Purchase Agreement
PPP	Public private partnership

PSMP	Power System Master Plan
RFB	Road Fund Board
OECD	Organization for Economic Cooperation and Development
SAGCOT	Southern Agricultural Growth Corridor of Tanzania
SME	Small and medium enterprise
SOW	Scope of work
TANROADS	Tanzania National Roads Agency
TOC	Theory of change
USAID	United States Agency for International Development
USG	United States Government
WGA	Whole of Government Approach

EXECUTIVE SUMMARY

INTRODUCTION

The Partnership for Growth (PFG) initiative seeks to leverage US government (USG) resources in support of a shared development program delivering accelerated, sustained, and broad-based economic growth in partner countries. It involves rigorous joint analysis of constraints to growth, the development of joint action plans to address these constraints, and high-level mutual accountability for implementation.

The PFG embodies the principles set down in the September 2010 Presidential Policy Directive (PPD) on Global Development.[1] PFG is based on a shared commitment to implementing the key institutional and regulatory reforms required for unleashing private investment. One of PFG's signature objectives is to engage governments, the private sector and civil society with a broad range of tools to unlock new sources of investment, including domestic resources and foreign direct investment. By improving coordination, leveraging private investment, and focusing political commitment throughout both governments, the Partnership for Growth enables partners to achieve better development results.

Tanzania is one of the four partner countries[2] with the selection based, in part, on the country's commitment to reform and successful implementation of its first Millennium Challenge Compact. The PFG recognizes that achieving sustainable growth will require significant increases in private investment and commits the USG to supporting the countries that enter into a commitment "to set in place good policies, and make investment conducive to development." In this model both the USG and the Government of Tanzania (GOT) are enablers for the private sector which is the "economic growth driver." The PFG draws on the whole-of-government approach (WGA) technical resources and adopts a country-led approach with the objective of mobilizing investment capital however the PFG does not have incremental financial resources earmarked. The PFG process aims to unlock additional funding from both the public and private sector to implement the agreed reforms.

In February 2011 the USG and the GOT committed to work together to accelerate and sustain broad-based and inclusive growth in Tanzania through the PFG initiative. This included a commitment to jointly prepare a Constraints Analysis (CA) using the Growth Constraints approach of Hausmann, Rodrik, and Velasco (2006). The CA was finalized in September 2011 and was used as the basis for the development of a five-year Joint Country Action Plan (JCAP) for 2012-2016, which was issued in April 2012. The JCAP identified the key binding constraints to private investment and economic growth as unreliable and inadequate supply of electric power and rural roads. **The objectives of the JCAP are to strengthen the power sector and to improve transport connectivity in rural areas.**

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[1] The Presidential Policy Directive (PPD) on Global Development views development as an issue of prime importance to U.S. National Security, and as a strategic, economic, and moral imperative for the United States. It prioritizes Development as the core pillar of American power and envisions how development, diplomacy and defense can mutually reinforce and complement one another.

[2] The three other partner countries are El Salvador, Ghana, and the Philippines.

Under each of the two binding constraints, the JCAP allocated the development interventions into two root constraints that addressed underinvestment as well as institutional and technical capacity in both the energy sector and rural roads. Each root constraint was assigned a series of goals aimed at relaxing the constraint, and each goal has multiple Lines of Action (LOA).

MID-TERM EVALUATION PURPOSE

The mid-term evaluation of the PFG initiative in Tanzania seeks to determine whether the PFG process represented an improvement over the pre-PFG assistance approach, and whether PFG analyses and activities were sufficient for addressing the identified constraints, realizing the desired outcome and attributing the impact of PFG interventions on reducing the constraints. See Annex 1 for the statement of work for the mid-term evaluation.

EVALUATION QUESTIONS

The mid-term evaluation addressed the questions below. The mid-term cross-cutting evaluation questions are asked in all PFG evaluations, whereas the country-specific evaluation questions are based on the constraints being addressed in each respective country's JCAP:

Cross-cutting Evaluation Questions

1. What are the advantages and/or disadvantages of the PFG whole-of-government approach to development assistance?
2. To what extent has PFG affected the workload of national government and US government staff as compared to the workload created by traditional forms of development-assistance delivery?
3. What contributions has "non-assistance[3]" made to the PFG process and how can it be used moving forward?

Country-Specific Evaluation Questions

1. For each of the constraints, are the goal-level commitments set forth in the JCAP capable of achieving the constraint-level objectives and outcomes?
2. Was quantitative and objectively verifiable information being used to manage JCAP implementation in order to achieve and measure results?
3. At the midterm, was the performance of the selected PFG interventions on target and creating the necessary outputs to achieve the desired outcome?
4. If performance was not on target or creating the outputs necessary to achieve the desired outcomes, what were the reasons?

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[3] Defined by USAID as "diplomatic engagement, convening authority, and other forms of non-monetized assistance to engage both governmental and non-governmental stakeholders in support of catalytic policy change and development priorities." This definition may be extended to include, under the PFG, the provision of high-level technical advice to Tanzanian counterparts by USAID energy experts during the design and procurement phase.

METHODOLOGY

The evaluation team conducted a desk review of all the available program information and conducted over 60 semi-structured interviews with key PFG stakeholders including high-level leadership, program designers, goal leads, implementers and independent experts in the US and Tanzania. The evaluation team also conducted an anonymous on-line, closed-ended survey as a complement to the detailed semi-structured interviews.

FINDINGS

The advantages and/or disadvantages of the PFG whole-of-government approach to development assistance

The integration of the WGA approach into the PFG process resulted in positive changes in the delivery of development assistance to Tanzania. The WGA approach increased the consistency and coherence in the programming and policy objectives of both USG and GOT interventions. The PFG process contributed to improved and deeper dialogue between the USG and GOT as partners in a shared commitment to promoting increased growth and private investment. Both GOT and USG senior leaders and technical officials reported that the process of preparing the CA and the JCAP brought them together and led to a deeper mutual understanding of the development challenges in the energy sector. However, this positive response was not observed among technical officials working on the road sector[4]. A leader within the GOT described the process as "one of the best experiences of donor cooperation in his career" going on to state that he believed the CA and JCAP process contributed to a shift in policies and practices through development dialogue and analysis rather than through the terms and conditions attached to a loan or a grant. He also noted that other bilateral donors have also recognized the benefits and changed their modus operandi.[5] A senior USG official stressed that the PFG constraints analysis and the joint approach resulted in learning on both sides. During interviews two of the USG officials involved in the preparation of the CA commented that it increased their understanding of the context-specific development challenges and increased inter-agency cooperation between the GOT and USG.

Assessing the effects of PFG on the workload of national government and US government staff relative to traditional forms of development-assistance delivery

All the senior officials interviewed considered the time spent on PFG productive and

[4] Both the GOT and USG respondents ascribed the limited response in the roads sector to the PFG not being linked to a financial envelope, also although USG remains the largest single donor for rural roads many other donors are actively engaged.

[5] This personal and subjective statement was said in a quasi-structured interview. This may reflect positive bias if the interviewee believes expressing such support would contribute to mobilizing additional funding. However, a senior DFID official reported that their decision to implement a new rural roads program had been influenced by the CA and JCAP. Further, numerous senior GOT officials confirmed the influence of the CA and JCAP on the Tanzania Development Plan and reported that they were still distributing copies of the CA.

necessary for effective implementation when addressing energy constraints to growth.[6] However, several USAID and GOT officials working at the technical level on rural roads saw the PFG as an additional donor administrative and reporting requirement with limited added value. The PFG initiative required a significant investment of time by senior officials from both the USG and GOT during the preparation of the CA and the JCAP. Senior officials considered the PFG process to be more efficient than traditional development assistance as the "upfront lively constructive discussion" clarified thinking on complex policy issues and paved the way for tackling difficult and important policy issues. Following the launch of the JCAP, both USG and GOT technical personnel working on power issues integrated implementation and monitoring of the LOA into their job. The CA report was distributed widely in Tanzania, and key analysis and findings were incorporated into the new Tanzania Five Year Development Plan.

Identifying the contributions of "non-assistance" to the PFG process and how it can be utilized moving forward

The concept of non-assistance was clearly understood, and valued, by both the USG and GOT leaders, but was less clear to many stakeholders, particularly mid and lower level technical staff. The GOT leadership appreciated the value of non-assistance through the PFG and cited the importance of the high-level visit from Washington, DC to discuss policy reforms. They also identified the use of USG convening power to engage high level stakeholders, including leading US private companies to discuss investment in Tanzania as an important example of non-assistance that took place under PFG. Effectively utilizing non-assistance is contingent on the active engagement of the US Embassy and the USAID Mission. In Tanzania, both the US Ambassador and the USAID Mission Director were pivotal in leveraging the PFG initiative to deepen the development dialogue and place Tanzania firmly on the map for US investors in the petroleum and natural gas sectors. While virtually all USG interviewees understood the concept of non-assistance and gave similar examples of how high level engagement had enabled them to advance understanding of complex policy issues, this was not the case with many GOT technical mid-level and junior personnel, who continued to understand PFG as an aid project and focused on leveraging additional donor technical and financial assistance. The senior technical representatives from GOT who actively participated in the meetings and work leading to the JCAP also understood the concept of "non-assistance" but made it clear they expected the process to lead to additional finance from USAID.

For each of the constraints, identifying whether the goal-level commitments set forth in the JCAP are capable of achieving the constraint-level objectives and outcomes

The evaluation team found the selected goals were generally consistent with addressing their respective constraints based on the development literature and conditions in Tanzania. However, the challenges involved in ensuring the goal-level commitments are translated into constraint removal are highlighted below.

The goal-level commitments or more specifically the proposed activities (reforms, measures

[6] See footnote 4.

listed under the LOA) are *potentially* capable of achieving the constraint-level objectives, but at this point cannot be definitively addressed for three reasons. First, the original JCAP is a five-year program and the mid-term evaluation is taking place after only two years, it is therefore not possible to definitively conclude that based on the progress to date the constraints will be removed. The relatively short time period is particularly challenging when the commitments require substantial regulatory and policy reforms. Second, the achievement of the goals will always remain subject to factors exogenous to the PFG process such as the internal political dynamics. Third, the JCAP was not based on a formal theory of change. While the JCAP sets down the measures and activities aimed at reducing the constraints, however, there is no systematic outline of the implicit assumptions required.[7]

The absence of a formal theory of change results in many of the key assumptions that are used to justify the goals and the activities remaining implicit and unsaid. Both the power and the rural roads activities used an implicit theory of change. There was no documentation explaining why specific activities were prioritized over alternatives making it challenging to identify how goal-level commitments are intended to achieve the desired constraint mitigation outcomes. A project design tool such as a logical framework (logframe) forces more rigorous thinking on the causal linkages between inputs, outputs, and desired outcome/s (or purpose). It also provides a structure for identifying the assumptions and preconditions necessary for achieving goals and the assessment of risks. Without having these items thought through and in writing, there may be an unrealistic confidence that the LOAs will lead to the intended results.[8]

The JCAP was a key document guiding subsequent interventions and specific activities in the power sector but has played a much more limited role in addressing the rural roads constraints. The JCAP was developed taking into account existing initiatives (and projects), many of which were already closely aligned with the two constraints. Consequently, the initial selection of activities in the JCAP was based on the reality of what already existed (and by definition was part of the GOT commitment), rather than developing the activities based on a detailed theory of change which identified the explicit and implicit assumptions. Further work in the power sector, particularly by the MCC but also by USAID and others, has resulted in changes in the program design. By contrast, this did not occur with the rural roads component.

Using quantitative and objectively verifiable information to manage JCAP implementation to achieve and measure results

Evidence-based decision making and fact-based monitoring were built into the PFG process and have been grandfathered into the Tanzania successor Power Africa and Feed the Future Initiatives (FTF), although the monitoring and evaluation (M&E) system was weak. For example, the M&E framework for the PFG was never finalized and complete baseline data were not incorporated into scorecard reporting making it difficult to transparently and

[7] For example, while the JCAP identifies all the pieces necessary for solving the puzzle (i.e. constraint) each activity is presented separately and not articulated in a formal theory of change.

[8] Given the 'negotiated' nature of the JCAP and the shared responsibilities for the Lines of Action the absence of a background document outlining the causal pathways, scheduling, and implicit assumptions may limit understanding of the risks and thus contribute towards an unrealistic confidence.

objectively measure results across all the indicators. The PFG Technical Working Group met and discussed indicators and began drafting the M&E plan. Prior to it being finalized the GOT announced the Big Results Now[9] initiative (BRN), which used the CA and JCAP as building blocks for the new initiative. Furthermore, USAID was preparing a new Country Development and Cooperation Strategy while also implementing the newly announced USAID Power Africa and the existing FTF. At the request of the GOT, USAID proposed the incorporation of the PFG process into Power Africa and FTF initiatives in November 2014.

Box 1: Big Results Now (BRN)

BRN is a GOT initiative aimed at fast-tracking the implementation of national priority projects. The BRN is managed by the President's Delivery Bureau (PDB) which supports the GOT to identify National Key Result Activities (NKRA) and develop detailed implementation programs. Each NKRA consists of a Steering Committee comprising key stakeholders and is chaired by the relevant Minister. The Steering Committees aim to resolve bottlenecks and constraints to investment in their NKRA. Ministerial Delivery Units are established in each NKRA to oversee implementation and prepare weekly progress reports.

The BRN was initiated in 2012 and launched in early 2013. During the first year of implementation (2013-2014) focused on six sectors: agriculture, energy, transport, education, resource mobilization and water. During the course of the first year an additional six sectors were added with the objective of improving the business enabling environment.

The rebranding of Tanzania PFG into complementary initiatives while retaining the overall development approach may be interpreted positively as the new Power Africa and FTF initiatives integrated a commitment to WGA and open and transparent reporting. It also reflects the concern of both the GOT and USAID to utilize scarce technical resources efficiently by avoiding duplicating initiatives. The rebranding was welcomed by the GOT as an opportunity to streamline USAID initiatives.

Is the mid-term performance of the selected PFG interventions on target to creating the necessary outputs to achieve the desired outcome?

At the mid-term, over half of the PFG interventions were on target. This represents substantial progress in a relatively short period of time on a range of challenging policy and regulatory issues. The evaluation team's estimate of the current status is shown below.

[9] This was modeled on the Malaysian approach of bringing together Government, Donors and key Private Sector stakeholders in each of the National Key Result Areas (NKRA) as a Lab. The members would meet extensively over a short period to develop a plan of priority activities which would then be monitored.

Power Sector

Measure	Estimate of Status in 2015	Comments
Establish Cost Reflective Tariff	Implemented – on schedule	2015 end-user tariffs estimated to cover 90 per cent of costs.
Minimize Revenue Loss	Partially Implemented – on Schedule	GOT taken measure to increase TANESCOs managerial performance.
Strengthen Legal and Regulatory Institutions	Partially Implemented – Published Power Sector Reform roadmap is ambiguous	Regulatory framework has improved. Introduced mandatory competitive procurement and use of model PPAs and SPPAs.
Improve Energy Sector Planning	Partially implemented	Coordination has improved with regular meetings of all the key stakeholders.
Increase Key Power Sector Institutional Capabilities	Partially implemented	Training being provided
Promote Private Investment in Power	Behind Schedule	Both Power Africa and MCC2 are encouraging private investment. GOT is setting up a PPP unit.

Rural Roads

Measure	Estimate of Status in 2015	Comments
Increase Financial Allocation for Rural Roads Investment	Behind Schedule	Use bottleneck studies to influence the budget allocation for rural roads
Increase Financial Allocation for Rural Roads Maintenance	Allocations are largely on schedule	Important to ensure the allocations are obligated.
Develop a Five-Year Rural Roads Investment Program	LGPT2 adopted	Investment is behind schedule
Strengthen National-Level Institutional and Technical Capacities for Rural Roads Investment and Maintenance Services	Behind Schedule	There is increasing use of evidence based decision making and fact based monitoring through ADRICS. Adopting DROMAS 2 will enable the district engineers to prioritize.

Measure	Estimate of Status in 2015	Comments
Develop District Level Capacities for Rural Roads Management	Training in 4 FTF Districts – on track but overall behind schedule	Training is being provided
Develop the Capacity of Labor Based Contractors and Local Community Micro Enterprises	Behind Schedule	Training has stalled due to funding shortfalls. District Engineers concerned over the poor quality of labor-based contracts.

At the mid-term, most of the PFG interventions were partially implemented and on target in the power sector where both the USG and GOT have allocated additional technical and financial resources. **In rural roads there has been more limited progress.** USAID support to the roads sector predates the PFG and USAID remains major donor to the sector. USAID is planning to provide the existing Irrigation and Rural Roads Infrastructure Project (IRRIP) under FTF with funding to provide technical assistance to construct 1,000 km of new rural roads. Initial delays in implementing IRRIP resulted in only 179 km being constructed by September 2015. However, USAID is planning to provide funding through the GOT for the remaining 821 km. Other donors, particularly DFID, designed and began implementing a major rural roads project following the publication of the CA and its integration into the five-year Development Plan. DFID is focusing on the priority bottlenecks identified in the study for the removal of bottlenecks on the Local Government Road Network.

Power activities initiated under the PFG JCAP and subsequently rebranded under Power Africa, aimed at strengthening the legal and regulatory framework and institutions to remove non-financial barriers to encouraging private sector investment, have made significant progress. Progress was recorded in the following areas: the electricity tariff was increased to cover 90 percent of TANESCO's own estimate of the cost of service; a mechanism for adjusting the electricity tariff each quarter to reflect inflation and exchange rate movements was established (subject to approval by the regulator EWURA); use of competitive procurement procedures was made mandatory; use of both model Power Purchase Agreements and Small Power Purchase Agreements (SPPAs) was made mandatory; and an auction process was introduced for awarding Independent Power Purchasers (IPP) contracts for solar and wind power generation projects. The Gas Bill was drafted and submitted to Parliament and the GOT tabled its visions for the organization of the electricity sector.

Electricity tariffs have been adjusted to close to cost-recovery levels and an automatic tariff adjustment mechanism put in place. The GOT has approved a new National Gas Policy and drafted legislation for the new Gas Act. This promises to significantly strengthen the legal and regulatory framework in the energy sector.

The Final Roadmap for Power Sector reform encourages public private partnership (PPP). Further the GOT has indicated it will not privatize any of the existing assets in the power sector. Two major new PPPs with investors from the Peoples Republic of China have been announced to date. These are new power generating plants at Kinyerezi III and IV. Further to the publication of the Final Roadmap for Power Sector Reform, it would be useful for the GOT to clarify whether private investors will be sought for new generation, transmission and distribution projects.

Increasing financial allocation for rural roads investments, strengthening national-level institutional and technical capacity for rural roads investment and maintenance services, and developing the capacity of contractors and local community microenterprises (to provide road maintenance) were all behind schedule in 2013 and have continued to be behind. The GOT has allocated additional funds for maintenance, and the five-year rural road development strategy was approved in November 2012. However, progress in rural roads continues to lag.

If performance is not on target or creating the outputs necessary to achieve the desired outcomes, why?

The power sector was behind schedule at the mid-term to achieve the desired outcomes in the PFG JCAP, however, recent progress in raising power tariffs to break-even rates and addressing TANESCO's arrears increase the likelihood of achieving the 2018 targets. All the GOT and USG officials interviewed (and the evaluators) considered the CA to be a sound development document. However, many officials and the Evaluators observed that moving from an analysis of constraints to designing interventions resulted in an ambitious and optimistic JCAP. The tendency to tailor results to the five-year life of the initiative contributed to optimistic deadlines for achieving the targets. At the beginning of the PFG process TANESCO was insolvent and needed to make significant rate increases. Owing to the scale of the increase these were delayed and only introduced in January 2014. Prior to these rate increases TANESCO had accumulated large arrears which are currently being unwound. These delays, in conjunction with senior personnel changes on the GOT side have resulted in the outputs not being on target. Additionally, encouraging private investment in the power sector requires further improvements in the business enabling environment. Large-scale private investments are also affected by the macroeconomic environment which is outside the scope of the PFG. The progress achieved over the past 18 months increases the likelihood of meeting the end of PFG targets in 2015.

The desired outcomes in the PFG JCAP for addressing rural roads constraints were behind schedule at the mid-term due to insufficient financial resources for addressing priority impassable roads during the rainy season and relatively low demand for transport services on many rural routes which limits competition. Increasing the demand for transport services is dependent on increased agricultural productivity. The CA highlighted the absence of security of land tenure as a constraint to private investment in agriculture[10]. Allocating more resources to investment in and maintaining rural roads is necessary, but is not sufficient for encouraging additional private investment. Security in land tenure issues must be addressed to achieve the desired economic benefits from improving rural roads.

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[10] See also the 2011 USAID Tanzania Property Rights and Resource Governance Profile. Available online: http://www.usaidlandtenure.net/sites/default/files/countryprofiles/fullreports/USAID_Land_Tenure_Tanzania_Profile.pdf

RECOMMENDATIONS

PFG Process Recommendations

1. **Develop explicit logical frameworks ("log frames") for the power and rural roads sectors, with clearly linked and systematic objectives, indicators, assumptions, and measures, in the context of a theory of change TOC.** The absence of a formal TOC that links LOAs, goals, and constraints, and explanation of how the proposed reforms would lead to the intended development outcomes suggests that there may be unrealistic confidence that the LOAs and goals will lead to the removal of the constraints. Both the power and the rural roads activities used an implicit TOC. There was no documentation that explained why specific activities were prioritized over alternatives. This makes it challenging to identify how goal-level commitments are intended to achieve the desired constraint mitigation outcomes. A project design tool such as a log frame forces more rigorous thinking on the causal linkages between inputs, outputs, and desired outcome/s (or purpose). It also provides a structure for identifying the assumptions and preconditions necessary for achieving goals and the assessment of risks. Without having these items thought through and in writing there is possibly an unrealistic confidence that the LOAs will lead to the intended results.

2. **Revisit the constraints to increasing private investment within the CA to consider all links in the chain of causality.** In this case the implicit assumption that fixing rural roads would be a catalyst for stimulating rural economic growth would benefit from further review. The Evaluators note recent applied research which highlights the importance of increasing demand for rural transport for reducing the price of transport services. Increasing agricultural productivity through bringing in inputs (seeds, fertilizer) and trading the surplus will increase the demand for transport services. However, the CA notes that absence of security in land tenure represents a constraint to private investment in the rural sector. While devoting more resources to investment in and maintenance of rural roads is necessary, it is unlikely to be sufficient for encouraging additional private investment in the absence of an improved business enabling environment.

3. **Incorporate the M&E systems for each LOA into the relevant Power Africa and FTF monitoring system to promote systematic tracking.** USAID should ensure that the M&E systems are adequate and carried out effectively, allowing tracking for each LOA. This may be best led by a goal-level implementation team and formalized in goal-level work plans.

4. **Provide USAID and MCC training for goal-level implementation teams on the process and the importance of systematic M&E, where needed.** USAID and MCC can facilitate the M&E process and conduct training for implementing partners. This should be done in a collaborative manner where all PFG partners discuss what would be most useful for them to ensure that new procedures are relevant and adopted.

5. **Update and make publicly available the Scorecards and consider reactivating the Annual Joint Energy Sector Review.** The scorecards should contain sufficient

information to enable an independent observer to track progress. This requires the scorecards to be standardized across sectors with progress clearly linked to the indicators. All scorecards should provide information on outputs and outcomes, and present baseline, target and actual data for each reporting period. Scorecards should use graphics to illustrate developments. The evaluation team recommends considering reactivating the Annual Joint Energy Sector Review to be funded by all the donors supporting the power sector.

6. **Improve public awareness and access to PFG documents.** Many of the documents relating to the PFG in Tanzania are not readily available. All the PFG documents and specially written articles, including an explanation of the approach and reports on meetings and outcomes, success stories, a listing of the technical working groups, etc., should be made readily available on both USG and GOT websites. It is recommended that content be created for dissemination through existing USG and GOT communication channels and social media (Facebook, Twitter, etc.). To a large extent the rebranding of the PFG has rendered this somewhat moot, however, many of the earlier documents (including the Constraints Analysis and the JCAP) remain useful references and it would be useful to explain the transition and rebranding of PFG to the FTF and Power Africa.

7. **Improve reporting and public awareness on non-assistance activities.** The GOT and Power Africa and FTF need to become more knowledgeable about the many forms that non-assistance takes and their value to a wide range of stakeholders. Given the potential for substantial benefits from non-assistance, USG and GOT management teams should conduct training and other knowledge-sharing and communication activities related to non-assistance. However, this needs to be interpreted as bringing US technical experience and expertise to support Tanzanian initiatives. It is important to ensure that extensive dialogue and high level coordination is not perceived negatively by the public (possibly as interference in internal government business). Public awareness campaigns should be conducted to focus on collaboration to find local solutions and produce results benefitting the Tanzanian people. The knowledge sharing should include preparation of case studies showing past examples of non-assistance which would assist staff to identify future opportunities.

8. **Provide USG staff with training on the diversity of non-assistance tools and their value for various partnerships.** Given non-assistance's importance within the PFG approach and its mainstreaming in subsequent USG development initiatives, the evaluation team recommends that the USG Power Africa and FTF officials conduct training related to non-assistance for new and existing staff, both technical and operational. This could be addressed by mainstreaming non-assistance into the USAID Program Foreign Assistance (PFA) courses. This is particularly important because despite the importance of this approach, almost all of the technical and operational staff interviewed did not fully understand the concept of non-assistance. Clearly defining the term would represent a first step to developing training activities. The training should address past examples of non-assistance and types of activities that are best suited for non-assistance. Such training would aid technical staff in identifying opportunities for non-assistance and effectively translating examples of non-assistance to the larger stakeholders within their goals and LOAs.

9. **Consider replacing "non-assistance" with a more transparent term.** The term "non-assistance" is perceived to be bureaucratic and not clearly understood by many people. Two options that would comprise the elements of this term are "Political Leadership for Development" (to capture the idea of involving political leaders to move development action agendas forward); and "Leveraging Resources for Development" (to capture the idea of using available USG or GOT resources for development activities).

10. **Incorporate identification of non-assistance opportunities into the responsibilities of existing staff hired as part of the Local Solutions Initiative for Power Africa or FTF.** Responsibilities for staff (working on Power Africa and FTF) should include identifying non-assistance opportunities, especially public information and stakeholder mobilization within Power Africa and FTF. These responsibilities should be incorporated into those of existing staff. Also, it would be beneficial to work with the relevant stakeholders to highlight and report on such activities in a uniform manner.

11. **Increase engagement with civil society, the private sector, and other stakeholders.** Increasing awareness, publicity and engagement outside government has the potential to increase the success of PFG and its successor initiatives. Civil society, private sector, and other stakeholder input and support for PFG and successor programs could be improved. These stakeholder groups are often not aware of the goals and objectives of USAID initiatives. The evaluation team recommends close interaction with the BRN President's Delivery Bureau to ensure a wider awareness and understanding of Power Africa goals and activities. Ultimately greater awareness on the development approach embodied in Power Africa has the potential to result in greater and deeper stakeholder mobilization and increased public awareness of the positive effects of the GOT reform agenda (e.g., within the power sector, public information campaigns on the importance of cost reflective tariffs, and the key role of private investment in improving infrastructure efficiency). This may help overcome a public opinion locked into the belief that either "nothing" is being done, or that public investment and subsidized power tariffs are the only options for a capital-constrained economy.

12. **Refocus the WGA work groups/committees (now operating within the Power Africa and Feed the Future initiatives) on seeking to achieve agreed goals explicitly identified in log frames or other TOC documents.** For instance, a technical working group for rural roads should be created. Technical working groups should be tied to specific results.

13. **Mobilize additional financial resources for leveraging interventions in the priority sectors.** Implementing the JCAP at the sector level requires additional financial resources for the LOAs. In the absence of significant financial resources it has proved challenging for the PFG process to implement the rural roads activities. Participants in the CA process should have met with participants in the Irrigation and Rural Roads Infrastructure Project which in 2014 took over responsibilities for rural roads. Unfortunately, there were insufficient funds to cover the cost of gas for vehicles and this curtailed the involvement of important participants in the IRRIP initiative. Transitional funding should be provided in

the budget for introduction of new processes.[11]

14. **Provide clear guidance on the role of the goals (called "measures" in the JCAP) to address constraints and corresponding indicators to measure progress toward achieving goals.** There has been confusion among Goal Leads and implementers about the role and meaning of the six constraint-level goals and indicators to measure them. Written guidance is needed on translating the PFG LOA level activities, goal level indicators, and scorecards relate to overcoming constraints to facilitate achievement of desired outcomes into the Tanzania Power Africa and Feed the Future initiatives.

Power Sector Recommendations

15. **The GOT Presidency should publish the policy and strategy for mobilizing private sector investment in the power and natural gas sectors.**

16. **Update the power sector and gas utilization master plan and publish a priority list of proposed investment in the power and gas sector, with a proposed implementation timeline.**

17. **Issue regulations indicating that all investments in the power sector must be on the published priority list.**

18. **Issue the regulations requiring transparent and competitive bidding for power and natural gas investments above a certain size.**

19. **Issue regulations that all draft power purchase agreements (PPAs) use the model PPA as approved by the Regulator (EWURA).**

20. **Require all negotiated PPAs to be approved by EWURA.**

21. **Carry out capacity building on available risks mitigation instruments and developing countries experience in the power and natural gas sectors.**

22. **Prioritize the mobilization of the four proposed embedded advisors.** These are in: TANESCO investment division; TANESCO transmission department; TANESCO for demand-side management programs; and TANESCO or REA to work on renewable energy financing.

23. **Prioritize the Scorecard indicators.** Not all the indicators have the same weight for achieving the goals.

24. **Reduce the number of LOAs.** The JCAP and the subsequent work plans list more than 50 discrete activities. The list should be streamlined to concentrate on activities deemed essential for achieving the required goals.

[11] See pages 9-90 of Annex 2 Case Study Underinvestment in the Rural Roads Sector.

25. **Add quantitative indicators to measure the goal "Increase Power Sector Institutional Capacities" designed to show that TANESCO and ZECO are improving their capacity.** These indicators could include financial ratios, liquidity indicators such as levels of arrears and debts in relation to overall revenues, debt service coverage ratios and collection performance. They would indicate improved financial health of the institutions and the credibility of the global sector.

26. **Review indicators to ensure they are relevant and streamlined with Power Africa, MCC Compact II indicators and processes.** This should include several new indicators aimed at tracking the availability and quality of the electricity sector. For example, available generation capacity (in addition to reporting on installed capacity); energy not supplied (ENS); generation, transmission and distribution availability; System Average Interruption Duration Index (SAIDI); and System Average Interruption Frequency Index (SAIFI).

27. **Set up a project delivery unit/One Stop Shop in the Ministry of Energy.**

28. **Select one or two PPP projects in electricity and gas to use as a success story for mobilizing additional private sector investment.**

29. **Establish and staff a dedicated Independent Power Purchasers (IPP) unit within the GOT (preferably within the Prime Minister's Office).**

Rural Roads Recommendations

30. **Review the TOC linking improving rural roads to increasing private investment in agriculture.**

31. **Amend the legislation governing the allocation of funds through the Road Fund for rural roads to, either allow maintenance funds to be used for rehabilitation, or require the Roads Fund to provide funding directly to the LGAs and allow them to allocate the resources (i.e. between development, maintenance, rehabilitation).** Rehabilitation should be defined as "asset preservation" and deemed equivalent to maintenance because over time even with maintenance eventually the road will need to be rehabilitated to maintain its functionality. The rehabilitation of existing roads is not the same as developing new ones. Including road rehabilitation under new investments rather than "maintenance" means these activities must compete for funds with all development projects.

32. **Increase the fuel levy to balance revenue and expenditure for road construction and maintenance and ensure that the Road Fund receives the earmarked funds.** The proportion of Road Funds disbursements that may be utilized for investment is not sufficient to meet needs.

33. **Support the roll-out and effective implementation of District** Roads **Management System (DROMAS 2).** This will enable the more effective use of data collected by the

Annual District Inventory and Condition Survey (ADRICS), which is an essential input to the rural roads three-year work plans.

CONCLUSIONS

The USG and GOT leaders, architects and goal leads all considered the PFG initiative to be a successful development approach relative to traditional project aid. As interested stakeholders, this positive response may reflect their vested interests, although all the respondents provided examples or evidence to support the statement. Almost everyone interviewed mentioned the WGA and the process of working together on the CA and the JCAP. In the words of key informants the preparation of the CA represented “genuine teamwork” and “technical arguments carried the day”, which assisted in finalizing the JCAP and advanced the policy reform agenda. Reaching consensus on challenging regulatory and policy reforms required an extensive dialogue between the GOT and USG. In interviews other international donors reported they had taken note of the PFG process.

In Tanzania the PFG initiative succeeded in mainstreaming itself into the modus operandi for development cooperation, however, it is premature to conclude that this will continue to apply. The integration of the CA into the Five Year Development Plan and incorporating many of the core features of the PFG into the GOT-led BRN illustrates the powerful positive impact of the PFG initiative. The principles of partnership, country ownership, and a commitment to a strong M&E framework were all incorporated into the BRN.

INTRODUCTION

OVERVIEW OF THE PFG INITIATIVE

The US Presidential Policy Directive on Global Development was issued on September 22, 2010.[12] It recognized that global economic development "is vital to U.S. national security and is a strategic, economic, and moral imperative for the United States," and elevated "development as a central pillar of [U.S.] national security policy, equal to diplomacy and defense." The directive was based on the premise that "where leaders govern responsibly, set in place good policies, and make investments conducive to development, sustainable outcomes can be achieved." The directive called for:

- Elevating broad-based and sustainable economic growth;
- Increasing the focus of resources, policy tools, and engagement in support of select countries and sub-regions where the conditions are right to sustain progress;
- Increasing investment and engagement in development-focused innovation;
- Underscoring the importance of country ownership and responsibility; and
- Reorienting the USG approach to prioritize partnerships from policy conception to implementation.

The Partnership for Growth (PFG) initiative is based on the principles of the Presidential Policy Directive on Global Development. This whole-of-government initiative was established with aims to achieve accelerated, sustained, and broad-based economic growth in selected partner countries through bilateral agreements between the United States Government (USG) and the national governments of partnering countries. Using PFG requires rigorous, joint analyses of each country's respective constraints to growth, joint action plans (JCAPs) to address the most pressing of these constraints, and high-level mutual accountability for the goals and activities selected to alleviate them.

Tanzania, Ghana, El Salvador, and the Philippines were selected as the first group of countries in which the USG and partner governments would structure new PFG initiatives. Their selection was based in part on each country's record of accomplishment in implementing ongoing Millennium Challenge Corporation (MCC) Compacts. This mid-term evaluation report focuses exclusively on the first two years of the PFG in Tanzania.

TIMELINE OF THE PFG INITIATIVE IN TANZANIA

In February of 2011, the USG and the Government of Tanzania (GOT) committed to work together to accelerate and sustain broad-based and inclusive economic growth in Tanzania through the PFG, and committed to completing an analysis of the key constraints to growth. The Tanzania Growth Diagnostic was finalized in September 2011 and was used as the basis

[12] President Barack Obama's September 2010 Presidential Policy Directive on Global Development embodies and builds on the global best practice principles for Managing Aid as adopted by the Paris Declaration (2005) and the Accra Agenda for Action (2008).

for the development of a five-year JCAP 2012-2016, which was published on April 23, 2012. The JCAP identified the key binding constraints to private sector investment and economic growth as unreliable and inadequate supply of electric power and rural roads. The objectives of the JCAP are to strengthen the electric power sector and to improve connectivity to the rural areas.

Under each of the two primary constraints the JCAP allocated the development interventions into two root constraints or sub-constraints. The root constraints addressed underinvestment and institutional and technical capacity in both the energy sector and rural roads. Each sub-constraint was assigned a series of goals (referred to as Measures in the Work Plan) aimed at relaxing the constraint. Each goal is associated with multiple LOAs for a total of 59 LOAs to be carried out by the GOT and the USG.[13] The PFG JCAP is premised on the belief that effectively implementing the agreed-upon LOAs will alleviate the binding constraints and accelerate sustainable, broad-based, inclusive economic growth.

[13] It is difficult to estimate the exact number of LOAs from the JCAP as a number of lines include sub-activities. We have not counted all of the sub-activities.

PURPOSE AND SCOPE OF THE MID-TERM EVALUATION

This mid-term evaluation of the PFG initiative in Tanzania had two key purposes. The first purpose was to determine whether the PFG process improved pre-PFG assistance approaches. The second purpose was to determine if PFG efforts were designed in such a way that their impact on development constraints could be identified, and whether or not these efforts were necessary for, and on course toward, achieving PFG goals.

EVALUATION QUESTIONS

As outlined in the evaluation SOW, seven principal questions guided the evaluation. The evaluation team also developed sub-questions, as appropriate, which further probed specific topics to evoke in-depth responses to the evaluation questions. The seven evaluation questions (three cross-cutting and four country-specific) are listed below.

Cross-Cutting Questions

1. What are the advantages and/or disadvantages of the PFG whole-of-government approach to development assistance?
2. To what extent has PFG affected the workload of national government and U.S. government staff as compared to the workload created by traditional forms of development-assistance delivery?
3. What contributions has "non-assistance" made to the PFG process, and how can it be utilized moving forward?

Country-Specific Questions - Tanzania

1. For each of the constraints, are the goal-level commitments set forth in the JCAP capable of achieving the constraint-level objectives and outcomes?
2. Is quantitative and objectively verifiable information being used to manage JCAP implementation in order to achieve and measure results?
3. At the midterm, are the performances of the selected PFG interventions on target and creating the necessary outputs to achieve the desired outcomes?
4. If performance is not on target or creating the outputs necessary to achieve the desired outcomes, why?

Table 1 shows the correspondence between the key evaluation questions and the criteria for a best practice evaluation.

Table 1: Scope of the Key Evaluation Questions

Criteria	Scope of the Evaluation Questions
Relevance	• The extent to which the most critical constraints are being addressed by the PFG • The extent to which PFG activities are aligned with the priorities and programs of the GOT, and other cooperating partners • The extent to which PFG is responsive to changes in the implementation context
Efficiency	• The extent to which the PFG is an efficient use of scarce resources taking into account the institutional and organizational infrastructure
Effectiveness	• PFG contribution to addressing the targeted high-level constraints of inadequate power and inadequate rural roads • PFG performance against its own M&E targets and objectives • PFG contribution to institutional capacity building • Contextual factors enabling or constraining achieving the objectives • The extent to which PFG has facilitated the inclusion of the private sector and civil society in their activities • PFG contribution to strengthening good governance and reducing corruption
Impact	• The contribution of PFG projects to impact-level goals • The impact of PFG projects on cross-cutting issues • Factors enabling or constraining PFG impact • Project-level contributions to impact-level goals, and project-level enablers or constraints • Identification and assessment of the PFG mechanisms for sustaining, monitoring and evaluating contribution
Sustainability	• Extent to which the positive PFG contributions are sustainable with continued program activity

EVALUATION METHODOLOGY

The evaluation team used a variety of data collection approaches to respond to the seven key evaluations questions for the PFG mid-term evaluation. The approaches used for the evaluation are explained below.

EVALUABILITY

The statement of work (SOW) required the evaluation team to assess the evaluability of the PFG initiative's JCAP as well as specific goals and their corresponding LOAs (see Annex 1 for the mid-term evaluation SOW). The team assessed the evaluability of the PFG initiative and its goals through a review of documents showing: 1) the availability of data; 2) the problem diagnostic and baseline situation; 3) the causal logic of activities, objectives, and outcomes; and 4) the intended beneficiaries. The evaluation team confirmed that the initiative as a whole and most of its goals could be evaluated, and developed a goal-selection process as it was not possible within the time available to evaluate all goals.

Goal-Selection Process for In-Depth Review of Two Goals

There are 12 goals (six under the power constraint and six under the rural roads constraint) and 59 LOAs. The SOW requested an in-depth review of one goal per constraint. In conducting this assessment, the evaluation team sought to select goals that would represent PFG themes, focus on constraints and sub-constraints, subject matter and the availability of information. Furthermore, goals were selected to reflect the diversity of partnering agencies and implementing partners and the extent to which their LOAs represented initiatives developed under the PFG. The main objective of the CA is to focus resources on addressing those constraints that are holding back private investment. The evaluation team therefore selected the goal of increasing investment for in-depth review.

- Goal related to the Power Constraint: Increase investment in the Energy Sector
- Goal related to the Rural Roads Constraint: Increase the financial allocation for rural road investments and increase the financial allocation for rural roads maintenance services

Program and Evaluation Objectives and Methodology

PFG activities include discrete deliverables that can be verified through objective indicators, capacity strengthening and institutional development which are more subjective, and policy changes which present a number of significant challenges. The approaches to addressing these challenges included desk reviews, semi-structured interviews and surveys with close-ended questions. The evaluation team sought to identify quantitative data from third-party sources; however, these data often proved to be too generic to capture the impact of a specific intervention under the PFG.

The evidence-based Monitoring and Evaluation Framework developed for the PFG in each country identifies and tracks progress on sectoral- and macro-level indicators against jointly agreed benchmarks. The M&E plan and reports were assessed against the agreed JCAP objectives and targets.

Table 2: Program and Evaluation Objectives Determining the Methodology

Parameter	Methodological Choice
Essential elements of the Partnership for Growth Program	
Explicit approach to Theory of Change (logical framework) governing the PFG design and implementation	Theory-driven evaluation based on a literature review on the economic growth constraints, sector-specific studies on growth, and the Theory of Change
Complexity of program and implementation context	Desk review, interviews with stakeholders and online survey with close-ended questions
Evaluation Objectives and Requirements	
Time constraints for the mid-term review	Review documents prior to field work interviews
Expectation for the evaluation to deliver inputs into future program implementation	Process evaluation approach

METHODS OF DATA COLLECTION AND DATA ANALYSIS

Data Collection Approaches

A detailed description of the methodology is provided in a separate report: the Updated Methodology and Evaluation Plan (UMEP). All data collection and analysis activities were undertaken in conformity with USAID Evaluation Policy: January 2011.[14]

The evaluation team used three data collection methods:

- **Desk review:** A desk review based on the program documentation received primarily from USAID for the PFG initiatives as a whole, as well as documents that refer exclusively to the core focal areas addressed under the PFG in Tanzania. The reviewed information was categorized in accordance with the SOW and used to identify the key themes for the seven evaluation questions.

- **Semi-Structured Interviews:** The evaluation team conducted semi-structured interviews with key PFG stakeholders, including high-level leadership, leadership, architects, Goal Leads, implementers, and independent experts in the United States and Tanzania. USAID identified the initial list of stakeholders, and the evaluation team expanded the list following the desk review and meetings in Washington D.C. and Tanzania. The evaluation team developed draft interview protocols for each of the categories of stakeholders. The semi-structured interview allowed for an open

[14] USAID (2011, January). "Evaluation Policy" http://www.usaid.gov/sites/default/files/documents/1868/USAIDEvaluationPolicy.pdf

framework, conversational communication, and where necessary, for more detailed follow up questions. Semi-structured interviews were facilitated by the Data Specialist and the Team Leader for the cross-cutting questions and by the sector experts for the sector-specific questions. Questionnaires for the semi-structured interviews are attached in Annex 2.

- **Web-based Survey**: The evaluation team conducted a web-based survey, using Survey Monkey, for officials and technical specialists engaged in both the power sector and rural roads. This was a close-ended survey where respondents had to select from a series of suggested responses. The main objective was for the web-based survey to act as a supplement to the much more detailed quasi-structured interviews. A draft questionnaire for the web-based survey is attached in Annex 4.

The initial list of stakeholders interviewed included the GOT, USG, Leaders and Architects, and LOA implementers and independent experts. A total of 61 interviews were conducted. This was split almost equally between USG and GOT officials, independent implementers, and technical experts. Table 3 lists the number of interviewees, affiliation, and respondent's primary role.

Table 3: Number of Stakeholder Interviews

<table>
<tr><th rowspan="2">Stakeholder Type</th><th>USG</th><th>GOT</th></tr>
<tr><th>No. of respondents</th><th>No. of respondents</th></tr>
<tr><td>Leadership</td><td>7</td><td>14</td></tr>
<tr><td>Architects</td><td>9</td><td>6</td></tr>
<tr><td>Goal Leads</td><td>6</td><td>11</td></tr>
<tr><td>Government Sub-Total</td><td>22</td><td>31</td></tr>
<tr><td>Government Total</td><td colspan="2">53</td></tr>
<tr><th rowspan="2">Stakeholder Type</th><th colspan="2">Independent Stakeholders</th></tr>
<tr><th colspan="2">No. of respondents</th></tr>
<tr><td>Implementers</td><td colspan="2">43</td></tr>
<tr><td>Experts</td><td colspan="2">33</td></tr>
<tr><td>Total</td><td colspan="2">76</td></tr>
<tr><td>Total Number of Respondents</td><td colspan="2">129</td></tr>
</table>

* There were no USG respondents from the online surveys.

** All of the GOT respondents from the online survey are added to the general list above.

Table 4 below lists the cross-cutting and country-specific questions that were asked of each stakeholder type (see Annex 3 for the semi-structured interview guides per stakeholder type).

Table 4: Evaluation Questions Asked per Respondent Type in Semi-Structured Interviews

Stakeholder Type	CCQ1	CCQ2	CCQ3	CSQ1	CSQ2	CSQ3	CSQ4
High-level leadership	X						
Leadership	X	X	X	X	X	X	X
Architect	X	X	X	X	X		
Goal Leads	X	X	X	X	X	X	X
LOA implementers				X	X	X	X
Independent experts	X		X	X	X	X	X

NOTE: CCQ is cross-cutting question and CSQ is country-specific question.

Web-based Survey

The web-based survey, which included 19 questions, was administered directly to officials involved in the design and implementation of PFG activities. The names and email contact details were provided by the USAID Mission and the GOT. All of the people interviewed were also requested to complete the online survey. Out of the 19 survey questions, four were applicable to multiple evaluation questions; a majority (10 out of 19) was applicable to Cross-Cutting Question 2, concerning workload changes; and none were applicable to Country-Specific Question 3.

There were a total of 21 responses[15] to the online questionnaires in Tanzania. Of this number, 18 (86 percent) were men, and only three were women. The majority of the respondents (10) work in the finance sector of the GOT, and five were directly involved with the power and roads sectors. Six of the respondents were support staff, working alongside project implementers, and five were directly involved with making sure the PFG initiative happens in their various work sectors. Four independent consultants served as expatriates in the different areas of PFG focus, providing technical assistance to project implementers.

The majority of respondents (81 percent) completing the survey were not involved with the PFG at the time of the survey, and more than half (13) had never been directly involved with the PFG. As officials involved in donor coordination and development planning they were aware of PFG through the process of developing the CA. There are, however, inconsistencies in responses. Some respondents state that they have not been involved in current or past implementation of the PFG, but remembered interactions with others involved with the PFG a few years before. One possible explanation for this apparent inconsistency relates to the mainstreaming of the CA, the deep dive and subsequent drafting of the JCAP into the GOT development planning process.

DATA ANALYSIS

The evaluation team sought to quantify as many of the activities and responses as possible while recognizing that much of the information was subjective and therefore more amendable to a qualitative approach. Prior to conducting any data analysis, the evaluation

[15] The response rate for the online survey was 16 per cent from a total of 129 persons polled.

team prepared a methodology and evaluation plan which outlined the purpose of the evaluation, the questions required by the SOW, data assurance procedures, data entry, data cleaning procedures, types of analysis, and the limitations to the data analysis.

The evaluation team cross-referenced information obtained during the desk review with the interview and web-based survey data. Specifically, interviews to obtain stakeholders' perceptions relating to the SOW's seven evaluation questions were cross-referenced and reviewed in order to address possible respondent and/or evaluator bias. Addressing issues of potential bias, particularly from the semi-structured interviews and web-based survey responses, required a thorough approach to quality control. The quality control approach included a review process requiring all interview summary notes to be assessed by the data specialist and the local economist; daily coder meetings throughout the field interviews; and spot checks by the data specialist, sector experts, and the team leader aimed at identifying and reconciling any inconsistencies.

The evaluation team adopted a range of data verification techniques including triangulation, checking the accuracy of notes, and expanding the written summary notes used by the coders. All verification techniques were conducted on a random sample based off the data collected (approximately 10-15 percent of the total data collected each day).

The semi-structured interviews were coded according to the evaluation questions, question-specific themes and perceived perspective. The web-based results using Survey Monkey were organized according to respondent and the evaluation question.

EVALUATION MATRIX

Cross-Cutting Questions

Evaluation Questions	Type of Answer Needed (e.g. descriptive, normative, cause-effect)	Data Collection Method(s)	Gender Disaggregation of Data, where Possible	Sampling or Selection Criteria	Data Analysis Method(s)
1. What are the advantages and/or disadvantages of the PFG whole-of-government approach to development assistance?	Descriptive Normative	Semi-Structured interviews and online survey with close-ended questions	Yes	Identify key Leadership figures involved in the PFG process	Mixed Methods

Evaluation Questions	Type of Answer Needed (e.g. descriptive, normative, cause-effect)	Data Collection Method(s)	Gender Disaggregation of Data, where Possible	Sampling or Selection Criteria	Data Analysis Method(s)
2. To what extent has Partnership for Growth affected the workload on national government and U.S. government staff, as compared to the workload created by traditional forms of development assistance delivery?	Descriptive Normative	(i) Semi-Structured interviews and (ii) online survey with close ended questions	Yes	Identify key Leadership figures, Architects and independent experts involved in the PFG process	Mixed-Methods
3. What contribution has non-assistance made to the PFG process and how can it be utilized moving forward?	Descriptive Normative	(i) Semi-Structured interviews and (ii) online survey with close ended questions	Yes	Identify key Leadership figures, Architects and independent experts involved in the PFG process	Mixed-Methods

Tanzania Country-Specific Questions

Evaluation Questions	Type of Answer Needed (e.g. descriptive, normative, cause-effect)	Data Collection Method(s)	Gender Disaggregation of Data, where Possible	Sampling or Selection Criteria	Data Analysis Method(s)
1. The constraints analysis does not identify remedies to address the binding constraints to growth. For each of the constraints, are the goal-level commitments set forth in the JCAP alone capable of achieving the constraints-level objectives and outcomes?	Descriptive Normative	Review of indicators, Balance Score Card, the published literature on causes of economic growth/growth constraints, and semi-structured interviews	Yes	Identify key Architects, goal leads, LOA implementers and independent experts involved in the PFG process	Mixed-Methods, realist evaluation/ general elimination methodology

Evaluation Questions	Type of Answer Needed (e.g. descriptive, normative, cause-effect)	Data Collection Method(s)	Gender Disaggregation of Data, where Possible	Sampling or Selection Criteria	Data Analysis Method(s)
2. The PFG model places an emphasis on evidence-based decision making and fact-based monitoring. Is quantitative and objectively verifiable information being used to manage JCAP implementation in order to achieve and measure results?	Descriptive Normative	Review of indicators, Balance Score Card, and semi-structured interviews	Yes	Identify key Architects, goal leads, LOA implementers and independent experts involved in the PFG process	Mixed-Methods
3. At the mid-term, are the performances of the selected PFG interventions on target and creating the necessary outputs to achieve the desired outcomes?	Descriptive Normative	Semi-structured Interviews and online survey	Yes	Identify key Architects, goal leads, LOA implementers and independent experts involved in the PFG process	Mixed-Methods
4. If performance is not on target or creating the outputs necessary to achieve the desired outcomes, why?	Descriptive Normative	Semi-structured Interviews and online survey	Yes	Identify Leadership, key Architects, goal leads, LOA implementers and independent experts involved in the PFG process	Mixed-Methods

EVALUATION/STUDY LIMITATIONS

The approach had the following limitations:

Lack of a Counterfactual: The high staff turnover and short institutional memory along with the evolving approach to incorporating the Paris Declaration[16] principles into Aid Management by multilateral and other bilateral donors render the development of a counterfactual problematic. While some respondents with more than a decade of experience may be able to compare the PFG approach to earlier approaches the problem of bias recall which values recent experience more highly remains.

Subjectivity of Semi-Structured Interviews: Adopting a semi-structured approach to the interviews created the opportunity to explore specific issues and themes in more depth. This flexibility is very positive but at the cost of being subjective and reflecting perception and not necessarily the facts. The evaluation team sought to mitigate this by interviewing multiple stakeholders and carefully evaluating the available data (through triangulation).

Online Survey and Limited Responses: The confidential nature of the online survey invites a more open response. However, in order to try and quantify the responses the draft questions were generally closed-ended (yes/no) and ordinal (rank in order of importance, 1-5) which allowed for quantification but remained limited and subjective.

Data Availability and Verification: The Inception Report listed all reports required for the desk review. All reports that were made available and consulted are listed in the references.

[16] The Paris Declaration (2005) issued by the OECD laid out the fundamentals for aid delivery as ownership, alignment, harmonization, results, mutual accountability. The Accra Agenda for Action (AAA 2008) sets the agenda for accelerated advancement towards the Paris targets by focusing on ownership, inclusive partnerships, delivering results and capacity development. The 2012 Bussan Partnership for Effective Development Commitments accelerates the cooperation commitments by using results frameworks and country-led coordination arrangements. It focuses on results, partnerships, transparency and shared responsibility. Global Partnerships for Effective Development and Cooperation builds on the Busan Partnership. The PFG builds on these principles with a focus on partnership, collaboration and results.

OVERVIEW OF THE THEORY OF CHANGE IN THE CONSTRAINTS ANALYSIS AND THE JOINT COUNTRY ACTION PLAN

The principles of the PFG initiative include the use of an explicit theory of change (TOC). These included using learning to improve strategies and interventions, being accountable to donors and local counterparts, and demonstrating results. The TOC for the PFG represents the perspectives of both the USG and GOT participants involved in the CA and the preparation of the JCAP. In this evaluation the TOC was defined as the articulation of how and why a given intervention will lead to a specific change.

The TOC was developed in the economic growth diagnostic (CA), prepared by a team of 20 Tanzanian technical experts and four USG economists using the methods of Hausmann, Rodrik, and Velasco (2005) (see Annex 5). Lessons from the wide range of economic growth experiences indicated that while there was no single solution, certain characteristics were necessary, but not sufficient. Many constraints can reduce economic constraints but not all were of equal importance. The growth diagnostics approach was useful for identifying the most binding constraints to growth and sequencing reforms to maximize the benefits from progressively reducing market distortions. It was also useful for targeting scarce financial resources and political capital for reforms and investments.

The growth constraints approach identified the most binding constraints to growth. This represented a step forward from wholesale reform (trying to everything at once, which is politically unrealistic and practically impossible), and the more opportunistic approach (do-what-you can assumption that any reform is good). The opportunistic approach to reform is flawed because the economic theory of the second-best cautions that a specific reform will not necessarily promote economic welfare when other widespread distortions remain in the economy.[17] There is also no guarantee that the reforms with the most impact will be implemented first because ranking by the size of the distortion is not necessarily correlated with the impact on growth. The HRV approach seeks to rank reform priorities by the size of the direct effect.

To assess whether a factor is scarce, the USG-GOT team selected a core set of comparator countries. These included Ghana, Kenya, Mozambique, and Uganda in addition to the two categories of "all developing Sub-Saharan African Countries" and "Low Income Countries". The team examined the constraints in the context of both domestic and global economic forces impacting private sector investment and growth in Tanzania. The team organized and analyzed the data in accordance with the decision tree shown in Annex 5. Based on the data analysis the joint team reached a "broad consensus on the three most binding constraints to investment and growth in Tanzania.[18]" The three most serious constraints included the absence of a

[17] The theory of second best also applies to the most binding constraints, although one is assuming that by identifying the most critical constraints rather than just selecting those on which there is already a consensus, there will be a larger positive impact on growth.

[18] Tanzania Growth Diagnostic p. 2

reliable and adequate supply of electrical power, an inadequate rural road network and the challenges for investors to obtain secure land rights. Additional constraints included: the lack of key transport infrastructure; lack of vocational, technical and professional skills; lack of access to finance; and relatively low quality regulation of business and trade. Three cross-cutting issues impacted on all the identified constraints. These included: the varying quality of regulation relating to the constraints (for example in the power sector), incomplete and inconsistent implementation of agreed Government reform strategies, and weak institutional and financial arrangement for providing and maintaining the scarce factors of production.

The Growth Diagnostic discussion of rural roads begins by highlighting that only seven percent of Tanzania's roads are paved. This is one of the lowest in Sub-Saharan Africa (SSA). Extending the coverage of reliable road networks to rural areas is identified as the main challenge. Prioritizing rural roads is premised on the assumption that high transport and trade costs prevent smallholders from producing or expanding their production for sale in the market. The majority of rural households continue to depend primarily on subsistence agriculture for their livelihood with some cash from non-farm income and wage work. Increasing rural incomes requires supportive public policy on rural development and infrastructure.

Box 2: Key Messages of the RTTP on Improving Rural Transport

1. Establish policies and strategies for rural roads and transport under a national rural roads and transport strategy then ensure sector coherence and build on a commitment to reform.
2. Build a public-private partnership between government and local communities to maintain village access roads.
3. Develop a legal and financial framework that encourages local communities to claim ownership of their roads.
4. Decentralize decision making to the local level and involve and empower those who suffer the consequences of poor road maintenance and lack of access.
5. Consider solutions other than just roads. Significant improvements in mobility are best achieved by improving both infrastructure and transport services, including providing low-cost vehicles. Better placement of service facilities also improves access.
6. Use the appropriate technology. Employing small-scale contractors and local labor is often cheaper and more sustainable that relying on outsider contractors and it stimulates the local economy.
7. Position rural transport in a rural development framework

Source: Rural Transport: Improving its Contribution to Growth and Poverty Reduction in Sub-Saharan Africa (2012)

The Growth Constraints argues that the high level of breakage and spillage of goods in transit, based on the World Bank Enterprise Survey, the relatively high demand for road transport on the unpaved network, and relatively high usage of rural roads in poor condition all "suggest a high shadow cost for transportation services and potentially high return investments." Data are drawn from the African Infrastructure Country Diagnostic (from 2007) which provides information on traffic levels for the primary roads (trunk) and the secondary (regional) roads according to current conditions, however, there is no reliable data on the tertiary (rural) roads. The major rural road constraint is viewed from the supply side perspective of inadequate or a shortage of serviceable roads preventing smallholders and discouraging larger scale commercial farmers from producing and selling more to the market. The demand for transport services is not considered explicitly. The implicit assumption is that the cost of transport to the farmer, including time and labor, would decline with the construction of additional road infrastructure.

The TOC justifying investments in rural roads is based on the assumption that rural road development will increase the access to markets for both inputs and outputs through a reduction in transaction and trade costs. Studies in Madagascar and Papua New Guinea compared isolated areas with more connected regions and found that living standards and agricultural productivity are lower in the areas with higher travel time (costs). However, all of these studies have a serious flaw. They fail to correct for endogeneity bias in the poverty equation. People do not randomly settle next to roads once they have been constructed, therefore roads may not necessarily increase agricultural productivity. Rather, roads may be developed in the already more productive agricultural areas.[19]

While the PFG work was not consistent with recommendations presented in Box 2 “Key Messages of the RTTP on Improving Rural Roads”, the work was largely diagnostic. PFG work implementing rural roads ended as it was picked up by FTF. Sector operatives and functionaries view PFG “work” as being absent in roads programming since FTF is not regarded as PFG. In that respect, it has not been consistent with the recommendations. Regarding the first recommendation, although interviewees from the Roads Fund express that there should be an equivalent of TanRoads for rural roads, implying coherent support for policy, lack of funding has prevented this from occurring. With respect to Recommendation 2, the Planning Commission has mentioned the development of a public and private partnership between government and local communities to maintain roads. Regarding the development of a legal and financial framework that encourages local communities to claim ownership of their roads, lack of financial resources has been a major issue at the LGA-level. LGAs do not have resources and the framework does not explain legislatively how this would work. Decision-making to the local level has not been decentralized and lack of empowerment is largely due to financial constraints. Furthermore, the recommendation on the consideration of solutions other than roads has not been considered, especially with respect to low cost vehicles. Although the Ministry of Transport supports the need for low cost vehicles, it was unable to gain support for this idea. With respect to technology in Recommendation 6, labor-based technology is largely accepted and there is recognition that local labor is cheaper and more sustainable than outside contractors. However, while farmers once did work voluntarily, they now expect remuneration.

New work has focused on identifying the transport needs of the rural population. This highlighted the need for low quality roads and not roads for trucks. Dercon et al. (2008) found that increasing road quality had positive impacts on increasing access in the rainy season.

All of these justifications assume that investing in rural roads will reduce vehicle operation costs for trucks, which will result in a lowering of transport prices for farmers. However, it is not clear

[19] Reverse causality.

that the end users of transport services have been able to capture the lower transport costs. This assumption does not consider whether the farmer can afford to use a truck because of the low agricultural surplus (for sale to the market), and cost savings in lower transport tariffs may not be passed on to farmers because of insufficient competition in the trucking sector. The demand for trucking services is very important in determining transport costs. Teravaninthorn and Raballand (2008), using surveys across multiple Sub-Saharan African countries, show that roads with less than 150 trucks are not likely to be economically viable.

Van De Walle (2009) notes that despite the large investments in rural roads, very few of the aid-financed projects have been subject to evaluation, implying that many investments have proceeded on the "belief that infrastructure will ineluctably lead to poverty reduction and income generation."[20] Raballand, Macchi and Petracco (2010) studied rural roads in Burkina Faso, Cameroon and Uganda and found that transport was only one component to reducing poverty. They recommended replacing the two km economic threshold with five km to ensure that the most remote communities are not left behind and to prevent overinvestment in an unsustainable road network relative to agricultural potential.

[20] R D van de Walle (2009), Impact Evaluation of Rural Road Project, Journal of Development Effectiveness, Vol. 1(1).

KEY FINDINGS ON THE TANZANIA PFG INITIATIVE

This section summarizes the key findings from the evaluation-interviewees' and survey respondents' overall perspectives and views of the PFG initiative. These findings represent an important context for the mid-term evaluation. The next seven sections provide a more in-depth discussion of the seven evaluation questions. For each evaluation question, the report summarizes the responses, the findings, the lessons learned and the recommendations.

OVERALL ADVANTAGES OF THE PFG INITIATIVE

Finding 1: PFG represents an improvement over previous development assistance strategies

This finding is based on the data collected during the quasi-structured interviews. A majority of respondents strongly agreed that the PFG initiative was positive for the economic development of Tanzania. This view was largely consistent among USG and GOT participants.

GOT participants were very positive about the process of identifying and agreeing on the binding constraints through the CA and the subsequent Joint Country Action Program. This enabled the GOT to move forward on a difficult and demanding policy reform agenda in the power sector.

Finding 2: PFG has facilitated progress in policy reforms that promises to augment investment and economic growth

Interviewees largely believed that PFG successfully brought together senior management and section heads from the USG and the US Embassy (with the Ambassador and the DCM playing a key facilitating role throughout) for discussions with senior policy makers within the GOT. The CA process successfully generated a consensus on the critical policy and institutional reforms that are necessary for delivering increased private investment and economic growth. The continued engagement of the US Embassy has been a significant positive factor in enabling the power sector work to progress. From the GOT side, senior policy makers appreciated the considerable staff time provided by USG senior technical experts and believed the CA and JCAP process was critical towards ensuring Tanzania was approved for a second MCC Compact and included as a priority country in the Power Africa initiative.

Finding 3: Initial PFG planning through the CA activity was critical for the future progress of the PFG initiative and its mainstreaming into the BRN and the new USG Presidential Power Africa initiative

Most interviewees appreciated the adoption of the CA as a technical approach for identifying the priority PFG constraints. The GOT respondents recognized that this process presented an opportunity to leverage additional resources from the USG and other international cooperating partners, while establishing the basis for mobilizing private investment. The CA process was challenging as different technical perspectives on development were debated. Reaching agreement on the key constraints forced participants to make decisions and move away from the traditional model of listing all the constraints in a "long list." The CA identified three major constraints - power, rural roads, and access to secure land rights - with lack of other key transport infrastructure and lack of vocational, technical, and professional skills listed as additional constraints to investment and growth.

Finding 4: PFG has increased leverage for implementation

Most of the respondents strongly believed the PFG process had provided additional leverage to the GOT to implement policy and regulatory reforms in the power sector. This finding was specific to the power sector with respondents highlighting the progress on specific activities (see Case Study on Investment in the Power Sector below). In the rural roads sector the PFG Constraints Analysis and subsequent Deep Dive were instrumental in the decision by DFID[21] to design a new rural road program focusing on addressing bottlenecks. The bottlenecks study financed by the World Bank began in 2012 and completed in July 2013 was undertaken as part of the broader Local Government Transport Plan Phase 2. DFID confirmed that its decision to prioritize rural roads was a response to the PFG CA which identified the lack of access to markets as a binding constraint to increasing agricultural production in the rural areas.

Finding 5: The development approach from the PFG Initiative has been mainstreamed, by both the GOT and USG, in their new development initiatives

The GOT BRN approach, which is modeled on the Malaysian Delivery Units, took the Constraints Analysis and the JCAP as foundational documents and incorporated the development principles of WGA, dialogue, targets, and regular monitoring and reporting. In parallel, new USG development initiatives, including Power Africa incorporated the principles enshrined within PFG. With the launch of the BRN and Power Africa it was logical for both the GOT and USG to formally transform the PFG structures.

[16] Stated in interview with DFID Tanzania April 8 2015.

CROSSCUTTING QUESTIONS

Crosscutting Question 1: What are the advantages and/or disadvantages of the PFG whole-of-government approach to development assistance?

The WGA (whole of government) is a term describing various ways of aligning formally distinct organizations in pursuit of agreed government objectives. More simply it may be thought of as ensuring that government has an integrated response to an issue and speaks with one voice. In the sense that a government seeks to coordinate the work of different agencies, all governments attempt to 'join-up.' Equally the functional separation of state agencies is a necessary feature of the modern state along with mechanisms[22] for dealing with the problems it creates. WGA may be defined as aiming to increase coordination between stakeholders in specific policy areas in order to eliminate situations in which different policies are not compatible, and to more effectively use scarce technical and financial resources.[23]

The evaluation team analyzed the advantages and disadvantages of the WGA as a core component of the PFG initiative in Tanzania, as well as PFG's alignment with WGA against the following criteria:

- Evidence of a shared interest/objectives/commitment by multiple organizations and/or agencies;
- Evidence of leadership that actively promotes WGA within management and coordination; and
- The existence of functioning accountability mechanisms that encourage an integrated approach.

Information on the advantages and disadvantages of PFG's WGA was obtained through semi-structured interviews primarily conducted with USG and GOT officials, including leadership and goal leads, engaged in the PFG process. The evaluation team also administered an online survey, which asked respondents their impressions of the PFG approach. The online survey was anonymous and was used to provide quantitative information on the cross-cutting questions. The responses from the semi-structured questionnaires have not been quantified.

[22] For example, by establishing inter-agency committees to address cross-cutting issues.
[23] Christensen, T. & Langried P. (2007),The Whole of Government Approach to Public Sector Reform, Public Administration Review, 67 (6)

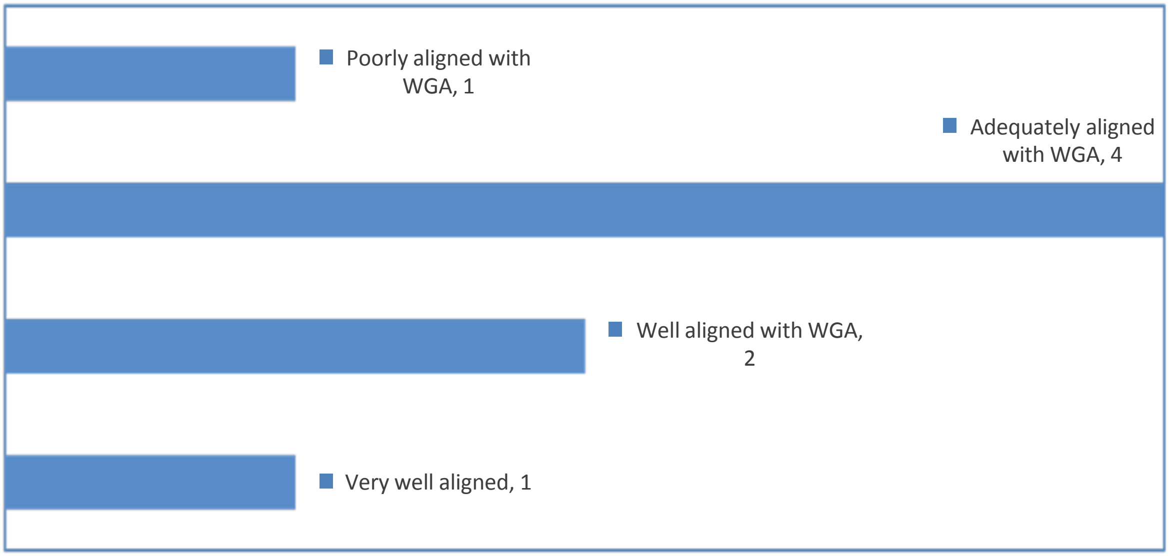
Finding 1: From the outset the PFG process was characterized by a WGA approach

The PFG process required a CA to be prepared jointly by representatives from the USG and GOT. The agreed CA provided the basis for agreeing the key priority areas and the subsequent preparation of the JCAP outlined goals and related LOAs. The architects and leaders involved with the early stages of the PFG process saw the preparation of the CA as an essential element in fostering the WGA. Interviewees who were actively involved in the CA saw it as a very useful exercise that deepened the understanding of all the participants on Tanzania's key development issues, constraints and possible approaches. For the USG, working with their GOT counterparts on the CA and the drafting of the JCAP increased inter-country collaboration and coordination and resulted in increased commitment and buy-in between USG and the GOT. A USG leader reported that the CA process had increased their understanding of the challenges encountered by their GOT counterparts and assisted in refining USG approaches to development work. Leaders from both the USG and the GOT considered the CA process instrumental in the GOT launching BRN, which built on the lessons learned from the PFG process. The CA process also contributed to refocusing the USAID bilateral program towards addressing the power constraint.

In the energy sector the PFG initiative was a joint process from the outset. It involved the Ministry of Energy and Minerals, the two power companies, TANESCO and ZECO, the gas company, Tanzania Petroleum Development Company (TPDC), the entities involved in rural electrification Rural Energy Association (REA) and TANESCO, and the energy regulatory (EWURA). On the USG side, a wide range of entities were involved including energy specialists from USAID, MCC, and the Department of Energy, the National Association of Regulatory Utility Commissions (NARUC) and the Illinois Commerce Commission (ICC).

The majority of respondents to the online survey stated that PFG is adequately, well, or very well aligned with WGA. The single respondent who felt that the PFG was poorly aligned stated that, "There has been no more coordination/interaction with stakeholders anymore. We have no access to information whether performed or not".

Figure 1: PFG Alignment with Whole-of-Government Approach



Finding 2: WGA has led to a change in the way USG programs deliver development assistance in Tanzania

The new USAID Country Development Cooperation Strategy (CDCS), for October 2015-October 2019 was finalized in November 2014 and is based on the core values of Country Ownership and Partnership. A USG leader noted that the PFG framework was embodied in the design of the CDCS and predicted it would be essential for delivering meaningful, sustainable results. USAID worked closely with the Prime Minister's Office (PMO). The USG and USAID in particular, are responsible for implementing eight USG Presidential Initiatives.[24] The GOT and USAID/Tanzania had noted that there was a degree of overlap among the various Presidential Initiatives. In response to requests from the GOT, USAID/Tanzania agreed to rebrand PFG in Tanzania to be complementary with the GOT's BRN initiative. This is described in the letter from USAID/Tanzania to the Prime Minister's Office.[25]

The relationship between the new USAID/Tanzania's Country Development Cooperation

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[24] These include Partnership for Growth (2011) Feed the Future (2010) New Alliance for Food Security and Nutrition (2012) Power Africa (2015) Trade Africa ((2013) Global Climate Change (2013) Tier 1 Biodiversity (2014) Anti-Trafficking in Wildlife (2013).

[25] Dated November 13, 2014: "Efforts and approaches initiated under the PFG on both power and rural roads have been fully integrated into the Power Africa and the FTF initiatives, respectively. The recently signed bilateral, interagency Power Africa Memorandum of Understanding carries forward the PFG energy work planning and coordination structures, which both the USG and GOT found useful. Rural roads planning and implementation efforts continue to be coordinated under our effective bilateral FTF relationship. USAID will also look to maintain and reinforce alignment of both efforts with Tanzania's new dialogue, structure, the Development Cooperation Framework, including through the Joint Energy Sector Working Group and Joint Agriculture Sector Working Group and their associated planning, coordination and monitoring structures. Therefore, all PFG reporting requirements will be subsumed under those of Power Africa and FTF. This will reduce workload for both PMO and USAID."

Strategy (CDCS) for the period October 2015-October 2019 and the existing Presidential and Agency Initiatives is shown below.

Table 5: USAID Tanzania, Country Development and Cooperation Strategy, 2015-2019 Integration with Presidential and Agency Initiatives

		PFG 2011	FTF 2010	New Alliance for Food Security And Nutrition	Power Africa 2015	Trade Africa 2013	Global Climate Change 2013	Tier 1 Biodiversity 2014country	Anti-Trafficking in Wildlife 2013
DO 2 Inclusive broad-based economic growth sustained									
IR 1	Binding constraints to private investment reduced	X	X	X	X	X			
IR 2	Agricultural productivity and profitability reduced	X	X	X	X	X	X		X
IR 3	Stewardship of natural resources improved		X	X		X	X	X	X
IR 4	Unmet needs for family planning reduced								
DO 3 Effective democratic governance improved									
IR 1	Citizen Engagement made more effective								
IR 2	Government delivery of services improved	X	X	X	X	X	X	X	X
IR 3	Government accountability increased	X	X	X	X	X	X	X	X

Source: CDCS (2015) Annex 1

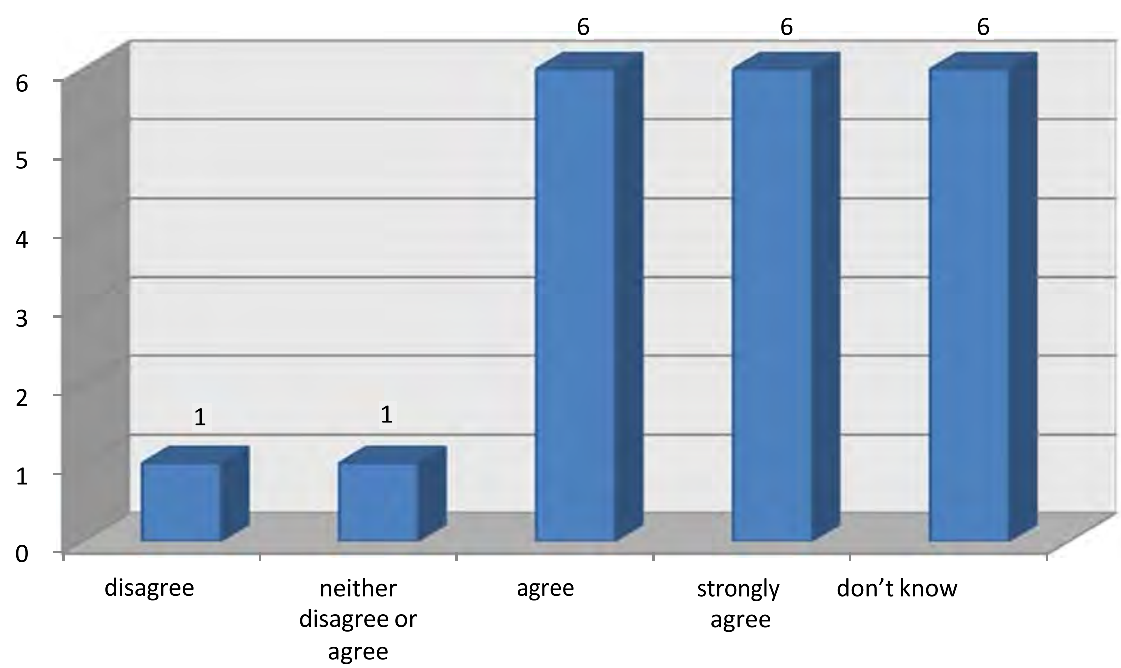
The BRN prioritized energy within a WFG framework with clear targets and reporting deliverables, however, rural roads were not explicitly included in the BRN. Perhaps PFG was set up to enable private investment. Electricity brings in revenue from consumers. Rural roads, in contrast, are managed by programs addressing food security. BRN has been supported by DFID and not USAID. The specific LOA in the JCAP were included in the Power Africa and FTF initiatives.

The PFG process included open dialogue, flexible implementation through updating activities and amending work plans to take account of changing circumstances, inclusion of new ideas, and an inclusive approach to ensuring stakeholder participation. This represents a significant advance over previous development approaches. The JCAP LOA in both energy and rural roads had the full support of both the GOT and USG along with other bilateral and multilateral development partners that were already providing technical, advisory, and financial support to both sectors, either directly or indirectly through Budget Support[26] (e.g., the World Bank and African Development Bank).

The majority of respondents from the online survey stated that the WGA in PFG is more effective in advancing economic growth than traditional development approaches. Inter-agency collaboration makes work more efficient and easier to achieve results. Over half of the respondents, six each, stated that they agree and strongly agree that WGA in PFG is more effective.

Effectively integrating a WGA into the development process enables each of the stakeholders to develop a more rounded understanding of the opportunities and constraints operating within their specific technical area. This creates additional opportunities to leverage scarce technical and financial resources for the identified LOA and over time contributes to more sustainable interventions. Ensuring that all the key stakeholders are effectively engaged throughout reduces the risk of policy or regulatory reversal.

Figure 2: WGA in PFG is More Effective in Advancing Economic Growth Compared to Traditional Development Approaches



Finding 3: WGA successfully focused human and operational resources and encouraged increasing consistency and coherence in the programming and policy objectives of the PFG and Power Africa

[26] Budget Support is an aid modality in which money is given directly to a recipient country government usually by a donor.

Several USG staff cited that increased coordination initiated by the PFG process has improved the dialogue and participation between the various USG agencies involved in the Power initiative. The weekly inter-agency meetings held at the Embassy were cited as a positive example.

Finding 4: WGA improved coordination between the USG and GOT

The WGA under PFG has brought multiple stakeholders together to discuss challenges, resources, and progress to date. This coordination has resulted in several opportunities for targeted USG agencies to assist their GOT counterparts. This is particularly the case for activities addressing the power constraint. A GOT leader noted that the WGA has led to inter-agency coordination between GOT and USG. Examples included increased coordination within GOT between TANESCO, the Ministry of Energy and EWURA, and within GOT the weekly meetings between all the USG agencies on energy issues. Furthermore, the PFG was instrumental in the decision to increase USG technical personnel with a Treasury Advisor assigned to the MOF (to focus on PPP).

Finding 5: WGA has led to a more consistent USG message on key GOT reforms

Several USG staff cited that increased coordination under PFG had led to more consistent messaging to GOT counterparts. More regular coordination and technical support meetings enable USG staff working for different agencies to reduce the risk of duplicating efforts and to draw on the deep technical resources within the USG. Tanzania-based USG personnel working on Power Africa meet on a weekly basis to ensure effective coordination and share information on progress and challenges.

Finding 6: The number of agencies to which the WGA is relevant is limited

Actively involving a wider range of agencies from the USG presents challenges when the staff has little or no understanding of the development context in Tanzania. In practice, most of the USG and GOT interviewees noted that the 'heavy lifting' was carried out by either USAID or MCC with specialist support from the Treasury and the Department of Commerce.

Crosscutting question 2: To what extent has the Partnership for Growth affected the workload on national government and us government staff, as compared to the workload created by traditional forms of development assistance delivery?

Findings for this evaluation question are based on the perceptions of respondents. None of the respondents maintained detailed timesheets on the allocation of their time before PFG and then throughout PFG implementation. This raises the risk of recall bias for respondents. It is difficult for respondents to compare the PFG workload with the workload created by traditional forms of development assistance.

Most respondents responded that their workload had increased under the PFG initiative. However, this is rather misleading because respondents were commenting on the time they spent in PFG meetings and events during the preparation of the CA and the JCAP and assuming this was simply additional time rather than comparing PFG activities relative to "traditional forms of development assistance."[27]

When questioned in more detail, GOT and USG respondents considered that the more inclusive PFG approach increased time spent on coordination and communication at the intra- and inter-governmental level.

PFG activities were categorized into:

- Coordination with colleagues within my government (intra-government);
- Coordination with colleagues in the partner government (inter-government);
- Monitoring progress of PFG tasks;
- Communicating about PFG with management and senior leadership in my government;
- Managing PFG activities;
- Designing and/or procuring PFG activities; and
- Other administrative tasks (preparing for meetings/logistics).

Introducing a new strategy or changing the ways routine tasks are implemented usually comes with some perceived increase in workload for related staff. However, the online survey implies there is only a marginal increase in workload due to the implementation of PFG. There does not appear to be a significant increase in workload of staff as they implement PFG. Five respondents online survey respondents perceived that their workload increased somewhat or significantly and three felt that it was about the same. Asking officials involved in the design of the PFG process, specifically the preparation of the CA and the drafting of the JCAP, questions related to their workload resulted in slightly more than half of respondents indicating an increase in workload. This question implicitly treats PFG as an additional activity for GOT staff, however, it should be noted that GOT and USG staff work on development tasks as part of their regular responsibilities.

Finding 1: PFG is operationally more efficient because even though the collaboration results in "a lot more talking" this is a prerequisite for addressing difficult issues

The PFG process (which is now embodied in the working practices of the BRN) created the framework for bringing relevant stakeholders together and initiated a "healthy constructive discussion" on difficult and important policy and regulatory issues. This had been missing from earlier "more traditional projects" which had tended to focus on "bite-sized" deliverables that could be implemented. PFG enabled a more comprehensive and holistic approach which often "took officials outside their comfort zone" as they were confronted with the necessity of tackling the "agreed constraints" to progress.

Finding 2: The PFG workload increased as USG technical staff became more technically involved

The commitment to the PFG initiative required a significant investment of time by senior USG

[27] A better question might have been "Did PFG take additional time compared to other forms of assistance?"

and GOT staff during the design phase through to the finalization of the CA report and the JCAP. Following the launch of the JCAP, technical personnel were responsible for implementation and the time allocated was mainstreamed into their routine work tasks.

The PFG process requires a significant upfront investment of time and resources, which could result in additional workload or crowding out of other tasks. A number of respondents mentioned the time expended on the CA which was 'added on to their existing workload'. However, the same respondents considered their time spent on the CA 'to be very valuable' and believed it would be useful to repeat the exercise to update the analysis and to transfer scarce applied economic and other technical skills to a wider range of GOT professionals.

The increased workload was time limited for higher-level participants who participated in the bi-annual Steering Committee meetings. Following the adoption of the JCAP, the day-to-day implementation was handed to technical personnel who integrated the specific work activities into their daily routine. Some technical officials involved in the Power Sector noted that PFG was enabling them to be more efficient and effective. However, technical officials working on rural roads had not perceived any change in their modus operandi. Several Senior GOT officials involved in rural roads, who participated in the CA, indicated that they found the rural roads deep dive and the JCAP experience positive, but subsequently reported no change in their work approach and were unable to respond to any questions relating to PFG effectiveness and efficiency.

Some examples of areas where workload appears to have increased slightly, according to certain respondents, include the following:

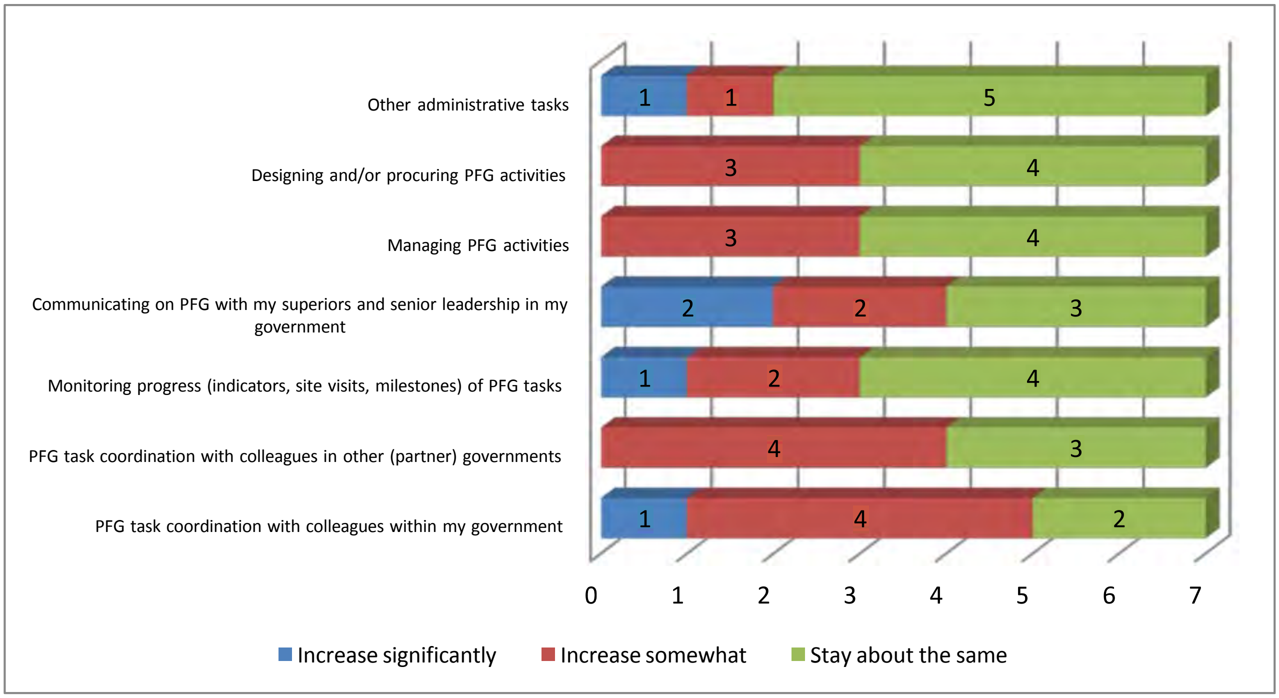
"*Power Africa, which, has taken over the energy portion of PFG in Tanzania.*"

"Time for monitoring and supervision activities on road fund works with local government authorities."

Finding 3: The PFG initiative has resulted in both USG and GOT staff allocating more time on intra-government coordination and communication

Both USG and GOT staff considered this a positive feature and were committed to maintaining the approach under future development initiatives. Figure 3 presents changes in workload by task, according to the online survey. Most tasks performed by PFG implementing staff reportedly required about the same level of effort as before, except for those that required collaboration and coordination.

Figure 3: Changes in Workload by Task



Crosscutting Question 3: What contributions has "non-assistance" made to the PFG process, and how can it be utilized moving forward?

For this evaluation USAID defined non-assistance tools as those including "diplomatic engagement, convening authority, and other forms of non-monetized assistance to engage both governmental and non-governmental stakeholders in support of catalytic policy change and development priorities."[14]

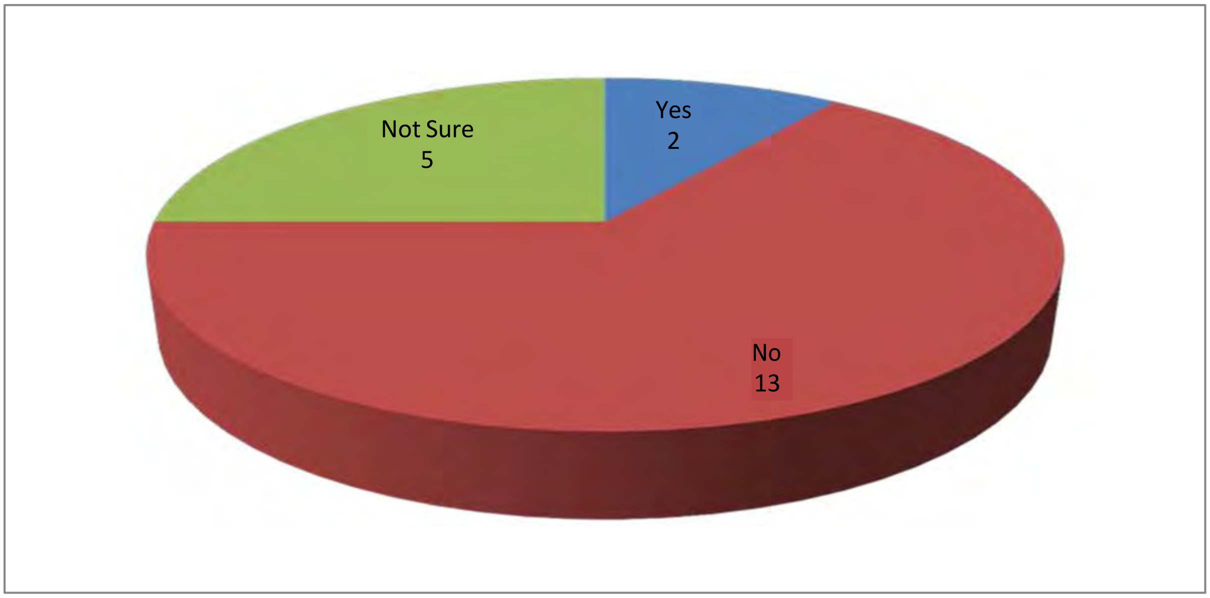
The evaluation team sought to identify whether non-assistance has made any contributions to the PFG initiative in Tanzania and how it can be used going forward. Leadership, program managers within USG and GOT and independent experts were asked about non-assistance during semi-structured interviews, and examples were also requested in the online survey.

Finding 1: The concept of non-assistance is more clearly understood at the leadership level of both the USG and GOT but less clear to many stakeholders, particularly lower level technical staff

At the technical and operational level respondents were not familiar with the concept of non-assistance and in the meetings asked for an explanation. Once the concept was explained, many of the respondents remained perplexed as they considered all development initiatives would deliver additional financial resources. The lack of familiarity of the USG and GOT program managers and implementers with the concept of non-assistance may result in opportunities to employ non-assistance being missed.

The majority of respondents from the online survey (13) had not seen "non-assistance" utilized under the PFG initiative (Figure 7). It should be noted that during the in-depth interviews, discussions tended towards the position that many staff in collaborating ministries, departments and agencies could not understand some of the terminology used under the PFG initiative, and non-assistance was one such terminology.

Figure 4: Have you seen non-assistance tools being used in the PFG activity you are or were involved with?



Finding 2: Non-assistance was viewed favorably by Leaders as facilitating the reform process, through creating a vehicle for providing high-level advice and Government-to-Government dialogue.

Leaders who understood non-assistance and its use, both within the GOT and USG commented favorably on the value of non-assistance as part of the PFG process. Embassy leadership throughout the launch of the PFG and subsequently throughout the transition to mainstreaming the approach into Power Africa and FTF is a clear example of the successful use of non-assistance in Tanzania. Examples of non-assistance provided by interview and survey respondents include:

- Use of USG and USAID convening power authority to engage high-level stakeholders within GOT on challenging economic policy discussions and reforms;
- US-Tanzania strategic dialogue; and
- High level visits from Washington D.C. to discuss policy reforms.

Finding 3: Aligning USG foreign policy goals with development goals through the WGA has the potential to increase the impact of non-assistance

A WGA involving non-assistance increases awareness of U.S. policy and regulatory issues. As leadership has shared experiences on regulatory reform in the power sector, dialogue has advanced on finalizing a second MCC Compact. All USG leaders and goal leads interviewed appreciated the opportunities created by the PFG initiative to more effectively engage on the reform agenda. Several of the GOT respondents commented that the PFG was aimed at opening up the economy to U.S. Investment, particularly in the strategic power sector. There was some evidence that, as the PFG process was rolled out, many of the GOT respondents began to take a broader perspective and recognized the importance of the ‘partnership’ aspect. Most respondents now accepted that in the power sector Tanzania requires foreign investment and has welcomed the commitment of the USG to support international competitive tendering. The PFG process has built up trust and weakened the perception that PFG is a vehicle for promoting US investment.

COUNTRY-SPECIFIC QUESTIONS

Country Specific Question 1: For each of the constraints, are the goal-level commitments set forth in the JCAP alone capable of achieving the constraint- level objectives and outcomes?

Following the completion of the CA, the evaluation team carried out “deep dive” analyses for rural roads and the power sectors to develop the JCAP which set out the proposed activities (LOAs) and presented the fundamental requirements for success. The JCAP stated that the GOT “will implement decisions made and take new actions” and “the USG will facilitate and support these actions.” The “fundamentals for success” described the processes and the responsibilities of both partners, and also identified specific regulatory reform and governance improvements required by government bodies, regulatory authorities and utility companies. The activities that would enable improvements to take place were listed in the JCAP. These measures were aimed at addressing the root causes of the constraints to growth in the power sector and rural roads and were based on the CA and sectoral deep dive analyses.

The CA and LOAs proposed under each of the goals are sound and were expected to mitigate the constraints. As the activities listed under the LOA are in different stages of implementation and have several more years to run it is difficult to provide a simple definitive answer to the Country Specific Question #1. The evaluation team asked whether each of the individual goals (or measures in the JCAP nomenclature) and their corresponding LOAs are **necessary**, and are they **sufficient** to achieve the constraint level outcomes. The evaluation team has concluded that the selected goals are generally aligned with their respective constraints.

Power Sector

As indicated earlier there is a consensus in Tanzania's Government and Energy sector entities, in USG entities and in the Development Community, that the Tanzania joint constraints analysis (the Growth Diagnostic study, 2011) has selected one of the key binding constraints to sustainable economic and social growth in Tanzania. Based on the interviews carried out by the evaluation team, there is a consensus that the JCAP was correct in identifying the following two root causes of the energy sector constraint: under investment in the energy sector, and insufficient institutional and technical capacity for robust planning. Each of the root- causes was assigned three measures which are listed below.

Root Cause 1: Inadequate investment in the electricity and natural gas subsectors: The following three goals (called Measures in the JCAP) were selected to help increase investment in the power sector.

- Measure 1.1 Establish a cost-reflective tariff for electricity services (In 2011, electricity tariffs covered 65-70 percent of costs; in early 2015, tariffs are covering 90 percent of TANESCO's costs with the regulator EWURA indicating that TANESCO should effect an efficient gain of 10 percent).[28]

- Measure 1.2 Minimize Revenue Loss (In 2012 TANESCO's aggregate losses (technical, non-technical, commercial, and collection losses) were estimated at 26 percent and ZECO's technical and non-technical (i.e. not including collection) losses were 26 percent. The 2017 target for aggregate losses is 20 percent for both utilities.

- Measure 1.3 Strengthen Legal and Regulatory Institutions (Develop and issue gas policy and implement a new Gas Act, prepare a policy document on renewable energy, review energy policy and publish a roadmap for power sector reform, initiate TANESCO restructuring.)

Root Cause 2: Insufficient institutional and technical capacity for robust planning

- Measure 2.1 Improve Energy Sector Planning (Review/Update/improved existing legislation, review Power System Master Plan, develop and implement standards for feed-in tariffs for renewable energy).

- Measure 2.2 Increase Key Power Sector Institutional Capacities (Aim to increase reliability through capacity building to strengthen operational management and control.)

- Measure 2.3 Promote Private Investment in Power (Ensure international competitive bidding procedures implemented, strengthen government owned entities' capacity to negotiate terms of reference for private investors, establish PPA guidelines for projects larger than 10 MW, and develop capacity to negotiate IPPs).

Following the launch of Power Africa in June 2013 and the announcement that Tanzania would be one of the priority countries, it was necessary to determine how to mainstream PFG into the new initiative. Power Africa embraced the PFG principles of WGA, a rigorous scientific approach, rigorous reporting and ongoing evaluation. Given the synergy between the multiple Presidential Initiatives, the GOT and USAID/Tanzania sought to streamline approaches to ensure the efficient use of scarce technical and institutional resources. In August 2014, the GOT and USG signed a Memorandum of Understanding (MOU) to define the roles and responsibilities under Power Africa.

[28] These figures were not reported as baseline on the scorecards. They were reported during interviews with EWURA, the electricity sector regulator. EWURA cost of service methodology only allows electricity tariffs to recover "efficient costs". EWURA indicated to the Mission that TANESCO could be more efficient by about 10 percent.

Power Africa incorporated the WGA principle of the PFG by drawing on the skills and experience of multiple USG agencies. The agencies mentioned in the MOU included the Department of Commerce, Department of State (Bureau for Energy Resources Energy Governance and Capacity Initiative), Department of the Treasury, Department of Energy, Export-Import Bank of the United States, the MCC, Overseas Private Investment Corporation, US African Development Foundation, USAID, and the US Trade and Development Agency.

The MOU noted that the GOT was committed to increasing installed electricity capacity to 2,780 MW and providing an additional five million Tanzanians with electricity by the end of the 2015/2016 Financial Year. The MOU reaffirmed the joint commitments of both the USG and GOT to the PFG JCAP along with the energy commitments related to the GOT's BRN Initiative. Power Africa supports the GOTs objectives of increasing the scale and quality of energy supply, improving operational efficiencies in the utilities and expanding access to electricity. This included a commitment by the GOT to undertake key policy reforms and structural changes in the energy sector:

- Execute catalytic, sustainable, transparent and non-discriminatory economic reforms to spur rapid, broad-based and inclusive economic growth, to demonstrate transformational leadership, and to drive meaningful policy change and institutional reform;
- Allocate adequate resources to address known and emerging constraints throughout the power sector; and
- Implement legislative, policy and regulatory reforms to expand available electricity supply, including from renewable resources, and increase access, including through clean, off-grid energy solutions.

The MOU lists specific objectives which are consistent with the JCAP. It focuses on improving TANESCO operations identifies transactions that will add 590,000 new connections, and redefines power sector strategy. The specific activities listed in the MOU mirror the LOA (measures) in the JCAP and include loss reduction, reducing TANESCO and TPDC payment arrears, reducing subsidies in the power sector, approving and implementing a Gas Master Plan (not later than March 2015)[29] increasing the transparency of tariff setting, realizing full-cost recovery tariffs, and developing a National Electrification Strategy.

The BRN initiative built on the CA and concluded that investment in the energy sector (electricity and gas) is required for ensuring adequate generation capacity to eliminate shortages which results in frequent outages. Furthermore, Power Africa, Compact II and USAID (as well as other donors) are providing significant financial resources and advisory support to address the power sector constraint directly through investment projects or through budgetary support.

Together the combination of leadership from the GOT and USG, the resources made available through these initiatives appear capable of resolving the binding constraint identified in Tanzania's power sector according to a statement from the Mission. The Mission's statement is based on the following observations: 1) The GOT has shown that power sector issues are very

[29] The evaluation team's understanding is that the Gas Master Plan has not been implemented as anticipated. It is currently being developed with support from JICA.

high on its agenda by including these sectors in its BRN initiative that is managed at the highest levels of the government; 2) The GOT has recently enacted acts impacting the natural gas sector, a critical input into a healthy power sector; 3) on the USG side, the Embassy has been heavily involved and Power Africa and MCC Compact II provide substantial financial and technical contributions; and 4) donors involved in the Tanzania energy sector are working together towards resolving power sector constraints.

It should be emphasized however that correcting such long standing issues requires: 1) a significant amount of time (most likely beyond the five-year horizon of an initiative such as the PFG); and 2) is dependent upon a substantial increase in private sector investment, which is noted in the two PFG scorecards (scorecard #1 covering the July 1, 2012 - June 30, 2013 period, and scorecard #2 covering the July 1, 2013 - June 30, 2014 period) is off-track. Private sector decisions and implementation timeframes are not just dependent on sectoral issues such as electricity and gas policy and strategies, regulatory framework or tariffs and cost-recovery matters, but also on macroeconomic and political factors, and real or perceived risks (such as elections, etc.).

Underinvestment in the energy sector is being addressed through: 1) a rapid transition to cost reflective tariffs, 2) the reduction of technical and commercial losses, and 3) enhancements in the legal and regulatory framework. Progress in all three areas is necessary and is expected to be sufficient for removing the constraint. Progress in only one or two areas is unlikely to be sufficient.

In the power sector, the JCAP prioritized strengthening the energy utilities (TANESCO and ZECO) and measures aimed at facilitating private sector participation and investment in new generating facilities, improvement in the legal, institutional and regulatory framework to improve the business enabling environment. More specifically the JCAP included a Summary Matrix listing all the LOA, the expected actions by the GOT and USG, and the opportunities for partnership with other donors.

Rural Roads

The evaluation team’s analysis of processes involved in selecting rural roads for in-depth review revealed that this goal has made progress; however, this has largely occurred independently of the PFG initiative. Increasing investment in rural roads and strengthening the institutional and technical capacities for rural roads infrastructure and maintenance services may be expected to improve market access as more roads are constructed and the percentage of roads listed as poor declines. Ensuring improved physical infrastructure leads to a reduction in transport costs will depend on the demand for transport services.

Finding 1: The lack of systematic bilateral goal-level implementation teams and goal-based work plans makes it more difficult to determine how and to what extent goals are relevant to constraint-level objectives

PFG-specific bilateral implementation teams did not provide uniform guidance for each goal and did not develop goal-level work plans. The evaluation team concluded that the creation of goal-level implementation teams and development of goal-based work plans would have spearheaded the development of direct and continuous connections between LOAs and goals, allowing progress toward outcome achievement to be assessed.

Finding 2: Given the absence of explicit theories of change, it is not possible to provide a theoretical assessment of the ability of goals selected in the JCAP to affect the desired constraint-level outcomes

The JCAP aligns twelve goals with the two constraints to growth, but it provides no explicit rationale for why these particular goals were chosen and how they are aligned. Without such a detailed rationale, it is speculative to argue if the goal-level commitments set forth in the JCAP alone are capable of achieving the constraint- level objectives and outcomes.

Finding 3: A formal TOC linking LOAs, goals, and constraints was not developed

Based on the review of PFG program documentation, the evaluation team concluded that generally PFG strategies for both the power and rural road constraints, as described in the goals and LOAs of the JCAP, reflect a loosely defined TOC. The six power sector goals are affected by two sub-constraints—underinvestment in the energy sector and insufficient institutional and technical capacity for robust energy sector planning. (Measures 1-3 and 4-6 outline major reforms.) The TOC implicit in the PFG power sector postulates that a broad approach, which addresses efficiency of the state owned utility provider along with the business regulatory environment will be sufficient to encourage new private investment in electricity generation.

The links between each LOA and goal and among the sub-constraints and constraints have not been spelled out. No narrative was produced to explain why specific LOAs were chosen rather than others, making it challenging to identify how goal-level commitments within the power constraint are supposed to achieve desired constraint-level outcomes.

Reducing and eliminating the rural road constraint identifies increased investment and increased institutional and technical capacity for construction and maintenance. The specific LOAs for improving capacity are primarily targeted at strengthening national and local government infrastructure units through introducing improved procedures and management systems, along with staff training. References to developing the skills and experience of local contractors were limited to enhancing the capacity of labor contractors and local community micro enterprises. These are all positive actions that will contribute to improving the allocation of resources, but they are insufficient for removing the rural road constraints as they focus solely on the supply of infrastructure. Reducing transport costs requires attention to both the infrastructure supply and the demand for transport services. Neither the CA nor the JCAP mention the market for transport services. Most of the road network in rural areas carries relatively few motorized vehicles but a large amount of non-motorized transport and pedestrians. Approximately 27 percent of the network (15,000 km) is only accessible for four-wheel drive vehicles and up to 50 percent of the network is not passable during the rainy season. The lack of access during the rainy season drives up post-harvest losses (currently averages 35 percent of total production).[30]

[30] Head, Greening, Rolt p. 9 (2014)

Finding 4: The JCAP was considered a central guiding tool for addressing the constraints in the power sector but played a much more modest role in addressing the rural roads constraints

The JCAP comes closest to providing implied theories of change for the Tanzania PFG initiative. The majority of USG and GOT interviewees officials in Tanzania considered the JCAP was essential to the development of the power agenda. However, none of the GOT officials working on rural roads considered the JCAP had any influence on their day to day work activities.

Despite the centrality of the JCAP for the power sector, all the Goal Leads interviewed argued that the goal-level commitments set out in the JCAP are overly ambitious for a five-year program. Thus, even if goal-level commitments are capable of achieving constraint-level objectives and outcomes, the projected length of time it would take to reach these goals was too short to realistically meet this target. Additionally, these Goal Leads observed that external factors that can affect PFG goal and constraint attainment (e.g., world market prices for natural gas and oil).

Finding 5: The JCAP was developed taking into account existing initiatives, many of which were already closely aligned with the two constraints

The initial selection of activities and LOAs were based on pragmatic decisions, rather than a comprehensive theoretical framework. Subsequent program and project design and implementation at the LOA-level have tightened the focus for the power constraint, but had only a limited impact on addressing the rural road constraint.

The PFG approach identifies the major constraints and implicitly treats the macroeconomic environment as exogenous. This results in budget and structural issues not being addressed in the JCAP except for a reference to the importance of improving the overall business enabling environment. This is justifiable as it is not possible for a sectoral program to address such issues. However, it would be useful to note explicitly how fiscal constraints may impact the mobilization of investment capital for new infrastructure (by preventing the issuing of government guarantees). Mobilizing finance for large and lumpy infrastructure investments (e.g., power generation, gas pipelines, etc.) is proving challenging. There were no private sector participants in the preparation of the CA and the JCAP.

While Power was identified as one of the top two constrains under the USG-GOT Constraints Analysis and the JCAP the GOT BRN chose to identify priority sectors including: energy and natural gas; agriculture; water; education; transport; and the mobilization of resources. While the two PFG sectors are present by adding in additional sectors the GOT has moved away from the Constraints Analysis and the JCAP. Focusing on additional sectors challenges the capacity of the GOT to achieve the PFG targets within the agreed time frame.

Finding 4: The ability to remove constraints and attain goals is subject to influences of a broad range of factors beyond the domain of PFG, including the politics of the host country

The relationship of goals to constraints is affected by factors outside the JCAP's implicit TOC. Political differences within Tanzania over the role of foreign direct investment, have limited the PFG's ability to achieve the constraint-level objectives and outcomes. For both electric power and rural road, USG and GOT PFG staff who worked on specific goals generally believed that certain GOT policies and actions have limited PFG's effectiveness in achieving the constraint-level objectives and outcomes. The lack of progress on Power Goal Five and the absence of active cooperation between public and private sector members envisioned under Goal One, for instance, were seen as major obstacles to making progress on the power constraint. Of the private sector and USG interviewees in Tanzania who deal primarily with the power constraint, eight of 11 interviewees agreed that the lack of clarity on the role of the private sector prior to the finalization of the Power Sector strategy was primarily responsible for the lack of investment and growth in the power sector.

Country Specific Question 2: The PFG model places emphasis on evidence-based decision making and fact-based monitoring. Is quantitative and objectively verifiable information being used to manage JCAP implementation in order to achieve and measure results?

The PFG initiative as well as Power Africa, MCC Compact II, and the other USG operations in Tanzania have from their initiation, emphasized the importance of evidence-based decision making and reliance on quantitative and objectively verifiable information to manage the JCAP.
However, the M&E Addendum was not finalized as a separate document. The Scorecard and Work Plan were prepared jointly for the period July 1, 2012-June 30, 2013 and was updated in February 2014. No further PFG scorecards have been prepared as activities were subsequently branded and monitored under the Power Africa and FTF initiatives. The PFG Scorecard is publicly available, which promotes transparency. The BRN report for the period 2013-2014 was finalized and made publicly available in March 2015. The Scorecard (was prepared for power and rural roads at the end of Year One in 2013 and updated for power in February 2014) contains baseline data and lists the first-year results along with the 2016 and 2017 targets. Both Power Africa and FTF have grandfathered the targets and reporting criteria from the PFG process. Quantitative and objectively verifiable information is being used in the context of the BRN, Power Africa and Feed the Future reporting requirements. This has superseded the use of scorecards for managing JCAP implementation.

The use of quantitative and objectively verifiable information to manage JCAP implementation differs among goals because the agencies involved in each goal follow their own reporting and M&E requirements. Apart from the scorecard process, the M&E within the PFG was quite varied. A number of interviewees expressed concerns that the scorecard process may be somewhat subjective. Generally, across the two constraints and their corresponding goals, USG has a more systematized M&E process than the GOT; however, even within USG, the level of rigor varies among agencies and across goals. Most goal-leading and implementing agencies within the GOT have either not implemented M&E or have only recently initiated M&E processes to meet donor requirements. Although interviewees considered the Scorecard process somewhat subjective, there is increased awareness among leadership, Goal Leads, and LOA implementers of the importance of a more systematic use of goal-level indicators and M&E in general.

The amount of available information differed across goals and was sparse or completely absent for certain goals. Interviews with leadership, Goal Leads, and LOA implementers from both the USG and GOT provided additional information. The desk/document review and interviews were supplemented by responses to two questions in the online survey: 1) "In your opinion, are the appropriate indicators being used to allow for transparent, accountable and fact-based monitoring of the PFG?" and 2) "Can you provide some examples of alternative indicators to allow for transparent, accountable, fact-based monitoring?"

To answer Country-Specific Questions 2 and 3, the evaluation team selected two goals for in-depth evaluation. The findings for this second country-specific evaluation question are based on the information gathered from the four sources above and are relevant for all goals. However, illustrations and examples provided in this section are mainly related to the two goals that the evaluation team studied in depth.

Finding 1: The nature of goal-level indicators is quite different for each of the two constraints resulting in a lack of consistency

The different designs of the power and rural roads constraints and their respective goal-level indicators have both strengths and weaknesses. For the power constraint, PFG decided to use four indicators with the information being sourced from TANESCO and ZECO. The rural roads constraint also had four indicators with information from the Development and Maintenance Budget (as reported in the Local Government Transport Program, the Joint Infrastructure Sector Review (JISR) and the DoR-ZRMMS). The rural road indicators measure the size of the financial resources allocated to rural roads and the percentage of rural roads in fair-to-good condition. The rural roads indicators are more likely to be externally generated by organizations not partnering under the PFG (other donors). This approach is cost effective and facilitates cross- country comparisons, but suffers from lags in reporting and a lack of control—and thus flexibility—over what is measured.

Finding 2: The M&E framework required by the JCAP was not finalized

The JCAP states that "the GOT and USG plan to work together to establish an evidence-based M&E framework." This entails identifying and tracking progress on sectoral- and macro-level indicators against jointly agreed benchmarks. The newly established Technical Working Group for the PFG met and discussed indicators and the drafting of the M&E plan. However, there was no agreement on the indicators, and the formal M&E plan was never finalized.

Six constraint-level indicators were mostly understood as long-term objectives, with limited relevance to performance at mid-term. The three constraint-level indicators for the power constraint were considered by those interviewed to be well defined and sufficiently specific. However, the indicators for the rural road constraint were often considered overly general.

The evaluation team also found that a majority of USG and GOT Power and Rural Road Goal Leads were unaware of the three long-term overall indicators for their constraint and had to be prompted to discuss them. Goal Leads from both constraints stated that they were never briefed about how their particular goals and LOAs would affect the constraint-level indicators, information that would be useful to appropriately aligning indicators and monitoring to gauge progress for the overall PFG initiative. This lack of information about the relation between goal-level indicators and the constraint level indicators was especially prevalent on the Rural Road constraint. Once Goal Leads became aware of the constraint-level indicators, through prompting by the evaluation team, they confirmed that these indicators were not systematically included in the scorecard report or discussed during scorecard meetings.

Finding 3: Monitoring goal progress using the PFG scorecards was performed twice for the power sector through to June 2014 and once for rural roads through to June 2013

Quantitative and objectively verifiable information is being used in the context of the BRN, Power Africa and Feed the Future reporting requirements. This has superseded the use of scorecards for managing JCAP implementation.

LOAs in the JCAP which have been grandfathered into Power Africa and FTF were managed with quantitative and objectively verifiable information using USAID M&E procedures, as they were led by USAID or were GOT LOAs "paired" with USG. Moreover, the scorecard process has evolved, with more recent scorecards incorporating explicit, forward-looking targets that can be evaluated at the LOA level, even though those indicators sometimes measure inputs only.

Finding 4: Many PFG stakeholders do not believe the scorecard process is an objective, fact-based monitoring process, but still consider the process useful

While respondents felt the scorecard process was subjective and did not exclusively rely on objective outcome data, all appreciated the process and considered it an important tool. Also, receiving a less than an "on track" score is considered highly undesirable. Avoiding such a rating provides an incentive to perform. The systemic problem with the scorecard process, then, is not the grading system ("on track" or "behind schedule"); rather, it is that the evaluation process often ends at the LOA-level. The rating is often an aggregation of the LOA data. However, of note is that the scorecards are no longer being used since PFG rural roads component was transferred to FTF.

Finding 5: For USG LOAs not managed by USAID and MCC, as well as for GOT LOAs not "paired" with either a USAID- or MCC-led LOA, the indicators based upon outcomes are not routinely collected

Generally, agencies other than USAID and MCC use process data (input indicators) rather than outcome data as LOA indicators. While there are uses for input indicator, they do not address the more important questions of outcomes, impacts, and sustainability. The focus on process indicators was partly due to legacy LOAs that pre-dated the PFG and existing contracts that did not include indicators specific to the PFG LOA.

Country Specific Question 3: At the midterm, are the performances of the selected PFG interventions on target and creating the necessary outputs to achieve the desired outcomes?

This question may be divided into two parts. First, are the performances to date on target in terms of the original timeline envisaged in the JCAP? Second, are the outputs or actions implemented to date likely to reduce the constraints as expected in the JCAP? The evaluation team examined the June 2013Scorecard and information from the interviews, as well as reports from Power Africa and the IRRIP project to address Country Specific Question 3.

Power Sector Performance

Table 6 provides an overview of the PFG and BRN indicators and their baselines and 2016-2017 targets for the electric power sector.

Table 6: Electricity Indicators

	2012 Baseline	2013 Actual	2014 Actual	2016 BRN Target	2017 Target
Total installed power generation capacity (MW)	1,438	1,501	1,396	2,260	3,000
Percentage of population with access to electricity	18.4%	21.06%	24%	30%	34%
TANESCO connections	984,000	1.166 million	1.297 million		1.5 million
ZECO connections	111,161	116,723			143,576

Table 7: Electricity Indicators: Zanzibar

	2012 Baseline	2013 Target	2017 Target	2013 Actual
Total installed power generation capacity (MW)	30	0	0	30 (for standby)
Percentage of population with access to electricity	43.5%	46.2%	56.2%	45.7%

In the context of the PFG two scorecards were prepared for Tanzania's energy sector[31,] one for the July 1, 2012 - June 30, 2013 period, and the second one for the July 1 - June 30, 2014 period.

[31] A second score card covering the July1, 2013 to June 30, 2014 period was prepared around November 2014, but never issued. The team does not know why not, but this may have been related to folding power into Power Africa.

Table 8: Summary of the Second (and last) PFG Scorecard

Root Cause 1: Underinvestment in the Energy Sector	Score Status
Measure 1.1 Establish Cost-reflective Tariff	On Track
Measure 1.2 Minimize Revenue Loss	On Track
Measure 1.3 Strengthen Legal and Regulatory Institutions	On Track
Root Cause 2: Insufficient Institutional and Technical Capacity for Robust Energy Sector Planning	
Measure 2.1 Improve Energy Sector Planning	On Track
Measure 2.2 Increase Key Power Sector Institutional Capacities	On Track
Measure 2.3 Promote Private Investment in Power	Behind Schedule

Finding 1: Power activities initiated under the PFG JCAP and subsequently rebranded under Power Africa, aimed at strengthening the legal and regulatory framework and institutions to remove non-financial barriers to encouraging private sector investment, have made significant progress

Progress was recorded in the following areas: 1) the electricity tariff was increased to cover 90 percent of TANESCO's own estimate of the cost of service; 2) a mechanism for adjusting the electricity tariff each quarter to reflect inflation and exchange rate movements was established (subject to approval by the regulator EWURA); 3)use of competitive procurement procedures was made mandatory; 4) use of both model Power Purchase Agreements and Small Power Purchase Agreements (SPPAs) was made mandatory; and 5) an auction process was introduced for awarding Independent Power Purchasers (IPP) contracts for solar and wind power generation projects. The Gas Bill was drafted and submitted to Parliament and the GOT tabled its visions for the organization of the electricity sector.

Table 9 summarizes the progress in addressing the root causes of underinvestment in the energy sector.

Table 9: Root cause 1 - Underinvestment in the Energy Sector[32]

Measure	2013 Actual	2017 Target	Status
1.1 Establish Cost-Reflective tariff Structure	Tariff as percentage of cost of service Rate of TANESCO-ZECO revenue growth is greater than inflation	Maintain 100% cost-reflective tariff for TANESCO and ZECO Revenue growth is greater than inflation ZECO: Targeted revenue growth rate is 37.4% TANESCO: Annual repair	69% NA
		Maintenance budget is 10% of total budget	2%

[32] Baseline data were not provided in the scorecard.

Measure	2013 Actual	2017 Target	Status
	Increase in annual repair and maintenance budget toward target of 10%	ZECO: Annual repair and maintenance budget is 8.69% over total budget	2.85%
1.2 Minimize revenue loss	TANESCO: Technical and Commercial Losses (Transmission and Distribution) were reduced from 21% to 19%; Collection Losses estimated at 5%; Total is 24% (Target = 20%)	Aggregate Technical, Commercial and Collection Losses below 20% for both utilities	24% 26%
1.3 Strengthen legal and regulatory institutions relating to power sector	Gas Policy issued Gas Act not passed- Not yet Renewable Energy Policy issues-Not yet	Consistent implementation of all power sector policy, legal and regulatory instruments	See Col. 2

Finding 2: The three measures selected to remedy the underinvestment in the energy sector are all on track

Electricity tariffs have been adjusted to close to cost-recovery levels and an automatic tariff adjustment mechanism put in place. EWURA (the regulator) recognizes that as of early 2015 TANESCO's tariffs are close (about 90 percent) to cost-recovery after taking into account efficiency gains of 10 percent. A cost-of-service analysis was carried out in 2012 which led TANESCO to resubmit a tariff adjustment petition. In 2012, TANESCO tariffs covered about 69 percent of its costs including depreciation but with no return on the shareholder/Tanzania equity. In early 2013, at the request of its sole shareholder, TANESCO withdrew its tariff petition. In addition to the tariff adjustment process specified in the Electricity Act (2008), EWURA proposed a quarterly tariff adjustment mechanism reflecting cost increases resulting from exchange rate changes and inflation. Additional proposals have also been put forward by the regulator to address TANESCO’s liquidity problems that impact regular maintenance and essential investment, such as reducing its debt.

For the first part of 2014, TANESCO’s losses (transmission and distribution technical and commercial losses) were estimated at around 22 percent, still above to the target of 20 percent, but an improvement over the 24 percent average for 2013. ZECO’s losses were estimated at about 26 percent. The PFG 2017 target for both utilities is 20 percent. The positive changes registered so far and TANESCO's efforts in particular through installing the Advanced Metering Infrastructure (AMI) and expanding the use of prepaid meters, indicate that the 20 percent target for 2017 is achievable.

Finding 3: Significant progress has been achieved with respect to strengthening the legal and regulatory institutions pertaining to the energy sector

This includes the approval by the GOT of the Natural Gas Policy and the preparation of the Gas Act. EWURA approved new regulations to implement the 2008 Electricity Act including an automatic quarterly tariff adjustment mechanism, mandatory use of model PPAs, and new second-generation of technology-based model SPPAs (for small private generators, competitive procurement). A grid code and wheeling charges are also under development by EWURA.

Table 10: Root Cause 2 - Insufficient Institutional and Technical Capacity for Robust Energy Sector Planning and Management[33]

Measure	2013 Target	2017 Target	Status
2.1 Improve sector planning	Gas Utilization Master Plan issued and implementation begun Power Sector Master Plan issued and implementation begun Rural Energy Prospectus issued	100% of procurements are conducted in accordance with Power Sector Master Plan	Not yet Q2 13 Issued Q2 14
2.2 Increase key sector institutional capacities	TANESCO will develop appropriate baseline measure for reliability (e.g., power availability compared to peak load demand and reserve margin)	TANESCO will develop appropriate target for reliability (e.g., power availability compared to peak load demand and reserve margin)	Not yet
2.3 Promote private investment in power	Percentage of new investment in power generation, transmission, distribution through private sector	Several IPP projects are under negotiation between TANESCO and developers	To be calculated

Finding 4: Significant progress has been achieved in improving sector planning and increasing key sector institutional capacities

Significant progress has been achieved in the energy sector with the support of the USG entities and other donors: 1) Cabinet approval of an Electricity Supply Industry Strategy and Roadmap (2014-2025) laying out the GOT's vision for reforming the electricity sector in the short, medium, and long terms as well as a phased implementation roadmap; 2) introduction of a quarterly tariff adjustment mechanism; 3) mandatory use of Standard Power Purchase Agreement (SPPAs) and technology based SPPAs; 4) competitive procurement regulations; 5) approval of a natural Gas

[33] Baseline data were available for sector wide indicators (presented in Tables 6 and 7). Baseline data were not available for specific indicators tracking progress on measures selected for each root cause.

Policy and the submission to Parliament of a Gas Act; and 6) the development of the Grid Code and wheeling charges.

In addition, a power sector master plan (with JICA support), a Renewal Electricity Feed-in Tariff (REFIT), a competitive auctioning process for solar and wind energy generation, the development of demand-side management and energy efficiency measures, and feasibility studies are under development with USG support.

Finding 5: The promotion of private sector investment in the energy sector is behind schedule

The GOT sought to attract Independent Power Producers (IPPs) through the enactment of 2008 Electricity Act and the introduction of Power Purchase Agreements (PPAs). The importance of IPPs investment was highlighted during the 2006 and 2012 power problems resulting from droughts that severely reduced hydro generation. This also led to the entry of very costly Emergency Power Producers (EPPs) and severe financial problems at TANESCO and budget subsidies.

While interest has been shown by private investors, limited private sector investment has been registered so far regarding the large infrastructure needed in electricity generation and in the transport and distribution of natural gas. Two new power generating plants were approved (Kinyerezi III and IV) as a PPP with Chinese investors. The new Mnazi Bay-Songo Songo-Dar Es-Salaam natural gas pipeline (532 km) and the processing plant nearing completion were partly financed by China Eximbank.

Implementation of this measure is currently off-track despite progress in clarifying the Government's vision in both the electricity and gas sectors, implementing cost-recovery principles and introducing a quarterly adjustment mechanism for electricity tariffs, and introducing model PPAs and SPPAs for private investors in the power generation segment. However, the expected increase in private financing has not yet materialized. Nor have other additional measures contemplated by the GOT, USG and other donors been taken, such as the provision of partial risks guarantees, the creation of a central PPP unit, or development of a one-stop permitting process center or unique delivery unit. None of these measures had been implemented at the time of the evaluation. The Central PPP unit Center and the delivery of a one stop shop have been established as an amendment to the PPP Act, however, the unit remains to be set up and assigned a director. TANESCO has an existing ‘one-stop shop’ for Small Power Producers (defined as less than 10MW).

Progress in engaging the private sector has, however, been made in rural electrification on small hydroelectric and solar, in particular through the activities of the Rural Electrification Agency (REA) including the Rural Energy Fund and financing from other donors, and the Power Africa embedded advisors. The main outstanding issues are equity financing, advisory support to develop and present quality projects, and the actual and perceived risk of TANESCO.

Rural Roads Sector Performance

In November 2012, the PMORALG, Ministry of Finance and the Donor Party Joint Technical Group validated the five-year rural road development strategy in the Local Government Transport Program Two (LGPT2) prepared with DFID financing. The Joint Infrastructure Working Group developed investment plans based on the targets set down in LGPT2 and requested the GOT to include LGPT2 roads in their annual budget; however, this has not been implemented. Maintenance funding for rural roads is allocated from the Road Fund Board (RFB) in accordance with the 70 percent/30 percent allocation between national and rural roads. The funds disbursed by the RFB are primarily for maintenance, not rehabilitation of new road construction. A study by DANIDA (2012) recommended that the RFB funds should reclassify rehabilitation as maintenance and recommended LGA funding as 35 percent to clear the backlog and then 31-33 percent in the longer term.

USAID committed to undertaking a fiduciary risk assessment of the Roads Fund as part of the due diligence to allocating funds. This was completed in 2013 according to DFID guidelines. Other donors, particularly DFID used the CA to develop a roads construction project focused on addressing specific bottlenecks. The bottlenecks were identified in a World Bank study. The EU and JICA are providing technical assistance to a number of LGAs. Through the IRRIP project, USAID supported t the Mikumi, Kidatu-Ifakara road project design works for upgrading 103.3km to bitumen standard.[34]

USAID funded the development of a cost-benefit analysis tool for rural roads in the FTF areas. The IRRIP project worked with four FTF districts and identified 10 priority roads from an initial target of 1,000 km. The 10 priority roads identified were included in District Development Plans and the World Bank's bottleneck study. The PFG aimed to extend this prioritization to other districts as additional resources became available.

Finding 1: Limited progress has been made in the rural roads sector

USAID had planned to provide the existing Irrigation and Rural Roads Infrastructure Project (IRRIP) under FTF with funding to construct 1,000 km of new rural roads. However, when rural roads improvement was folded into IRRIP (IRRIP is helping to implement FTF) funding only supported 300 km of roads rather than 1,000 km. In addition, initial delays in implementing IRRIP (in part due to confusion on FARRILs) resulted in achieving only 175 km by September 2016 as opposed to 300 km.

Increasing financial allocation for rural roads investments, strengthening national-level institutional and technical capacity for rural roads investment and maintenance services, and developing the capacity of contractors and local community microenterprises (to provide road maintenance) were all behind schedule in 2013 and have continued to be behind. Additional funds were provided for maintenance, and the five-year rural road development strategy was approved in November 2012. However, progress in the rural roads sector continues to lag.

[34] The feasibility study was completed in March 2014; detailed design in August 2014; work scheduled for completion in September 2015.

Table 11: Rural Road Sector Indicators at the National Level Used for the PFG Scorecard[35]

Action	Location	June 2013 Target	June 2013 Actual	June 2017 Target	Source of Information
Rural Road (RR) Development Budget requirements for non-paved roads ($m)	Mainland	15.04	9.1	142.9	Development Budget (LGTP)
RR LGA routine maintenance, including spot repairs, bridge and emergency maintenance ($m)	Mainland	141.34	91.84	148	Maintenance Budget (LGPT)
	Zanzibar	1.4	1.34	1.9	Dept. of Roads, ZRMMS
Percent of Rural Roads (LGA) in fair to good condition	Mainland	59	59	69	JISR
% of rural roads (Regional) in fair to good condition (paved and non-paved)	Mainland	82	82	92	JISR (2012)
	Zanzibar	51	50	60	Dept. of Roads, ZRMMS

The scorecard broke down the indicators by each of the two root causes and set specific targets for increasing the financial allocation for rural road investment and maintenance services and for developing a five-year investment program. At the end of Year 1 the status is shown below.

Table 12: Rural Road Sector Root Cause Indicators at the National Level Used for the PFG Scorecard[36]

Measure	Location	June 2013 target ($m)	June 2013 Actual ($m)	June 2017 target ($m)	Source of Information
1.1 Increase financial allocation for rural road investments	Mainland	1.08	1.4	19	Estimated by PFG RR team
1.2 Increase financial allocation for rural roads maintenance services	Mainland	12.21	13.35	16	Estimated and Road Fund Concept Paper
	Zanzibar	3.6	3.2	4.5	Road Fund Concept Paper

[35] Baseline data were not reported on Scorecard.
[36] Baseline data were not reported on Scorecard.

Measure	Location	June 2013 target ($m)	June 2013 Actual ($m)	June 2017 target ($m)	Source of Information
1.3 Develop a 5 Year Rural Roads Investment Program		Investment program completed RIC data updated and field verification cost-benefit analysis done on 500 km		5-year investment program on 6000 km RICA updated on 5000 km CBA undertaken on 6000 km	PMORALG Progress Reports/TAN ROADS and ZRMMS

Country Specific Question 4: If the performance is not on target or creating the outputs necessary to achieve the desired outcomes why?

The progress to date measured against the JCAP objectives and the implicit M&E targets as shown in the first year Scorecards indicate that the performance is not on target to realize the outcomes desired within the agreed timeframe. The original PFG initiative was scheduled to run over five years with the first year focused on conducting the CA and preparing the JCAP. The actions and timeline set in the JCAP were deliberately ambitious (a characteristic of the BRN) to focus attention and help convince the GOT and USG to make them a priority. In addition, after the CA was completed in September 2011 and the JCAP was finalized in July 2012, USAID/Tanzania had limited financial resources to address the two key constraints. Implementation of the activities listed in the JCAP over 2012-2015 has resulted in significant progress in the power sector and limited progress for rural roads. The PFG process leveraged significant additional technical and financial resources in the power sector, but less for rural roads. Achieving the desired outcomes will take more time and financial resources.

The PFG process ensured that Tanzania was included in the initial round of six focus countries when Power Africa was announced by President Obama in Cape Town in June 2013. The JCAP provided the basis for the MOU between the GOT and USG for the Power Africa initiative. Tanzania's active commitment to the PFG process was instrumental in the decision of the MCC Board of Directors approval the development of a second compact in December 2012. The GOT used the CA developed under the PFG as the basis for its request in September 2013. The concept notes were developed from the JCAP and focused on improving the technical and operational viability of the public power utilities, increasing access to electricity, and improving the rural road network to "unleash the economic potential of key agricultural regions." The concept notes were finalized in April 2014, and following further due diligence, the MCC agreed in December 2014 to proceed with the design of a second compact, focusing exclusively on the power sector.

The PFG's WGA and clearly articulated and transparent analytical process, and use of non-assistance to deepen dialogue and develop capacity resulted in a joint commitment to addressing two high priority constraints. These principles have been mainstreamed into the GOT development agenda through the BRN and the ongoing updating of the Five-Year Plan. They also influenced the USG's development strategy embodied in the new CDCS and rebranding the PFG into Power Africa and FTF as well as other donors.

Finding 1: The JCAP was ambitious and attempted to achieve too much within a relatively short (five year) timeframe

With scarce technical and financial resources and the TANESCO's challenging financial position in 2012 resulting from the EPPs it was unrealistic to expect rapid progress across all the actions listed in the Activity Matrix. With the large tariff increase in January 2014 and the additional capacity of Kinyarezi I expected to be on stream by December 2015, it is expected that progress will be achieved during the final two years of the PFG (2016-2018).

Finding 2: PFG's promotion of private investment in the power sector was behind schedule

Mobilizing private sector financing in the electricity and natural gas subsectors is key to resolving the binding constraint of underinvestment in the energy sector in Tanzania. The JCAP measure for promotion of private sector in the power sector is behind schedule. This is not unique to Tanzania, as various developing countries notably in Sub-Saharan Africa have not be able to mobilize private sector financing to a level sufficient to significantly reduce the investment financing gap. In Tanzania, this may be explained by the short elapsed time since the power sector reforms and the risks discussed below:

- **Time.** Implementation of the USG sponsored energy sector efforts (PFG, Power Africa Initiative, Compact II, USAID energy program) and the GOT's initiatives (such as the BRN) take time for visible results to occur.

- **Election Period.** Presidential elections are scheduled for October 2015, inevitably bringing some uncertainties and delays in commitments and decisions.

- **Ambivalence about the extent of foreign private sector participation in the power sector.** There is still some GOT ambivalence about the extent of foreign private sector participation in strategic sectors like electricity and natural gas. This ambivalence has been exacerbated by speeches and statements by Cabinet Ministers over the ability of the private sector to serve Tanzania's strategic interests in the power sector. Following the Cabinet reshuffle in late 2014 the GOT has delivered a more consistent message.

- **Power sector outlook**. The GOT's adoption of the Electricity Supply Industry Reform Strategy (2014-2025) has been an important positive development. This reform strategy lays out a roadmap to improve the performance of the electricity sector. With the objectives of increasing access to electricity services, improving reliability, diversifying the energy through increased investment in the sector, and private sector participation, the roadmap lays out a four-stage reform strategy consistent with the PFG objectives:
    - July 2014 to June 2015: TANESCO will remain vertically integrated with ring-fenced business units with an Integrated System Operator (ISO) and a

procurement coordinator (EIPC) embedded within the transmission operations;

- July 2015 to June 2018: The liberalization of electric power generation to encourage IPPs and SPPs) while transmission and distribution remain an exclusive role for the parastatal TANESCO; (3) July 2018-June 2021--Separating power distribution from the rest of TANESCO's operations to strengthen power generation and private sector participation;
- July 2012 to June 2025: Unbundling of the distribution segment into regional distribution companies to create a competitive wholesale market split into four segments generation, transmission, distribution, and the retailing to the final consumer) with rural electrification investment and management carried out by the REA, private sector, and other stakeholders.

Finding 3: The PFG process has assisted in delivering significant positive structural changes in the power sector

Positive reforms in the power sector include the adoption of technology based PPAs, more transparent procurement rules issued by EWURA, tariff adjustments for nearly full cost recovery, establishment of a mechanism for ensuring routine tariff adjustments to lock in cost recovery pricing, and the new gas legislation approved in July 2015).[37]

Finding 4: The USG is a relatively modest donor for rural roads in Tanzania

Initially it was envisaged that rural roads would be included as one of the focal areas for the second MCC Compact. However, the MCC later decided that it would focus solely on the power sector. USAID is a relatively small donor in the rural roads sector compared with the World Bank, the African Development Bank, DFID, the EU and JICA. However, other donors, particularly DFID, designed and began implementing a major rural roads project following the publication of the CA and its integration into the five-year Development Plan.

[37] In Jul 2015 Parliament passed the following 3 acts that were approved by the President of Tanzania in August 2015: (a) The Petroleum Act (covering both oil and natural gas; (b) The Tanzania Extractive Industry (Transparency and Accountability) Act; (c) The Oil and Gas Revenue Management Act.

RECOMMENDATIONS

PFG PROCESS RECOMMENDATIONS

1. **Develop explicit logical frameworks (“log frames”) for the power and rural roads sectors, with clearly linked and systematic objectives, indicators, assumptions, and measures, in the context of a Theory of Change (TOC).** The absence of a formal TOC that links LOAs, goals, and constraints, and explanation of how the proposed reforms would lead to the intended development outcomes suggests that there may be unrealistic confidence that the LOAs and goals will lead to the removal of the constraints. Both the power and the rural roads activities used an implicit TOC. There was no documentation that explained why specific activities were prioritized over alternatives. This makes it challenging to identify how goal-level commitments are intended to achieve the desired constraint mitigation outcomes. A project design tool such as a log frame forces more rigorous thinking on the causal linkages between inputs, outputs, and desired outcome/s (or purpose). It also provides a structure for identifying the assumptions and preconditions necessary for achieving goals and the assessment of risks. Without having these items thought through and in writing there is possibly an unrealistic confidence that the LOAs will lead to the intended results.

2. **Revisit the constraints to increasing private investment within the CA to consider all links in the chain of causality.** In this case the assumption that fixing rural roads would be a catalyst for change was a misconception. The biggest constraints to private investment are security and land tenure issues, not the inadequate rural roads network. Whereas devoting more resources to investment in and maintenance of rural roads is necessary, it is not sufficient for encouraging additional private investment.

3. **Incorporate the M&E systems for each LOA into the relevant Power Africa and FTF monitoring system to promote systematic tracking**. USAID should ensure that the M&E systems are adequate and carried out effectively, allowing tracking for each LOA. This may be best led by a goal-level implementation team and formalized in goal-level work plans.

4. **Provide USAID and MCC training for goal-level implementation teams on the process and the importance of systematic M&E, where needed.** USAID and MCC can facilitate the M&E process and conduct training for implementing partners. This should be done in a collaborative manner where all PFG partners discuss what would be most useful for them to ensure that new procedures are relevant and adopted.

5. **Update and make publicly available the Scorecards.** The scorecards should contain sufficient information to enable an independent observer to track progress. This requires the scorecards to be standardized across sectors with progress clearly linked to the indicators. All scorecards should provide information on outputs and outcomes, and present baseline, target and actual data for each reporting period. Scorecards should use graphics to illustrate developments.

6. **Improve public awareness and access to PFG documents.** Many of the documents relating to the PFG in Tanzania are not readily available. All the PFG documents and specially written articles, including an explanation of the approach and reports on meetings and outcomes, success stories, a listing of the technical working groups, etc., should be made readily available on both USG and GOT websites. It is recommended that content be created for dissemination through existing USG and GOT communication channels and social media (Facebook, Twitter, etc.).

7. **Improve reporting and public awareness on non-assistance activities.** The GOT and Power Africa and FTF need to become more knowledgeable about the many forms that non-assistance takes and their value to a wide range of stakeholders. Given the potential for substantial benefits from non-assistance, USG and GOT management teams should conduct trainings and other knowledge-sharing and communication activities related to non-assistance. However, this needs to be interpreted as bringing US technical experience and expertise to support Tanzanian initiatives. It is important to ensure that extensive dialogue and high level coordination is not perceived negatively by the public (possibly as interference in internal government business). Public awareness campaigns should be conducted to focus on collaboration to find local solutions and produce results benefitting the Tanzanian people. The knowledge sharing should include preparation of case studies showing past examples of non-assistance which would assist staff to identify future opportunities.

8. **Provide USG staff with training on the diversity of non-assistance tools and their value for various partnerships.** Given non-assistance's importance within the PFG approach and its mainstreaming in subsequent USG development initiatives, the evaluation team recommends that the USG Power Africa and FTF officials conduct trainings related to non-assistance for new and existing staff, both technical and operational. This could be addressed by mainstreaming non-assistance into the USAID Program Foreign Assistance (PFA) courses. This is particularly important because despite the importance of this approach, almost all of the technical and operational staff interviewed did not fully understand the concept of non-assistance. Clearly defining the term would represent a first step to developing training activities. The training should address past examples of non-assistance and types of activities that are best suited for non-assistance. Such training would aid technical staff in identifying opportunities for non-assistance and effectively translating examples of non-assistance to the larger stakeholders within their goals and LOAs.

9. **Consider replacing "non-assistance" with a more transparent term.** The term "non-assistance" is perceived to be bureaucratic and not clearly understood by many people. Two options that would comprise the elements of this term are "Political Leadership for Development" (to capture the idea of involving political leaders to move development action agendas forward); and "Leveraging Resources for Development" (to capture the idea of using available USG or GOT resources for development activities).

10. **Incorporate identification of non-assistance opportunities into the responsibilities of existing staff hired as part of the Local Solutions Initiative for Power Africa or FTF.** Responsibilities for staff (working on Power Africa and FTF) should include identifying non-assistance opportunities, especially public information and stakeholder mobilization within Power Africa and FTF. These responsibilities should be incorporated into those of existing staff. Also, it would be beneficial to work with the relevant stakeholders to highlight and report on such activities in a uniform manner.

11. **Increase engagement with civil society, the private sector, and other stakeholders.** Increasing awareness, publicity and engagement outside government has the potential to increase the success of PFG and its successor initiatives. Civil society, private sector, and other stakeholder input and support for PFG and successor programs could be improved. These stakeholder groups are often not aware of the goals and objectives of USAID initiatives. The evaluation team recommends close interaction with the BRN President's Delivery Bureau to ensure a wider awareness and understanding of Power Africa goals and activities. Ultimately greater awareness on the development approach embodied in Power Africa has the potential to result in greater and deeper stakeholder mobilization and increased public awareness of the positive effects of the GOT reform agenda (e.g., within the power sector, public information campaigns on the importance of cost reflective tariffs, and the key role of private investment in improving infrastructure efficiency). This may help overcome a public opinion locked into the belief that either "nothing" is being done, or that public investment and subsidized power tariffs are the only options for a capital-constrained economy.

12. **Refocus the Whole-of-Government Approach work groups/committees on seeking to achieve agreed goals explicitly identified in log frames or other Theory-of-Change documents.** For instance, a technical working group for rural roads should be created. Technical workings should be tied to specific results.

13. **Mobilize additional financial resources for leveraging interventions in the priority sectors.** Implementing the JCAP at the sector level requires additional financial resources for the LOAs. In the absence of significant financial resources it has proved challenging for the PFG process to implement the rural roads activities. Participants in the CA process should have met with participants in the Irrigation and Rural Roads Infrastructure Project which in 2014 took over responsibilities for rural roads. Unfortunately, there were insufficient funds to cover the cost of gas for vehicles and this curtailed the involvement of important participants in the IRRIP initiative. Transitional funding should be provided in the budget for introduction of new processes.[38]

14. **Provide clear guidance on the role of the goals (called "measures" in the JCAP) to address constraints and corresponding indicators to measure progress toward achieving goals.** There has been confusion among Goal Leads and implementers about the role and meaning of the six constraint-level goals and indicators to measure them. Written guidance is needed on translating the PFG LOA level activities, goal level

[38] See pages 9-90 of Annex 2 Case Study Underinvestment in the Rural Roads Sector.

indicators, and scorecards relate to overcoming constraints to facilitate achievement of desired outcomes into the Tanzania Power Africa and Feed the Future initiatives.

POWER SECTOR RECOMMENDATIONS

15. **The GOT Presidency should publish the policy and strategy for mobilizing private sector investment in the power and natural gas sectors.**

16. **Update the power sector and gas utilization master plan and publish a priority list of proposed investment in the power and gas sector, with a proposed implementation timeline.**

17. **Issue regulations indicating that all investments in the power sector must be on the published priority list.**

18. **Issue the regulations requiring transparent and competitive bidding for power and natural gas investments above a certain size.**

19. **Issue regulations that all draft Power Purchase Agreements (PPAs) use the model PPA as approved by the Regulator (EWURA).**

20. **Require all negotiated PPAs to be approved by EWURA.**

21. **Carry out capacity building on available risks mitigation instruments and developing countries experience in the power and natural gas sectors.**

22. **Prioritize the mobilization of the four proposed embedded advisors.** These are in: TANESCO investment division; TANESCO transmission department, TANESCO for demand-side management programs; and TANESCO or REA to work on Renewable Energy Financing.

23. **Prioritize the Scorecard indicators.** Not all the indicators have the same weight for achieving the goals.

24. **Reduce the number of LOAs.** The JCAP and the subsequent work plans list more than 50 discrete activities. The list should be streamlined to concentrate on activities deemed essential for achieving the required goals.

25. **Add quantitative indicators to measure the goal "Increase Power Sector Institutional Capacities" designed to show that TANESCO and ZECO are improving their capacity.** These indicators could include financial ratios, liquidity indicators such as levels of arrears and debts in relation to overall revenues, debt service coverage ratios and collection performance. They would indicate improved financial health of the institutions and the credibility of the global sector.

26. **Review indicators to ensure they are relevant and streamlined with Power Africa, MCC Compact II indicators and processes.** This should include several new indicators aimed at tracking the availability and quality of the electricity sector. For example, available generation capacity (in addition to reporting on installed capacity); energy not supplied (ENS); generation, transmission and distribution availability; System Average Interruption Duration Index (SAIDI); and System Average Interruption Frequency Index (SAIFI).

27. **Set up a project delivery unit/One Stop Shop in the Ministry of Energy.**

28. **Select one or two PPP projects in electricity and gas to use as a success story for mobilizing additional private sector investment.**

29. **Establish and staff a dedicated IPP unit within the GOT (preferably within the Prime Minister's Office).**

RURAL ROADS RECOMMENDATIONS

30. **Review the TOC linking improving rural roads to increasing private investment in agriculture.**

31. **Amend the legislation governing the allocation of funds through the Road Fund for rural roads to, either allow maintenance funds to be used for rehabilitation, or require the Roads Fund to provide funding directly to the LGAs and allow them to allocate the resources (i.e. between development, maintenance, rehabilitation).** Rehabilitation should be defined as "asset preservation" and deemed equivalent to maintenance because over time even with maintenance eventually the road will need to be rehabilitated to maintain its functionality. The rehabilitation of existing roads is not the same as developing new ones. Including road rehabilitation under new investments rather than 'maintenance' means these activities must compete for funds with all development projects.

32. **Increase the fuel levy to balance revenue and expenditure for road construction and maintenance and ensure that the Road Fund receives the earmarked funds.** The proportion of Road Funds disbursements that may be utilized for investment is not sufficient to meet needs.

33. **Support the roll-out and effective implementation of District** Roads **Management System (DROMAS 2).** This will enable the more effective use of data collected by the Annual District Inventory and Condition Survey (ADRICS), which is an essential input to the rural roads three-year work plans.

CASE STUDIES

UNDERINVESTMENT IN THE POWER SECTOR

Objectives of the Case Study

This case study reviews the implementation at mid-term of the measures selected to remedy the underinvestment in the Tanzania energy sector, one of the root causes behind the lack of adequate and reliable supply of electrical power. The case study presents the process and conclusions of the constraint analysis, the measures delineated in the Joint Country Action Plan (JCAP), their implementation and results at mid-term, the findings, and some recommendations.

Overall Conclusions of the Constraint Analysis (2011)

The Tanzania Growth Diagnostic also referred as the "Constraints Analysis" (CA) was conducted in 2011 by a joint team of 20 experts from Tanzania and four USG economists to identify the two or three most binding constraints to broad-based economic growth in Tanzania. The Constraint Analysis was comprehensive as it examined a broad range of issues and constraints hampering Tanzania's economic and social development.

Although a developing country like Tanzania faces many economic and development challenges, not all challenges are equally restrictive to economic and social growth. A growth strategy focused on alleviating the most binding constraints would in principle have the greatest impacts.

The CA study (2011) conclusions and its implicit theory of change were that although the policies of the GOT has been highly successful in stimulating economic growth over the post liberalization period, the more recent deceleration of private investment and growth suggests that the high growth rates recorded over the past decade cannot be sustained without addressing the factors most constraining to growth, particularly those identified in this diagnostic report. Private returns to investment across the economy are generally low and uncertain, with the apparent exception of construction, communications, and relatively less competitive goods sectors served by large enterprises. Low social returns are due primarily to a lack of key infrastructure services, and private returns are reduced even further by the weak or uncertain appropriability of those returns.

The GOT-USG PFG team reached a broad consensus on the following most binding constraints to investment and growth in Tanzania: 1) lack of infrastructure, in particular lack of a: (i) reliable and adequate supply of electrical power. The evidence of this as a binding constraint to growth was overwhelming as frequent power outages encouraged firms to invest in high cost generators, and of (ii) an inadequate rural road network particularly for connecting high potential agricultural production areas to markets; and 2) lack of appropriate returns, in particular, access to secure land rights on the part of investors seeking to invest outside the smallholder village customary system.

The GOT-USG analysis also identified the following additional constraints to investment and growth: lack of other key transport infrastructure, in particular the poor quality and reliability of rail service and port capacity in Dar es Salaam, largely due to poor infrastructure and related institutional capacities. Lack of vocational, technical, and professional skills currently demanded in the labor market, largely due to a lack of financing for such training, and incomplete implementation of the GOT's technical vocational training strategy, lack of access to finance, in particular for micro, small, and medium enterprises and agriculture, and relatively low quality regulation of business and trade. A broad set of issues in this area appear to weaken access to markets by producers, in particular for exporters, and inhibit greater productivity growth in the economy.

There were also some key cross-cutting considerations underlying the constraints such as: 1) varying quality of regulations as they relate to the binding constraints; 2) incomplete and inconsistent implementation of the Government's reform strategies; and 3) weak institutional and financial arrangements for providing and maintaining the key lacking factors.

Constraint Analysis Conclusions regarding the Energy Sector

While every Tanzania infrastructure sector faces serious challenges, the poor provision of electricity is one binding constraint. Tanzania's well documented electricity problems are by far the most important infrastructure constraint to investment and economic output. While the CA focused on the physical constraints within infrastructure networks, institutional issues are also important. A common theme that runs through Tanzania's infrastructure challenges is insufficient funding due to underpricing, unaccounted losses, and inefficient collection efforts, as well as weak institutional arrangements for governing infrastructure services.

Inadequate and unreliable electricity is the most commonly cited infrastructure challenge for Tanzanian firms, both on the mainland and in Zanzibar. In 2006, 88 percent of Tanzanian firms considered inadequate electricity to be a major constraint to their operations, the highest percentage of any country in the World Bank's Enterprise Surveys. More recent survey data from the World Economic Forum rank the quality of Tanzania's electricity supply 122nd out of 139 countries. Frequent and sustained power outages, low levels of power coverage, and a high level of stand-alone generator use in both the mainland and Zanzibar all point to electricity being a binding constraint to growth.

The Energy Mix and Power Generation Sources

Tanzania's electricity sector is still highly dependent on hydropower generation which still accounts for about 35 percent of the country electricity generation mix, down from more than 60 percent prior to the droughts experienced in the year 2000 and again in late-2010 through 2012. Reduced hydro generation resulting from these droughts led to severe energy shortages, which culminated in very costly load shedding and the contracting by the Tanzania Electric Supply Company (TANESCO), the state-owned utility, to shift to backup oil- and gas-fired emergency generators and increasingly turn to thermal projects to compensate for reduced current capacity and to increase future capacity. This also led to power rationing for both domestic and industrial uses. Changing rainfall patterns and droughts have dramatically modified Tanzania's perspective and plans regarding large hydropower plants.

This situation called for a diversification of the energy mix by tapping on the country considerable reserves of natural gas, on geothermal resources and other renewable energy sources less vulnerable to climate variability and change, as well as on coal. Natural gas is a prime candidate for the diversification of the Tanzania electricity generation mix. There are large proven reserves, construction and commissioning lead times are generally shorter, and such projects can be of interest to private IPPs or joint-ventures involving private sector financing.

Tanzania's electricity generation capacity on the main grid is 1,564 MW, and the Power Sector Master Plan estimated that by 2035 installed capacity requirements will be in the order of 9,000 MW with a generation mix consisting of oil and gas (21 percent), coal (41 percent), large hydro (35 percent) and others such as geothermal. While power generation in Tanzania has grown by about six percent per year since 2000, it has not kept pace with demand. Distribution and transmission losses of about 24 percent have exacerbated the problem of inadequate power supply.

Private Investment in Power Generation

The GOT has sought to attract private sector investment in the sector, including through enactment of the Electricity Act of 2008 and the introduction of Power Purchase Agreements (PPAs). There are two main IPPs in the country contributing about 289 MW of national installed capacity: Independent Power Tanzania Ltd. (IPTL) with 100 MW (diesel based) of installed capacity and SONGAS with 189 MW (natural gas based) capacity (Tanzania Electricity Supply Corporation, TANESCO, 2010). Both systems sell their power to TANESCO for distribution through the national grid. The importance of the IPPs to national power production was highlighted during the power problems created by the 2006 and 2010 droughts and subsequent drops in hydropower production. The situation would have been much worse without the contribution of SONGAS power generation, as well as gas-based rental power plants operated by the government, and electricity imports from Uganda and Zambia.

The IPTL IPP has been plagued by a legal dispute with the government over capacity charges, the unit price of electricity, operating levels, and other issues. Negotiations are now underway for the government to assume control of the project. A key challenge for this and any other IPPs selling to TANESCO is that the price of electricity TANESCO can charge consumers, which is set by the EWURA, is often below the contracted price TANESCO must pay IPTL per kWh for generation alone.

Power Usage and Transmission and Distribution System Coverage

As with generation, Tanzania's power system has suffered from underinvestment in transmission and distribution as well. The TANESCO national grid covers a relatively small part of the country, and any major increase in generation capacity must also be met by upgrades to the grid. According to the International Energy Agency's (IEA) Electricity Access Data, Tanzania's electrification rate in 2009 was just 13.9 percent (14.5 percent in 2010 according to TANESCO), which is one of the lowest in the world and well below that of all comparator countries except Malawi and Mozambique, as well as the 30.5 percent average for SSA (IEA, 2011). In rural areas only two percent of the population has access to electricity.

Zanzibar's power supply has been strengthened through the commissioning of a second submarine power cable (100 MW) connecting Zanzibar with mainland Tanzania, supported by the MCC. The initial submarine cable (45MW) provides only limited back-up.

Power Outages

Power outages, exacerbated by drought, impose a high cost on the economy. Among comparator countries, Tanzania ranks first in terms of the number of power outages per month in the World Bank's Enterprise Survey Data. While Ghana and Uganda both experience more total time of power outages per month, Tanzania's 94.66 hours of outages is well above the SSA average of 65.29 hours per month. Tanzanian firms also incur a high loss value due to power outages, second only to Uganda among comparator countries and well above the SSA average. The Africa Infrastructure Country Diagnostic (AICD) initiated by the World Bank estimated the economic cost of outages in Tanzania is one of the highest in Africa (World Bank, 2010).

Private Generator Usage

If the lack of reliable electricity from the national grid is a binding constraint to growth, we should see firms attempting to overcome that constraint by investing in off-grid electricity sources, such as back-up generators. While few enterprises reliant upon electricity could be profitable generating the bulk of their own electricity, investing in backup power generation allows firms to hedge against the threat of costly power outages that disrupt their business operations and reduce profits. But this investment is costly, as the electricity produced by small generating units is generally much more expensive per kWh than purchasing electricity from the national grid due to the economies of scale in power production. Foster and Steinbuks (2009) estimate the total average cost of private generation in Tanzania at more than three times the price of grid power. The fact that firms are willing to bear the high cost of generator produced electricity suggests a high shadow price for electricity and provides strong evidence that electricity is a binding constraint to economic growth.

Policy and Institutional Challenges

Institutional challenges explain part of the challenge in expanding and maintaining the power sector in Tanzania. The AICD estimates that 'hidden costs' in the power sector due to underpricing, poor collection, and distributional losses amounted to as much as 2.1 percent of Tanzania's GDP in 2008. These are hidden fiscal costs which ultimately the government, as TANESCO's owner, may have to compensate. Underpricing of electricity relative to production costs constitutes the largest share of TANESCO's losses. Electricity prices are well below historical costs, meaning that TANESCO struggles simply to maintain current operations, leaving little or no funds available for capital improvements. Last year TANESCO requested an increase of 36.4 percent in electricity tariffs, but was only granted an 18 percent increase. The cited insufficient justification and documentation from TANESCO in its decision not to approve the full increase requested in TANESCO's rate application. In addition, a history of weak planning and governance of the sector appears to be an underlying cause of the sector's difficulties. Issues, including board governance at TANESCO and the inability to attract sufficient financing and private investment to the sector, merit further in-depth investigation.

Energy Poverty

The AICD uses the term "hidden costs" to mean lost income by a service provider, in this case TANESCO. However, the actual economic costs of inadequate power supply are much higher than these revenue losses suggest – the shadow value of electricity substantially exceeds the costs of production. Consumers including the poor who lack access to electricity, pay a much higher cost for substitutes, including kerosene lighting, candles, and solar systems. Modern forms of energy, like electricity, make up a small fraction of the total energy consumption in Tanzania. In fact, 90 percent of total energy consumption in Tanzania is biomass (fuel wood and charcoal). Commercial energy (petroleum, hydropower, natural gas, and coal) represents about percent, while solar and wind account for less than one percent (Ministry of Energy and Minerals, 2010).

The International Energy Agency (IEA) has developed an Energy Development Index to measure a country's transition to the use of modern fuels. The EDI is modeled after the UN's human development index and uses four indicators to measure a country's "energy poverty", namely, per capita commercial energy consumption, per capita electricity consumption in the residential sector, share of modern fuels in total residential sector energy use, and the share of population with access to electricity. Using these inputs, the IEA ranked Tanzania 60th out of the 64 developing countries in its database.

This low level of modern energy is not due to a lack of natural resources. The country has estimated hydropower potential of 4,700 MW compared to a current installed capacity of 561 MW. Tanzania also has 4,636 billion cubic feet (bcf) of proven natural gas reserves, which represents 24 years of reserves at current levels of production (more than 100 years if probable reserves are included). In fact, with abundant energy resources, the AICD concludes that Tanzania has the potential to be a substantial power exporter to the East African Community in the long term.

Electricity Sub-sector Financial Sustainability

The Tanzanian power sector has been facing serious financial difficulties over the past years leading inter alia to debt and arrears accumulation, lack of proper maintenance and the deferral of key investments. As indicated earlier, Tanzania's economic and social development has suffered from a growing power generation deficit caused by below-average hydrological conditions and insufficient development of new generation capacity. The state-owned power utility, Tanzania Electric Supply Company (TANESCO), responded by entering into high-cost short-term contracts with private emergency power projects (EPPs). This shift to EPPs reduced load shedding, but increased significantly the average unit cost of services. The sector developed a sizable financial gap and accumulated arrears to the EPPs, IPPs, as well as fuel and other suppliers, and could not cover critical maintenance and investment costs.

The GOT has begun implementing a strategy to bring the power sector back to a financially sustainable path by enhancing revenues in the power sector in the short term and reducing the cost of electricity supply in the medium term, and has approved a strategy for the electricity supply industry, included a phased transformation of the sector.

In the short term, the GOT has been closing TANESCO's financial gap with a combination of Government transfers through a budget support subsidy measure, commercial borrowing and revenue-enhancing measures. This strategy relies on more transparent and controlled budgetary transfers, tariff adjustments, reduced technical and commercial losses, and improved bill collections. Following adjustments, 2015 end-users tariffs are estimated to cover 90 percent of the cost-of-service, from about 65 percent in 2010-2012.

In the medium term, it is expected that further cost savings will be effected by progressively shifting the power generation mix from liquid fuel-based technologies to natural gas-based power plants and other sources of cheaper and cleaner energy. This will include reducing transmission and distribution losses, improving efficiencies in procurement processes including competitive selection of IPPs, increasing the role of the private sector including in utility management, and using broader and more competitive procurement processes including for private sector participation. In addition, the GOT has taken a series of measures to increase TANESCO's managerial performance including performance-based management contracts and the reshuffling of TANESCO management.

Domestic Natural Gas

With an estimated 46.5 trillion cubic feet of natural gas reserves that are expected to rise to 200 trillion cubic feet in the next two years, Tanzania is considered one of the prime areas in the world for gas and energy development. It is expected that within a decade Tanzania will become a leading LNG exporter, supplying the international markets. Large energy companies (BG Group, Statoil in partnership with ExxonMobil, and others) have made several off-shore discoveries including 25 to 30 trillion cubic feet of recoverable gas resources.

Natural gas production for the domestic market is still relatively small (the Songo Songo island 250 km south of Dar es Salaam and the Mnazi Bay 450 km, south of Dar es Salaam are the two producing gas fields) but is planned to grow quickly with the development of the Mnazi Bay resources and of the gas pipeline and treatment plan to feed thermal power plants sited in the Dar-es-Salaam area.

In summary, for Tanzania's energy sector, the most binding constraint to growth was identified as the lack of adequate and reliable supply of electrical power. Two root causes for the lack of adequate and reliable supply of electricity services were delineated including:

1. Underinvestment in the electricity sector (Root Cause 1) due to: (a) the lack of a cost reflective electricity tariff structure leading to inadequate investment in the generation,
   transmission and distribution of electricity; (b) the high level of technical and commercial losses, including theft creating revenue losses and not financially viable power utilities; and (c) the weak legal and regulatory environment creating non-financial barriers to private investment; and
2. Insufficient institutional and technical capacities for robust energy sector planning and management (Root Cause 2) due to: (a) inadequate energy sector planning leading to power shortages; (b) inadequate institutional capacities in the sector

entities (ministries and utilities) creating operating and financial constraints; and (c) lack of private investment in generation, transmission and distribution of electricity.

Overview of the Tanzania Joint Country Actions Plan (JCAP)

The Tanzania JCAP was completed in 2012. For the energy sector it delineated a set of joint actions to be carried out jointly by GOT and USG over the 2013-2017 period to resolve the two main constraints of unreliable and inadequate electricity services.

It is important to note that in mid-2014, the GOT and USG formally decided to streamline the various USG energy activities in Tanzania by using and presenting the Power Africa Initiative as the main USG instrument in support of the GOT's strategy and action plan in the energy sector. The PFG joint GOT/USG approach and processes and the PFG lines-of-action and the M&E mechanism were rolled into the Power Africa Initiative.

With respect to the lack of a reliable and adequate supply of electrical power in Tanzania, the following two root causes and the corresponding JCAP measures were delineated:

- Root Cause 1: Underinvestment in the energy sector
  - Proposed measure 1.1: Establish cost-reflective tariff
  - Proposed measure 1.2: Minimize revenue Loss
  - Proposed measure 1.3: Strengthen legal and regulatory institutions

- Root Cause 2: Insufficient institutional and technical capacity for robust energy sector planning
  - Proposed measure 2.1 Improve energy sector planning
  - Proposed measure 2.2: Increase key power sector institutional capacities
  - Proposed measure 2.3: Promote private investment in power

Starting in 2013, these measures were implemented by a joint team including GOT and Tanzania energy entities representatives and USG personnel.

The next sections discuss the implementation status of the various measures and the evaluation team's corresponding views of the progress during the first quarter of 2015 (PFG Initiative mid-term) with respect to the PFG measures agreed in the JCAP and subsequently rolled into the Power Africa initiative associated with Root Cause 1: Underinvestment in the energy sector.

Implicit Theory of Change in the Energy Sector

The JCAP did not explicitly lay out a TOC in support of the actions selected to address the binding issue of the lack of adequate and reliable supply of electrical power in Tanzania, nor was there a comprehensive Logical Framework systematically linking development objectives with power sector outcomes, outputs and inputs, and detailing the assumptions and risks.

The implicit TOC (similar to the diagnostic and approaches in other developing countries) was that an adequate and reliable supply of electrical power in Tanzania would emerge providing that a series of issues plaguing Tanzania's energy sector (the energy chain including the electricity and the gas sub-sectors - see section above) were addressed. This required an implicit understanding however, that other elements would also be forthcoming. The main issues preventing changes in the Tanzania power sector were the following:

The lack of adequate and reliable supply of electrical power mainly due to:

- Insufficient and inadequate investment in generation, transmission and distribution of electricity in a context of pent up and fast growing demand (annual growth in electricity consumption expected to be about percent/year over the next 20 years)
- Inadequate routine maintenance and costly repairs in part due to financially stressed power utilities
- An energy mix heavily reliant on domestic hydroelectricity putting the country at risk in a situation of drought (which had occurred before and might be expected to occur again because of unpredictable rainfall)
- A large gap between the investment needs and the ability of the GOT and donors to fund the sector needs to tap private sector financing.

Some of the underlying causes summarized in the JCAP were: 1) inadequate electricity tariffs (as they covered about 70 percent of the costs of TANESCO service); 2) poor revenue collection (transmission and distribution losses above industry standards of about 24 percent for TANESCO and 26 percent[39] for ZECO) and poor revenue collections; 3) reliance on the national budget to finance through subsidies the operating deficits and some essential investment; 4) poor planning and implementation; 5) an energy mix to be rebalanced towards natural gas as Tanzania is endowed with large and developable reserves; 6) untapped energy efficiency and demand management potential; and 7) insufficient participation of the private sector at all levels of the energy chain (investment in generation, transmission, distribution and in off-grid rural electrification and in the operating segments of the industry).

The main tenets of the implicit TOC for the power sector were that the JCAP's proposed measures would entice investment financing notably from the private sector, limit budget support needs in particular of operational subsidies, and ensure that the utilities were well managed.

Key assumptions and risks not explicitly mentioned (but certainly considered) in the PFG JCAP were: 1) The ability of the international and domestic private sector to react quickly to changes in electricity tariffs or to the regulatory framework; 2) The perception of country risks and uncertainties (such as elections); 3. The feasibility of the rapid changes at the technical and human levels expected within a five-year period (2013-2017).

[39] This is an evaluation team estimate.

Implementation Arrangements and Evolution of the PFG

The PFG has been implemented by a joint team including representatives of GOT and the energy entities in particular TANESCO, ZECO, TPDC, EWURA, and the USG team. The USG was led by USAID and includes Power Africa, MCC, USTDA, etc. and US contractors, some of whom are embedded in the Tanzanian energy sector. In 2014 following the USG-GOT agreement to streamline the USG energy initiatives, the PFG activities were merged with Power Africa and MCC.

While this was envisaged in the JCAP, no formal M&E system was put in place. The PFG monitoring and evaluation was carried out by USAID with GOT implementing entities.

JCAP and Lines of Actions Regarding Root Cause 1: Underinvestment in the Energy Sector and Findings

The JCAP (April 23, 2012) covering the period 2012-2017 is a bilaterally coordinated five-year action plan developed in partnership and including policy decision-making, resource prioritization, coordinated implementation and evaluation, and a mechanism for dialogue-driven adjustments. The main goal of the JCAP over the five-year period is to unlock the constraints to economic growth due to shortages in generation which is linked to underinvestment in the power sector. This underinvestment has been in large part due to non-cost reflective tariffs, unrealized revenues due to high technical and commercial losses and theft, insufficient public and private investment in new TANESCO and ZECO assets, and operational and financial weaknesses of energy providers.

To remove the constraints to increased investment in the power sector, the GOT and USG seek to create an enabling business climate that promotes investment in the power sector. This plan comprises technical and financial strengthening of the power utilities, relevant regulatory agencies, and ministries. When implemented, it is expected to lead to increased investment in electricity generation, transmission and distribution and a favorable investment climate. The shared objective is to increase the reliable supply of power that will stimulate productivity; attract new private investment and job creation; and improve household energy use and efficiency that will help raise incomes and improve quality of life. Actions have been designed to focus on two main areas: (a) underinvestment in the electricity sector; and (b) insufficient institutional and technical capacities for robust energy sector planning and management.

Underinvestment in the electricity sector (Root Cause 1)

Three measures were selected to increase investment in the electricity sector through public and private investment: 1) Establish a cost-reflective electricity tariff structure; 2) Minimize revenue loss by the power utilities by reducing technical and non-technical transmission and distribution losses; and 3) Strengthen legal and regulatory institutions to overcome non-financial barriers to greater private investment. A summary of the PFG measures in a tabular form is provided at the end of this case study.

PFG Scorecards

Two scorecards were prepared in the context of PFG implementation. No formal M&E system was however put together, as was envisaged in the JCAP documentation. As shown in the following table, the latest formal review of the PFG joint team on implementation of the measures proposed to remedy the underinvestment in the energy sector concluded that implementation of the three measures was on track.

Root Cause 1: Underinvestment in the Energy Sector	Score July 2013/Feb 2014
Measure 1.1 Establish Cost-reflective Tariff	**On Track**
Measure 1.2 Minimize Revenue Loss	**On Track**
Measure 1.3 Strengthen Legal and Regulatory Institutions	**On Track**

Note: The July 2013 Scorecard was updated to February 2014 under the PFG initiative after which all subsequent reporting conformed to the Power Africa requirements.

Measure 1.1: Establish Cost Reflective Tariff Structure

Significant progress has been achieved to establish a cost-reflective tariff structure for Tanzania's electricity sector as well as introducing a quarterly tariff adjustment mechanism. The PFG team assessment is that the implementation of this measure is on-track.

Description of the PFG measure. This measure aims to move towards fully cost reflective tariff structures for TANESCO and ZECO, in order to provide adequate financial returns to the companies. Current tariffs are estimated to be significantly below the cost of service (at least 30 percent). Moving towards cost reflective tariffs will improve the investment climate, build attractive cash flows to allow investment in new power projects and thereby encourage greater private sector engagement in the sector. GOT and USG actions described in the JCAP are discussed below.

GOT Actions. The GOT, acting through EWURA and RGZ/GNU, was to implement a program of tariff adjustments to achieve and maintain a full cost recovery tariff structure. They intend to:

- Decide on and implement recommendations of the respective: 1) ongoing Cost of Service Study (COSS) currently being conducted by EWURA; and 2) ZECO COSS (2009);
- Develop and implement tariff revisions and redesigns, including life-line tariffs;
- Decide on the recommendations in the Long Run Marginal Cost Study and examine the possibility of adopting Long Run Marginal Cost based tariffs;
- Encourage additional investment by allowing a market determined price for gas; and improve engagement with stakeholders via public outreach and use of mass media to explain and advocate the need for tariff adjustments coupled with the GOT's commitment to provide more reliable service to encourage users' willingness to pay;
- Based on the results of the planned analytical study that is already underway (with an expected completion date of September 2012), the GOT will formulate an appropriate electricity subsidy policy. TANESCO will establish a pass through of

> variable electricity generation costs in the electricity tariff structure such as a fuel charge. MEM and MWCEL (Ministry of Water, Construction, Energy and Land of Zanzibar) will continue to support the policy of attaining cost reflective power tariffs. In order to make the tariff changes acceptable to end users, the GOT will engage stakeholders regarding tariff adjustment issues and provide transparent and rational explanations for the need to have electricity tariffs cover the cost of providing service and expanding the energy sector.

USG Actions were to provide technical assistance and capacity building activities such as leadership and coordination workshops, seminars, and training. These support efforts are anticipated to involve senior GOT officials, EWURA, TANESCO and ZECO key staff and other stakeholders. USG support will include technical assistance and capacity building in the design of a cost reflective tariff structure. Additional assistance from the USG, through the Millennium Challenge Corporation, may be provided in the future; contingent in large part on Tanzania's progress against current agreed upon MCC Compact objectives and joint GOT–USG progress on the select economic growth and investment enabling policy reforms identified in the existing Compact and this Joint Country Action Plan.

Results To-Date. The Score Card (July 2013)

The establishment of a cost-reflective tariff for both TANESCO and ZECO has been a top-line goal of PFG since power was first identified as a constraint to economic growth. In addition, it has been consistently identified as a goal for Budget Support, with donors and energy sector donors (working together as the Energy Partners Working Group). Importantly, the World Bank included a tariff adjustment as a trigger for the second tranche of funds that were borrowed by the GOT under the Development Policy Operation (DPO). As noted in the Year One JCAP Review, the insolvency of TANESCO has been the backdrop for everything that has happened in the Tanzanian power sector since 2012. In particular, the financial insolvency of TANESCO has negatively impacted the company's ability to move forward on priority investments, including new generation projects that would potentially reduce its operating costs and thus cut the operating deficit.

With respect to the adjustment of electricity tariffs, it is useful to recap earlier events. In January 2012, TANESCO was granted an emergency provisional rate increase of 40 percent by the regulator, EWURA. At that time, EWURA commissioned a consultant to conduct its own COSS of TANESCO and eventually propose a multi-year tariff adjustment, including an automatic tariff adjustment mechanism for certain costs. The final decision by EWURA on the TANESCO tariff petition was expected in January 2013, but at the last moment TANESCO decided to withdraw its petition while requesting EWURA to maintain the previously-granted 40 percent increase in force. The impact of the decision to withdraw the tariff petition was that TANESCO remained financially insolvent. The company was unable to meet its current obligations throughout 2013, and by the end of the period had accumulated arrears with suppliers in the range of $250 Million. Substantial delays in payment were reported by all large IPPs as well as small power producers. Through June 2014, TANESCO continued to make slow but steady progress on reducing the arrears with its suppliers.

In early July 2013, at the start of the reporting period, TANESCO officially informed EWURA that it planned to file a new tariff petition. The new tariff petition was filed with EWURA in September 2013. The public hearing process was managed by EWURA and was completed expeditiously by December 2013. In December 2013, EWURA issued a final tariff decision with effect from January 2014 that granted an average increase of 39.19%. In its tariff decision, EWURA ordered TANESCO to reduce technical and non-technical losses to 15.1% by 2015. This level is consistent with the JCAP goal of reaching 20% aggregate losses by 2017, although the timeline is two years earlier.

In April 2013, during Year One, the USG started a technical assistance project on energy efficiency, including a work stream focused on demand-side management. As an intermediate objective, the project aims to enhance the capacity of TANESCO to develop and improve time-of-use tariffs and develop and negotiate interruptible tariffs with large customers. By the close of the Year One reporting period, an analysis of TANESCO's electric meter data had concluded that there is a potential to shift up to 270 MW of TANESCO's peak load through design and implementation of a time-of-use tariff. Work is continuing on development of the time-of-use tariff with the objective of a TANESCO filing with EWURA in 2015.

Findings

Measure 1.1 Establish Cost Reflective Tariff

Description of the PFG Measures. The PFG measures seek to ensure the average electricity tariff consistently covers the full costs of the provision of the services to the end-users. This would include needed tariff adjustments granted by the sector regulator (EWURA) and a mechanism to adjust regularly (for example every quarter) the end-use tariffs to reflect significant cost changes in key drivers: changes in exchange rates, energy costs in particular in petroleum products or natural gas, and in inflation.

EWURA, the regulator recognized that as of early 2015 TANESCO's tariffs are close (about 90 percent) to cost-recovery, taking into account that efficiency gains of 10 percent are expected from TANESCO. A cost-of-service analysis was carried out in 2012-2013 (Mercados cost-of-service study) which led TANESCO to resubmit a tariff adjustment petition (in 2012, TANESCO tariffs covered about 69 percent of its costs including depreciation but with no return on the shareholder/Tanzania equity; in early 2013 TANESCO at the request of its sole shareholder decided to withdraw its tariff petition). In addition to the tariff adjustment, as conceived in the Electricity Act (2008), EWURA proposed a quarterly tariff adjustment mechanism reflecting changes in key cost variables such as the exchange rate and inflation. Additional proposals have also been put forward by the regulator to address TANESCO's liquidity problems that are impacting regular maintenance and essential investment, such as reducing its debts.

Measure 1.2: Minimize Revenue Loss

Since the initiation of the implementation of the PFG measures dealing with minimizing revenue losses, noticeable progress has been made towards the objective of 20 percent losses by 2017 for TANESCO and for ZECO. The PFG team assessment is that the implementation of this measure is on-track.

Description of the PFG measure. The two power utilities TANESCO and ZECO technical and commercial losses in electricity generation, transmission, and distribution are above industry standards, leading to revenues below expectations, and in the current financial environment, of TANESCO and ZECO's inability to carry out appropriate maintenance and investment. This in turn leads to inadequate quality of electricity services and inability to carry-out investment required to meet load growth for customers already electrified and increase access (low in Tanzania as compared to other comparable countries).

TANESCO has reported that it continued to make progress in reducing its technical and non-technical losses. As discussed above, TANESCO has been very successful in employing its new Advanced Metering Infrastructure (AMI) to identify and reduce or eliminate electricity theft by large consumers. During the reporting period, the USG-funded utility partnership program with TANESCO and ZECO managed by the United States Energy Association carried out a number of substantive activities.

For the first part of 2014, TANESCO losses (transmission and distribution technical and commercial losses) were estimated at about 22 percent (range of 21-23 percent), as compared to a target of 20 percent. For the previous year, TANESCO losses were estimated at 24 percent. ZECO losses were estimated at about 26 percent. The PFG 2017 target for both utilities is 20 percent. The positive changes registered so far and TANESCO's efforts in particular in the installation of the Advanced Metering Infrastructure (AMI) and of prepaid meters provide support to the idea that the 20 percent target for 2017 is achievable.

Measure 1.3: Strengthen Legal and Regulatory Institutions to overcome non-financial barriers to greater private investment

Significant progress has been achieved to establish a cost-reflective tariff structure for Tanzania's electricity sector as well as introducing a quarterly tariff adjustment mechanism. The PFG team assessment is that the implementation of this measure is on-track.

Description of the PFG measure. The USG carried out a needs assessment of EWURA and launched a new regulatory partnership between EWURA and the ICC, as noted above. NARUC and Tanzania held their first Partnership Exchange, August 12-16, 2013 in Dar es Salaam. The partners signed a Memorandum of Understanding to formally initiate the partnership in a ceremony attended by Ambassador Alfonso E. Lenhardt.

The main objectives of the first exchange included:

- Share U.S. expertise in developing support schemes and incentives for renewable energy (RE); Review Power Purchase Agreement (PPA) templates for generation of over 10

MW for hydro and renewable projects and compare with the U.S. experience;

- Evaluate a regulatory framework for natural gas; and
- Review and finalize the Logical Framework that will define goals, purpose and targeted deliverables/accomplishments for the partnership.

The partnership activities also examined a number of challenges EWURA faces over the coming year. These include revisions of current regulations as well as the development of new regulations and new responsibilities including constitutional reform, the Renewable Energy Act and the Gas Act.

Second the Partnership Exchange on Natural Gas and Renewable Energy (January 2014). NARUC organized the second partnership exchange with EWURA from January 27-31, 2014. Five EWURA staff from the economic, legal, electricity, and natural gas departments visited the Illinois Commerce Commission (ICC) to examine Illinois' natural gas and renewable energy regulatory frameworks. The partnership exchange focused on: Examining Tanzania's new Natural Gas Policy and the implementing rules and regulations; the drafting by EWURA of a methodology for tariff setting in the natural gas sector; and preparation of the gas transmission and distribution codes, the next step in promoting renewable energy.

Main Findings and Conclusions

With respect to the strengthening of the legal and regulatory framework and institutions to overcome non-financial barriers to greater private investment, significant progress has been made. The following was particularly relevant to increasing private sector investment:

- Electricity tariff adjustment covering 90 percent of TANESCO's own estimates of the cost of service;
- Quarterly adjustment to electricity tariff determined by the regulator EWURA to inter alia reflect exchange rate changes and inflation;
- Mandatory competitive procurement;
- Mandatory use of model PPAs and SPPAs;
- Availability of technology-based SPPAs reflecting the specific characteristics of the development of biomass, hydro, solar, and wind energy resources; and
- Implementation of the auctioning process to award IPP contracts for solar and wind based generation projects.

In addition to the new rules and regulations now in force in the electricity sector, the following progress should be noted:

- The finalization of the draft Gas Act and its delivery to Parliament; and
- The tabling of the GOT vision of the electricity industry supply vision and roadmap which lays out the GOT's vision on how the electricity sector will be organized, and the implementation phases.

Summary and Recommendations in the context of Case Study on Underinvestment in the Energy Sector

Based on the exchanges with officials of GOT, energy companies, and USG during the mission in Tanzania, and on the information reviewed in the context of this case study, the evaluation team's conclusions regarding Tanzania's energy sector issues and of PFG impacts on the *key binding constrain of underinvestment in the energy sector* are the following. As mentioned earlier, in mid-2014 the PFG Initiative was merged with the activities of Power Africa, MCC, USAID and other entities to streamline implementation:

- The selection of 'unreliable and inadequate power supply' as a key binding constraint to Tanzania's economic and social growth was right then and is of paramount importance at the time of writing of this report.
- The PFG partnership has been very beneficial both to GOT and USG as it implemented, through the joint CA, through the delineation of the JCAP and then during implementation as a true partnership. Increasing involvement of private sector stakeholders in particular during the definitional phases - CA and JCAP formulation - but also during implementation should be considered notably as increased private sector involvement is essential.
- Transitioning to Power Africa has been beneficial to Tanzania and the USG as it streamlines the various USG undertakings in the energy sector, and very importantly brings additional financial and technical resources notably with respect to project/transaction preparation, financing and implementation. PFG Tanzania was not fully funded and a resource plan and resources mobilization strategy should have been part of the JCAP process. Power Africa and MCC Compact II in particular are key financing instruments both for investments and support to the participation of the private sector in utilities management and operations.
- There is documented progress in the energy sector particularly on the financial sustainability of the power sector (through progress to cost-reflective tariffs, improvements in TANESCO's efficiency, and in the electricity and gas regulatory frameworks). Mobilization of investment financing, especially from the private sector for large energy projects and for rural electrification remains a challenge.
- Financial health/credibility of the sector globally and every element of the value-chain is essential with possibly additional indicators to track TANESCO and ZECO key financial ratios (liquidity indicators, levels of arrears and debts in relation to overall revenues, debt service coverage ratios, collection performance, etc.)
- The M&E protocol envisaged in the JCAP was not implemented. Power Africa however is addressing this shortcoming and will put together a more robust M&E system comprising baselines and relevant indicators.
- <u>Indicators</u>. To track progress regarding the availability and quality of the electricity sectors, additional indicators could be included in the M&E system such as: available generation capacity (in comparison with installed capacity); energy not supplied (ENS), generation, transmission and distribution availability; System Average Interruption Duration Index (SAIDI); System Average Interruption Frequency Index (SAIFI), etc.
- <u>Assumptions and Risks in the JCAP.</u> The JCAP could have stated more clearly

and assessed, for example through a Logical Framework the main explicit or implicit assumptions and the risks to a successful implementation, and then developed a risks mitigation strategy.

- Such transformation processes are slow. Expectations should be adequately and reasonably set at the outset. Capacity building is essential and should be considered a priority (in the power sector only embedded advisor so far at REA).
- Private sector investment and the political economy and business environment (Critical for private sector financing i.e., thorough assessment and LOAs are required).
- Success stories. Not to miss opportunities. Example four next thermal power plants in Tanzania are not private sector. Scoring initial success is critical.
- PFG Delivery Units. To deliver results and effect changes as sought through the joint JCAP may require the setting-up and the monitoring delivery units within the existing government structure. The BRN delivery unit approach is an example that could be considered.

Appendix B. Summary Matrix of PFG Proposed Activities: Power

Measure/Action Item(s)	GOT Actions	USG Actions	Partnership Opportunities
Partnership for Growth GOT - USG: Joint Country Action Plan			
Matrix of Partnership Actions: POWER			
Root Cause 1: Underinvestment in the Energy Sector			
Measure 1.1: Establish Cost-Reflective Tariff Structure (designed to overcome lack of sustained generation capacity caused by inadequate investment in the sector by setting tariffs to cover all operating costs plus depreciation and capital costs)			
Electricity Tariff: a. Implement program of regular tariff adjustments to achieve full cost recovery through tariffs b. Decide and implement recommendations of COSS of 2010 for TANESCO, and COSS of 2009 for ZECO; develop and implement agreed tariff revisions based on long-run marginal cost pricing and redesign lifeline tariffs c. Improve engagement with and participation of stakeholders via various forms of media regarding need and rationale for tariff increases Gas Tariff: a. To encourage additional investment, allow market-determined price for gas	• Implement programs to arrive at cost reflective tariff structures, with regular tariff filings from TANESCO and ZECO • Formulate energy subsidy policy • Establish pass-through of generation costs such as fuel charge for power in electricity tariff (TANESCO) • Enhance stakeholders' participation on tariff setting and adjustment issues • Support policy of reaching cost-reflective power tariffs (MEM and MWCEL)	• Provide technical assistance, capacity building activities and sponsor workshops and seminars for senior GOT officials; TANESCO and ZECO; plus journalists, bankers and other key stakeholders (USAID, MCC, DOE, others) • Provide technical assistance and capacity building activities related to designing cost-reflective tariffs (USAID, MCC, DOE, others) • Additional assistance from MCC may be provided in future if Tanzania remains eligible for and is awarded a second Compact (MCC)	• World Bank providing technical assistance to TANESCO, EWURA and REA • Norway providing support in petroleum sector
Measure 1.2: Minimize Revenue Loss(designed reduce technical and non-technical transmission and distribution losses)			
a. Reduce technical and non-technical losses of energy and related revenues b. Strengthen TANESCO and ZECO's departments responsible for regulatory affairs such as tariffs, including identification of potential software. c. Improve transmission feeders with meters and information d. Continue to foster Public Private Partnerships (PPPs) in the energy sector through sector specific capacity building within the existing PPP Cell in MEM and a corresponding cell to be established at MWECL	• Develop and implement an anti-theft and anti-vandalism campaign, following a multi-pronged approach considering measures to enhance effectiveness of relevant agencies (prosecution/police/media) • Improve the quality of service, billing and collection practices of TANESCO and ZECO using friendly modern technologies	• Provide technical assistance, capacity building, training, • Engage U.S. energy firms to partner with TANESCO, ZECO and other potential power investors in reducing power transmission and distribution losses • Additional assistance from MCC may be provided in future if Tanzania remains eligible for and is awarded a	• Energy conservation (JICA) • PPP Cells (World Bank)

Partnership for Growth GOT - USG: Joint Country Action Plan			
Matrix of Partnership Actions: POWER			
Measure/Action Item(s)	**GOT Actions**	**USG Actions**	**Partnership Opportunities**
	• Implement a Demand Side Management (DSM) plan for energy conservation (TANESCO) • Prepare a DSM plan (ZECO) • Reinforce of power transmission and distribution lines through PPP arrangements.	second Compact (MCC)	
Measure 1.3: Strengthen Legal and Regulatory Institutions (designed to overcome non-financial barriers to greater private investment)			
a. Evaluate and implement optimal market design to attract additional investment, including private, in all segments of the power sector (generation, transmission, distribution and customer service) b. Assist EWURA to monitor greater compliance by licensees with EWURA Orders c. Develop EWURA capabilities to conduct thorough technical, financial and legal analysis of terms of private investments d. Update the implementation of the PPP Act; formulate and pass the Natural Gas Act; develop Natural Gas Utilization Master Plan that embraces international best practices a. Strengthen TANESCO and ZECO corporate identities, corporate governance, and effectiveness and independence of management b. Enhance continuing professional development of Boards of Directors of TANESCO and ZECO c. Improve IPP framework for power generation segment; feed-in-tariff structures for different fuel sources, including ability to sell to IPPs and "wheel" power via interconnected grid	• Revise, update and approve National Energy Policy to explicitly address energy subsidies • Continue to strengthen TANESCO's creditworthiness • Improve the monitoring function and compliance with their EWURA Orders (EWURA) • Further professionalize the functions of TANESCO and ZECO Boards of Directors	• Educate government stakeholders including MEM, TANESCO, ZECO, MOF, MWCEL and EWURA professionals on the conditions necessary to attract new investment in the power sector (workshop series: USAID, MCC, DOE, or others) • Enhance TANESCO and ZECO corporate operating procedures (technical assistance: USAID, MCC, DOE, or others) • Other technical assistance and capacity building activities (USAID, DOE, MCC, others) • Additional assistance from MCC may be provided in the future if Tanzania remains eligible for and is awarded a second Compact (MCC)	• SIDA support to LIR capacity building for biofuels, REA and CDM
Root Cause 2: Insufficient Institutional and Technical Capacity for Robust Energy Sector Planning and Management			

Partnership for Growth GOT - USG: Joint Country Action Plan			
Matrix of Partnership Actions: POWER			
Measure/Action Item(s)	**GOT Actions**	**USG Actions**	**Partnership Opportunities**
	• Implement a Demand Side Management (DSM) plan for energy conservation (TANESCO) • Prepare a DSM plan (ZECO) • Reinforce of power transmission and distribution lines through PPP arrangements.	second Compact (MCC)	
Measure 1.3: Strengthen Legal and Regulatory Institutions (designed to overcome non-financial barriers to greater private investment)			
a. Evaluate and implement optimal market design to attract additional investment, including private, in all segments of the power sector (generation, transmission, distribution and customer service) b. Assist EWURA to monitor greater compliance by licensees with EWURA Orders c. Develop EWURA capabilities to conduct thorough technical, financial and legal analysis of terms of private investments d. Update the implementation of the PPP Act; formulate and pass the Natural Gas Act; develop Natural Gas Utilization Master Plan that embraces international best practices a. Strengthen TANESCO and ZECO corporate identities, corporate governance, and effectiveness and independence of management b. Enhance continuing professional development of Boards of Directors of TANESCO and ZECO c. Improve IPP framework for power generation segment; feed-in-tariff structures for different fuel sources, including ability to sell to IPPs and "wheel" power via interconnected grid	• Revise, update and approve National Energy Policy to explicitly address energy subsidies • Continue to strengthen TANESCO's creditworthiness • Improve the monitoring function and compliance with their EWURA Orders (EWURA) • Further professionalize the functions of TANESCO and ZECO Boards of Directors	• Educate government stakeholders including MEM, TANESCO, ZECO, MOF, MWCEL and EWURA professionals on the conditions necessary to attract new investment in the power sector (workshop series: USAID, MCC, DOE, or others) • Enhance TANESCO and ZECO corporate operating procedures (technical assistance: USAID, MCC, DOE, or others) • Other technical assistance and capacity building activities (USAID, DOE, MCC, others) • Additional assistance from MCC may be provided in the future if Tanzania remains eligible for and is awarded a second Compact (MCC)	• SIDA support to LIR capacity building for biofuels, REA and CDM
Root Cause 2: Insufficient Institutional and Technical Capacity for Robust Energy Sector Planning and Management			

UNDERINVESTMENT IN THE RURAL ROADS SECTOR

Goal objective: The Growth Diagnostic identified as one of the most binding constraints to growth "the lack of acceptable secondary and tertiary roads to connect rural producers to markets". The JCAP identified two Root Causes needing to be addressed, one of which was underinvestment.

M&E indicators: 1) Percentages of rural roads classified as good, fair and poor. 2) Revenues of the Roads Fund.

LOAs summary: The identified lines of action (or Measures) to address this Root Cause were: 1) to increase the financial allocation for rural roads investments, 2) to increase the financial allocation for rural roads maintenance services, and 3) to develop a five-year rural roads investment program.

Scorecards: The Scorecard for Year 1 (July 2012-June 2013) was reviewed.

Documents reviewed: The evaluation team reviewed a wide-ranging and large number of documents.

Observational study: From 23 March to 10 April 2015 the rural roads team conducted 20 interviews in Dar es Salaam, Dodoma, Morogoro and Kilombero with stake holders in the public and private sectors.

Findings

To investigate economic growth in Tanzania, USAID in 2011implemented the Growth Diagnostic (Constraints Analysis). At the pinnacle of the Growth Diagnostic framework was the question: What constrains private investment and entrepreneurship?

Two important constraints identified were: (a) low returns and (b) lack of appropriability of returns. Lack of appropriability was linked to land rights—specifically investors' difficulty securing rights for large land holdings, outside the village system of small holdings.

The Growth Diagnostic noted recent GDP growth of nearly seven percent per annum but only four percent per annum for agriculture which is 28 percent of GDP. High transport costs played a role in inhibiting agriculture growth, largely due to long transport distances.

Rural roads are just one link in the causal chain of agricultural growth. Competitive, timely and reliable transport services are needed also. If one link is weak, the whole chain is weak. Strengthening rural roads alone may not be enough to promote investment and growth in agriculture, at least not to its full potential. Indeed, large scale private investment in agriculture looks remote until the weak link of land tenure is fixed.

That rural road improvements have widely varying effects is inevitable, given that rural roads are only one link in the causal chain. This is borne out by a recent DFID[40] meta-analysis[41] of reports and published research. It encountered extreme variations in impacts. The most that could be said is that rural road investment *will generally increase,* incomes, agricultural output, non-agricultural work, use of health services and, possibly, school attendance, HIV and E coli *but may reduce* economic activity in nearby communities that did not receive investment in their rural roads. It follows that any TOC for rural road improvement has to be developed for a particular setting, and that requires evidence from the field, such as from an M&E program.

The Growth Diagnostic observed that “Tanzania received high marks…on the quality of institutional reforms it has undertaken in the road sector.” It referred to the success of TANROADS[42] as custodian of the trunk and regional road network. The success of TANROADS is predicated on the creation of the Roads Fund, supervised by the Roads Fund Board (RFB), which receives the fuel levy. The RFB disburses revenues to TANROADS and LGAs[43] which are supervised by PMORALG[44]. The RFB monitors how its revenues are expended— which is mainly on road maintenance with a small amount spent on development.

Road Funding. Revenues since 2001 are listed in the table below and are almost totally from the fuel levy. Total revenue is plotted in the figure below where the boxed numbers highlight a more than three- fold increase in fuel levy over the period. The trend line shows that RFB revenue increased as smoothed rate of 21.3 percent per annum (compounding). Removing the effect of inflation, the rate of increase, in real terms, is 13.5 percent per annum.

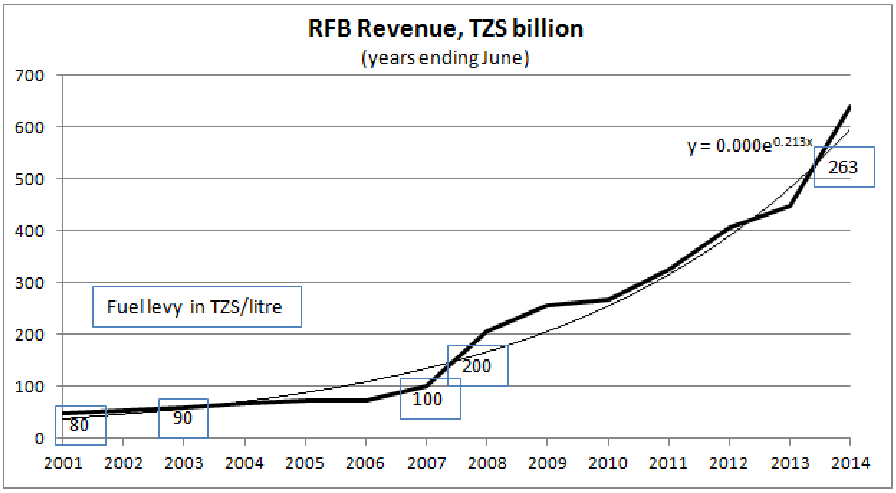
Roads Fund Revenue and Fuel Levy Rate, TZS billion and TZS/liter

Years to June	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Fuel levy	44.9	50.1	55.9	64.1	67.8	69.5	94.9	200.4	246.1	256.0	314.8	391.0	434.5	626.0
Transit charge	1.2	1.3	1.5	1.4	1.7	2.0	2.9	2.7	3.0	3.7	4.2	5.8	5.4	6.5
Overload fee	1.2	1.4	1.9	1.6	3.5	1.6	3.5	4.6	6.5	6.9	6.3	10.0	7.9	8.6
Truck license		0.1	0.2	0.2	0.2									
Total	47.2	52.9	59.4	67.3	73.2	73.1	101.3	207.7	255.5	266.5	325.3	406.8	447.9	641.1
Fuel levy %	*95*	*95*	*94*	*95*	*93*	*95*	*94*	*96*	*96*	*96*	*97*	*96*	*97*	*98*
Levy TZS/liter	*80*	*80*	*90*	*90*	*90*	*90*	*100*	*200*	*200*	*200*	*200*	*200*	*200*	*263*

Source: Roads Fund Board

[40] Department for International Development, United Kingdom
[41] Systematic Review of Question 9: Does extension of the rural road network have a positive impact on poverty reduction and resilience for the rural areas served? If so how, and if not why not?, Draft Final Report, Cardno IT Transport, DFID, November 2014
[42] Tanzania National Roads Agency
[43] Local Government Authorities, or Councils
[44] Prime Minister’s Office-Regional Administration and Local Government

Roads Fund Revenue and Fuel Levy Rate, TZS billion

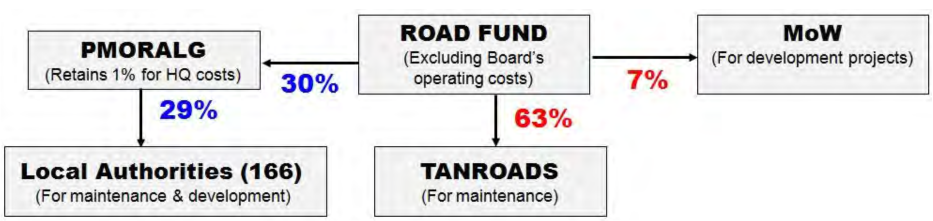


RFB revenue increased more than ten-fold over the last decade, far faster than the three-fold increase in the levy. Fuel levy evasion used to be common. The petroleum business was plagued by smuggling (diversion of transit fuel, thought to be 30 percent of consumption) and fuel adulteration (using untaxed adulterants such as ethanol, condensate, and kerosene). Enforcement was hampered by lack of control of the many independent truck operators moving petroleum products around the country. In 2006, the Energy and Water Utilities Regulatory Authority started to regulate the business, and in 2010 introduced fuel marking, which uses chemical tags to mark fuel on which the levy is paid. In the twelve months to June 2012 tax revenues increased 24 percent over the previous year. In mid-2012 the Water Utilities Regulatory Authority introduced the Bulk Procurement System for supply of petroleum products, tendered monthly and awarded transparently at public meetings.

This explanation corrects the Growth Diagnostic's belief, in 2011, that "only 39 percent of the taxes due are collected." This statement can be traced to sources mentioning low collection rates in 2006. That situation was already markedly better in 2011.

The figure below shows that 30 percent of the Road Fund revenue is allocated to PMORALG, most of which is passed on to LGAs. LGAs must spend at least 90 percent of the funds on maintenance, with 10 percent being allowed to be spent on development.

Revenue Distribution by the Roads Fund Board



LGAs are able to contribute from their own revenues, or from the discretionary Local Government Capital Development Grant they receive, but rural roads are usually a low priority.

A study[45] of road needs conducted by DANIDA in 2012 analyzed macroeconomic consequences of changes in the overall RFB budget allocation and changes to the existing 70 percent/30 percent allocation formula between national and LGA roads. It was found economically optimal to allow the RFB to fund rehabilitation (i.e., to recognize rehabilitation as maintenance[46]) and to expand RFB's annual revenue to USD 320 million. Allowing for the fact that lack of rehabilitation is offset by cheaper spot improvements, the optimal LGA funding share was determined to be about 35 percent in the medium-term and 31-33 percent in the long-term. The situation in 2014 nearly accords with these recommendations, except that rehabilitation is not defined as maintenance.[47] Including rehabilitation under maintenance allocation would increase maintenance funding needs. Past increases in fuel levy revenues would need to continue for a while longer.

Undertaking pavement rehabilitation, as and when individual roads require it, keeps average road condition across the network steady. The present situation is warped by making rehabilitation compete for funds with development projects. This starves the road network of funds needed to preserve what is there already, and was created at substantial cost The response to this anomaly has been to fix roads that are urgent and treat as many less-urgent sections, or "bottlenecks," as budget allows.

Bottleneck Approach. This approach underlies the World Bank's work[48] with LGAs to identify and prioritize bottlenecks, that is, short sections of damaged pavement or broken drainage structures that make it difficult to use long sections of road.[49] Prioritization uses simple rules such as the ratio of the cost of repair to the population affected. By focusing on bottlenecks many people benefit from judicious application of the small amount of money available.

The bottleneck approach is a successful strategy to ensure that available money is spent to best effect. It is not, as yet, a means of determining the budget that *should* be made available. For that there needs to be a nationwide review of rural road needs, using consistent criteria to prioritize those needs.

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[45] "Economic Impact Assessment of Road Sector Maintenance and Rehabilitation Scenarios in Tanzania", Draft Study Report, Nordic Consulting Group, 14 September 2012. A Computable General Equilibrium (CGE) model assessed eight road agency budget scenarios established previously by "Study on Criteria for Roads Fund Allocation to Different Classes of Roads in Tanzania, October 2011".

[46] Section 4(3) of the Road and Fuels Tolls Act, Revised Edition 2006 requires RFB revenue to be "used for maintenance and emergency repair of classified roads and related administrative costs in Mainland Tanzania". Section 3 of the Act explicitly *excludes* rehabilitation from maintenance by defining it as "development".

[47] Logically "maintenance" encompasses all actions needed to preserve the utility of an asset. Restoring a road surface deformed by truck traffic is maintenance. But not in Tanzania, where pavement rehabilitation is classified as "development". Exclusion of rehabilitation from maintenance means that maintenance alone will not prevent the road network from declining.

[48] Tanzania Social Action Fund (TASAF) is a World Bank initiative focusing on community development and road bottlenecks".

[49] Study for the Removal of Bottlenecks on Local Government Roads Network, Stage 1: Priority Report, October 2012 and Stage 2: Investment Programme Report, July 2013

Rural Roads Investment Program. The JCAP proposes a five-year rural roads investment program. Districts interviewed said they looked three years ahead, but not five. In fact a three-year rolling program is adequate, and more useful than five-year plans produced every fifth year. Identifying and prioritizing rural road bottlenecks to produce a three-year rolling program reveals the level of road funding needed to exploit full value from the road network. Improved tools to do this are now available to LGAs.

The tools for producing a three-year rolling program of road works are ADRICS (Annual District Inventory and Condition Survey) and DROMAS (the computer-based District Road Management System). ADRICS is a prerequisite for receipt of RFB funds and is being implemented by LGAs, albeit imperfectly at times due to insufficient staff, field allowances and transport. DROMAS was never successfully implemented.[50] At the time of writing, DROMAS2 is being rolled out by way of training programs for district engineers. DROMAS2 is an effective road management system and a competent tool for works planning.

Ideally, individual LGA's plans should be consolidated into a national three-year rolling plan accompanied by a time-series record of road network condition to reveal whether the plan is improving the network as a whole— and, if not, make a case for providing more support to rural road improvement, especially in the priority areas of high agricultural potential and on roads with higher levels of traffic.

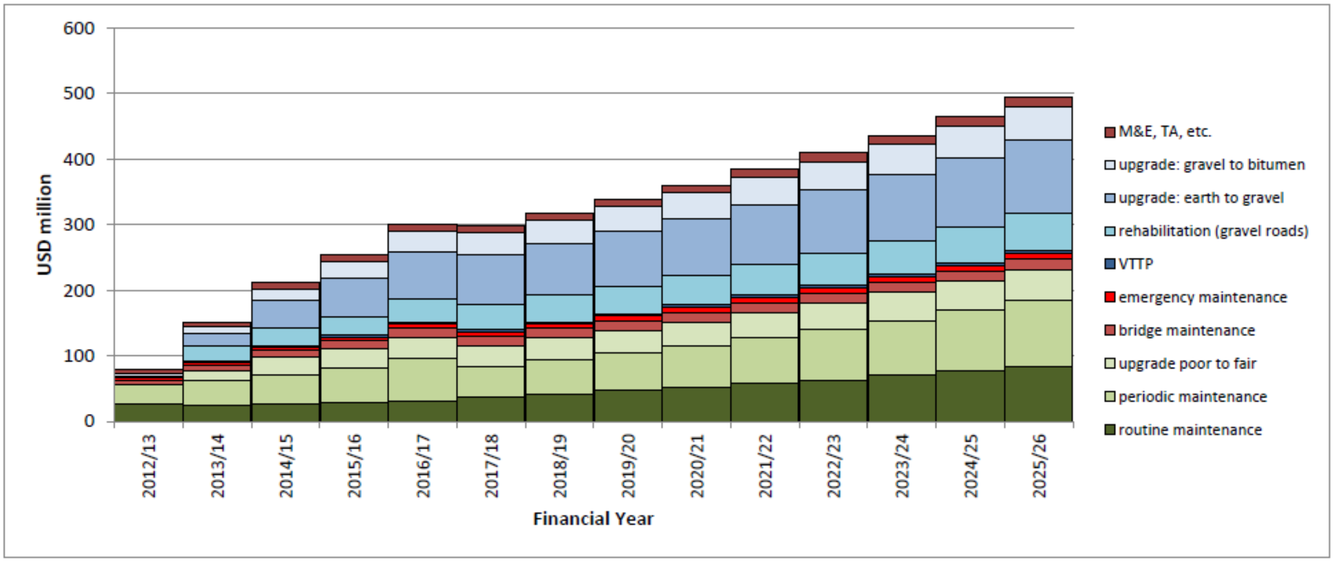
Future Funding of Local Roads. Purview over local roads resides with PMORALG which is the implementing agency for LGTP2.[51] The LGTP2 document presents estimated budgets for local roads covering the five-years of the plan (2012/13 to 2016/17) and beyond, to the limit of Tanzania Development Vision 2025. (Urban and rural roads are combined, not separated.)

The figure below shows required annual expenditures. For 2013/14 it is just over USD150 million. The 30 percent allocation to PMORALG that year was USD101 million. That covered maintenance (as defined in Tanzania) whereas the amount shown in the figure below includes rehabilitation and upgrading as well (plus five percent per annum cost escalation).

[50] "DROMAS did not operate in the pilot districts for a variety of reasons. These included "bugs" in the program such that the computer system did not function as intended at Council level. Furthermore, the central level modules of the system were incomplete meaning that even if DROMAS data had been available from Councils, there was no means of processing this at central level", Improved Maintenance Systems for District Roads in Tanzania, AFCAP 2013, page 19.

[51] Local Government Transport Programme (LGTP) Phase 2 (2012/13 to 2016/17) Final, PMORALG, May 2013

Expenditure on LGPT2 and to Vision Year 2025



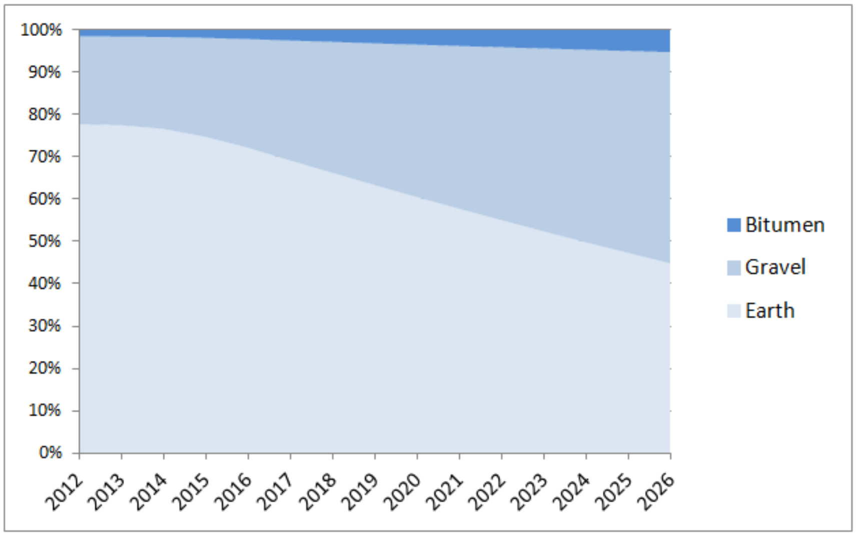
Costs escalated at 5% pa. Due to inflation, final year *unit costs* are 90% higher than initial year costs. Source: Appendix 2, LGTP2 Report.

LGTP2 posits that rehabilitation and upgrading is funded by a Local Road Development Fund. LGTP1 proposed such a ‘basket fund” to be held by the Ministry of Finance and operated under existing government systems and procedures. It did not materialize due to lack of interest by development partners. LGTP2 has persisted, unsuccessfully, with such a proposal to fund rural roads that are important for agricultural development.

The expenditure profile in the figure below will gradually improve the standard of the network of local roads as shown in Figure 11. A slight increase in bitumen roads is overshadowed by the increase in gravel roads, from 21 percent to 50 percent of the total road length. That will greatly improve year-round all-weather passability of the more important roads in the rural network.

Achieving this improvement of the road network will require a substantial increase in funding for road improvement. The first step needing to be taken is reclassification of rehabilitation as maintenance, and adjustment to the fuel levy to meet the added (maintenance) cost.

Surfaces of Local Roads, by Year



Years to 30 June.
Source: Prepared from data in Appendix 2, LGTP2 Report.

Feed the Future (FTF). The USAID roads program was initiated as part of the FTF and remains under FTF. Rural roads planning and implementation continues to be coordinated bilaterally under FTF.

FTF is assisting Tanzania to achieve the Millennium Development Goals of reduced hunger and poverty. Focused on the SAGCOT[52] region, FTF is (1) developing the rice sector to spur growth, (2) increasing food security through improved productivity, processing, transport, and storage in the maize and rice sectors and (3) improving nutrition through development of horticulture.

IRRIP[53] is helping to implement FTF (and hence PFG) by developing irrigation to expand production of rice and maize, and by improving rural roads used by farmers to access resources and markets. Accordingly, IRRIP is central to fulfilment of PFG's goals but IRRIP has not been instructed to report in JCAP terms.

Central to IRRIP's mission was the improvement of selected sections of rural roads with an initial target of 3000 km, which was revised downward to 1,000 km. IRRIP works closely with district engineers providing guidance on project identification, design, procurement and supervision. To date, institutional strengthening has been *ad hoc*. Some district engineers were sponsored to attend a construction management course.

At the outset, government-to-government funding was envisaged, delivered by GOT processes such as the RFB's disbursement and audit procedures. Achieving this proved challenging and "basket funding" is no longer favored.

52 Southern Agriculture Growth Corridor of Tanzania
53 Development of Irrigation and Rural Roads Infrastructure Project

IRRIP's identification and selection was in two stages. The "accelerated method" was used to kick-start the first of the four years of the program. Selection of subsequent projects used the "standard method" of selection, reported in March 2013.[54]

Using the accelerated method to select projects for the first year, IRRIP chose 179 km of road sections based on the criteria developed by USAID and the LGA's. The criteria include a conditional survey, traffic counts, and proximity to agriculture. The first tranche of roads are approved under the 'accelerated' process which were Government to Government (G2G) agreements with each district and not part of a higher level G2G with the Road Fund. FARILs[55] were chosen by USAID/Tanzania as the way to rapidly mobilize funding. However, it was still necessary to undertake due diligence prior to obligating the funds and this largely explains why the FARILS were not issued until June 2014. Unfortunately implementation was delayed because of the requirement to undertake due diligence prior to obligating the funds. This may explain why FARILs were not issued until June 2014. Allied with other delays, the current expectation is that IRRIP will complete only the 179 km of "accelerated" roads by September 2015.

Evidence-based decision making and fact-based monitoring is being achieved through to use of ADRICS and, soon, DROMAS2. The first DROMAS was ineffective and gave the district engineers no basis to resist political pressure.

For M&E the only indicator used is kilometers of roads treated. This is most basic of measures. There is no requirement to identify beneficiaries and monitor benefits, but these factors are embodied in the project selection process.

Country-Specific Question 1: *For each of the constraints, are the goal-level commitments set forth in the JCAP alone capable of achieving the constraint-level objectives and outcomes?*

Findings: At the pinnacle of the Growth Diagnostic framework was the question: What constrains private investment and entrepreneurship? The JCAP expanded as follows: "GOT seeks to achieve a growth rate of eight percent per annum through (1) large investments in infrastructure; (2) enhanced skill development; (3) a significantly improved business enabling environment; and (4) institutional changes for effective implementation. … These actions are intended to achieve an appropriate balance of government participation in the economy and an improved, dynamic business-enabling environment to attract new private investment…."[56]

As mentioned above, a recent meta-analysis of the literature[57] on the effects of rural road development failed to find consistent cause-and-effect relationships. In Tanzania there is no evidence, either way, as to the net value gained from investment in rural roads. That said, the

[54] Working Paper on Rural Road Prioritisation, March 2013 Update
[55] Fixed Amount Reimbursement Letters, addressed to the Ministry of Finance.
[56] Executive Summary
[57] Cardno IT Transport, Systematic Review of Question 9: Does extension of the rural road network have a positive impact on poverty reduction and resilience for the rural areas served? If so how, and if not why not?, Draft Final Report, DFID, November 2014

target roads for FTF are in a highly productive rural district, where the expectation is for substantial returns from road improvements through gains to the incumbent producers. This is not the same as the PFG aim to attract additional private sector investment in agriculture. Roads may be important but the truly binding constraint is securing title to tracts of land large enough to be farmed on a large scale. Security of land tenure was one of the three original constraints identified by in Tanzania Growth Diagnostic but was left out when the list was shortened to two.

Lessons Learned: Devoting more resources to investment in and maintenance of rural roads is necessary but not sufficient to achieve the topmost objective: private investment and entrepreneurship.

Recommendations: Recognize and consider the other links in the chain of causality.

Country-Specific Question 2: *Is quantitative and objectively verifiable information being used to manage JCAP implementation in order to achieve and measure results?*

Findings: The interviewees able to answer this question pointed firstly to ADRICS as the objectively quantified measure of road quality and secondly to DROMAS (especially DROMAS2 which is being rolled out at the present time) as the analytical method of managing the road system.

Lessons Learned: The weak link in the entire system is the misclassification of rehabilitation as development. Admirable progress has been achieved yet this is gravely impaired by misclassification of maintenance which risks decline of the condition of the road network.

Recommendations: Amend the Act to classify rehabilitation as maintenance.

Country-Specific Question 3: *At the midterm, are the performances of the selected PFG interventions on target and creating the necessary outputs to achieve the desired outcomes?*

Findings: Even accepting that PFG and FTF have been defined to be one and the same it is unlikely that PFG is responsible for the progress that is manifest. The interviewees indicated little or no effect of PFG on their procedures. Several bluntly stated that without money nothing would happen. That is somewhat myopic since the support from development partners has rubbed off on Tanzanian decision makers and much that is good has been achieved as a consequence. Those officials who were involved in the PFG growth diagnostic considered it to be a valuable experience. Unfortunately, following the completion of the CA they ceased to be involved.

Lessons Learned: The PFG approach points in the right direction, but unfortunately on the rural road sector there was no follow up beyond the CA and the publication of the JCAP. Even the seemingly trivial cost of fuel for vehicles curtailed the involvement of important participants in an IRRIP initiative.

Recommendations: Understand that the government budget is established well in advance and is based on past patterns. Introducing new processes may stumble for lack of funding. Ease the introduction of new processes by providing transitional funding. If these processes are seen to have value they will merit funding priority using the government's own resources.

Country-Specific Question 4: *If performance is not on target or [not] creating the outputs necessary to achieve the desired outcomes, why?*

Findings: The funding allocated to rural roads investment is lagging behind what is needed. This is partly because of the misclassification of rehabilitation as development when, in fact, rehabilitation preserves the existing network and in no way develops it. Taking rehabilitation out of the development category would cure much that is wrong with the rural road network. It would ensure full funding for bottleneck projects— a minimum for keeping the rural network viable.

Recommendations: Broaden the definition of asset preservation to permit revenue from the Road Fund to be used for rehabilitation as well as maintenance and continue to increase the fuel levy a little longer to balance revenue and expenditure. This could also be achieved by enabling LGAs to receive revenue from the Road Fund directly to use for development, maintenance and rehabilitation in accordance with their priorities.

Conclusion

Underinvestment in rural roads infrastructure and maintenance is not the critical issue it was thought to be at the time of the CA. In the short time since the constraints analysis RFB funding has increased by around 75 percent. This is still not enough to support a significant, domestically-funded, program of rural road upgrading, but it does create some space for the Road Fund and/or LGAs to include rehabilitation and maintenance under the definition of asset replacement.

Rehabilitation is not "development". Rehabilitation does not make a road better than it was originally. Excluding rehabilitation from RFB funding may have been a pragmatic measure to ensure that routine maintenance is funded, so that roads do not prematurely need rehabilitation. Whatever the reason, it is no longer is tenable that the RFB be prohibited from funding rehabilitation.

Much is happening in Tanzania that is praiseworthy. The spirit of the PFG initiative is being met. But in the road sector to a large extent this was already being met, or would have been met, with or without the PFG initiative. The co-option of the IRRIP as part of the PFG reflects the commitment of USG to address the identified constraint using the existing funding envelope as not additional financial resources were made available. In consequence, senior government officials working on roads welcomed the growth diagnostic and appreciated its value although, they had expected it would result in additional funding from the USG for rural roads.

In rural roads the PFG M&E stalled as year one was the only scorecard viewed the evaluation team.

Course Corrections and Recommendations

The PFG initiative is a process which defines the approach to development. Several Dar es Salaam based road specialists were involved in the initial Constraints Analysis and the preparation of the JCAP and then had no further involvement. The technical personnel working at TANROADS, the Dodoma based PMORALG officials and LGA engineers had no involvement or understanding of the PFG process, although they were aware of the IRRIP project. TANROADS are only responsible for regional and trunk roads. The GOT definition of rural roads is much narrower than the PFG definition. The Dodoma based PMORALG LGA engineers were not directly involved in the PFG initiative.

The FTF's IRRIP project embodies the PFG initiative in seeking to address the root constraints.

Summary Status of Root Cause 1 (Root Constraint 1) (Goal 1) at Mid-term

Root Cause 1 LOAs	Quantifiable and Objectively Verifiable	LOA (intervention) on Target
LOA/Measure 1.1: Increase financial allocation for rural roads investments	YES (Results can be determined from allocations to and expenditures by local bodies)	NO (The portion of Roads Fund disbursements permitted to be used for investment are not enough to meet needs, especially given that rehabilitation is mistakenly classified as "investment".)
LOA/Measure 1.2: Increase financial allocation for rural roads maintenance services	YES (Results can be determined from allocations to and expenditures by local bodies)	YES (In recent years the Roads Fund has continued to markedly increased the funds it disburses to local authorities.
LOA/Measure 1.3: Develop a five-year rural roads investment program	YES (Local authorities annually produce rolling three-year work plans which, if worthwhile, could be made five-year rolling plans.)	YES (Preparation of multi-year work plans are routine for local authorities. The roll-out of DROMAS2 currently underway greatly enhances their ability to exploit the data collected by ADRICs into scientifically-based plans.

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ANNEX I. STATEMENT OF WORK PARTNERSHIP FOR GROWTH (PFG) MID-TERM EVALUATION: GHANA AND TANZANIA

I. BACKGROUND INFORMATION

Partnership for Growth (PFG) is a set of bilateral partnerships between the United States and a select group of four countries (El Salvador, Ghana, the Philippines, and Tanzania) to accelerate and sustain broad-based economic growth by putting into practice the principles of President Obama's September 2010 Presidential Policy Directive on Global Development. It involves rigorous joint analysis of constraints to growth, the development of joint action plans to address these constraints, and high-level mutual accountability for implementation.

One of PFG's signature objectives is to engage governments, the private sector and civil society with a broad range of tools to unlock new sources of investment, including domestic resources and foreign direct investment. By improving coordination, leveraging private investment, and focusing political commitment throughout both governments, the Partnership for Growth enables partners to achieve better development results.

Core principles of the Partnership for Growth include:

- Country ownership and partnership;
- High-level political leadership and commitment to development progress;
- Rigorous, evidence-based joint analysis on constraints to growth conducted by integrated teams of U.S. Government and PFG country officials;
- Joint decision-making on where to focus and prioritize resources;
- Use of a broad range of tools, including catalytic policy change, institutional reform, aid, diplomatic engagement, and other 'non-assistance' policy tools;
- Leveraging the whole of the US government;[58]
- Transparency, mutual accountability and fact-based monitoring and evaluation.

The PFG process consists of several steps, including:

- Agreement to initiate PFG with selected partner countries;
- Joint analysis on constraints to growth, followed by broad consultation, dialogue on the findings;

[58] Examples of how whole of government is expressed and applied include http://www.whitehouse.gov/blog/2013/01/07/whole-government-commitment-inclusive-entrepreneurial-growth and http://www.state.gov/documents/organization/153139.pdf.

- Development of joint country action plans (JCAPs) that outline potential tools, reforms, technical assistance and resources that can be applied over the next five years to address priority constraints to growth;
- Implementation of priority initiatives by USG agencies and partner governments;
- Regular monitoring and evaluation, which includes semi-annual scorecards
- Transparency and consultation with private and public sectors.

Documentation on PFG design, goals, objectives and accomplishments can be found at http://www.state.gov/e/eb/ifd/odf/pfg/countries/index.htm and http://www.mcc.gov/pages/activities/activity-two/partnership-for-growth.

II. CONTEXT

An important aspect to bear in mind at all times is that PFG is a bilateral partnership at the country level. The evaluation will be conducted by an external evaluator agreed upon by the U.S. government (USG) and, for evaluations in their countries, the governments of Ghana and Tanzania.

II.a Timing Considerations

This evaluation will only focus on Ghana and Tanzania, as the PFG programs in El Salvador and the Philippines were the subjects of mid-term evaluations in 2013 and 2014. It will span the U.S. government and national (i.e. Ghanaian and Tanzanian) government leadership, implementing agencies, activities, strategies, stakeholders and audiences (both public and private).

II.b Target Areas and Groups

No single criterion was used to identify target populations for PFG activities. Some PFG activities are national in scope, and others target specific sub-populations, regions and sectors.

II.c Results Frameworks and Intended Results

The Ghana and Tanzania PFG efforts have tailored, unique results framework developed in response to the constraints to growth analysis. Following is the logical framework, reflected in detail in the Joint Country Action Plan (JCAP). The frameworks reflect only the constraints and the goals necessary to alleviate or address the constraints. More information on the agreed lines of action to achieve the goals can be found in each country's JCAP.

> Constraint = a binding constraint to growth, identified explicitly in the constraints to growth analysis[59]

[59] A Constraints Analysis is a study based on the growth diagnostic approach originally developed by Haussmann, Rodrik, and Velasco (2005) and since elaborated by others, including the United States Millennium Challenge Corporation (MCC). Growth diagnostics seeks to identify, for a particular country at a particular point in time, the principal barriers – the "binding constraints" – to that country achieving and sustaining faster economic growth. It starts with the premise that those constraints affect growth by preventing private investment and entrepreneurship from reaching the levels they would attain in the absence of those constraints.

Goal = a necessary objective to alleviate and address the constraint, identified in the Joint Country Action Plan

Line of Action (LOA) = a programmatic response, by one or both governments identified in the Joint Country Action Plan. A line of action may be a project or a policy change or any other discrete intervention at the implementation level. The government responsible for executing the line of action is clearly identified in the JCAP. For Ghana, the goals and lines of action are identified in "Section IV. PFG Country Plan for 2012-2016" on pages 7-16 of the JCAP. For Tanzania, the goals (called "measures") and lines of action are identified in "Section IV. Partnership for Growth Joint Country Action Plan for 2012-2016" on pages 3-15 of the JCAP and summarized in "Appendix B. Summary Matrix of PFG Proposed Activities."[60] An LOA may in many cases be synonymous with a project or activity.

Goals of Ghana PFG Country Plan for 2012-2016

A. Strengthening the Power Sector

1. Strategy and Planning

Goals

- Cohesive transmission and distribution reform strategy which provides an overarching framework for improving utility operational and financial performance developed and implemented.
- Long-term reliable gas supplies available for the operation of thermal power plants with a transparent framework for gas pricing and allocation developed and implemented.
- Implementation of an integrated power sector master plan that builds upon existing sub-sector master plans and provides guidance for future investment plans.
- Clear public policy and framework implemented for private sector participation in the power sector.

2. Institutional, Regulatory and Structural Reform

Goals

- Clear and distinct roles and responsibilities of policymaking, regulation, ratemaking, ownership, and operations in the gas sector.
- Well-functioning processes of policymaking, regulation, and ratemaking that serve to attract investment into the sector and improve delivery of service and needed maintenance.
- Improved management, operations and financial viability of operating entities in the power and energy sector.

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[60] The Tanzania JCAP is at http://www.state.gov/documents/organization/202535.pdf

3. Electricity Demand and Generation Capacity
Goals

- Prepare demand outlooks based on sound economic planning and modeling and which take into consideration efficient use of energy.
- Expand generation to meet demand for power (including acceptable reserve margins) so as not to hinder economic activity and growth (expansion plans should consider demand side management and exploit environmentally friendly and sustainable options for power generation).
- Further diversify generation types (including renewables) to minimize risks from low rainfall, fluctuations in oil prices, and other external shocks.

4. Transmission and Distribution Infrastructure and Operations
Goals

- Improved network operations to meet suppressed demand and forecasted growth and improve quality of supply.
- Increased efficiency and cost effectiveness of transmission and distribution assets.
- Improved financial viability of companies in the sector.
- Reduce commercial losses.

5. Rural Access
Goals

- Expanded electricity service access for rural communities.
- Sustainable management and operation of rural electricity systems.

B. Improve Access to Credit and Strengthen the Financial System
1. Reduce Government Engagement in Banking Sector
Goals

- Reduce potential for government influence in the banking sector through laying the foundation for divestiture of state and parastatal ownership in commercial banks.
- Minimize non-performing loans, which could result from government off-budget financing through strong governance systems in banks with state and parastatal interests.
- Reduce government and parastatal payment arrears through stronger public revenue and expenditure management.
- Lower interest rates through measures to be taken including reducing reliance on Ghanaian banks for placement of government debt instruments.

2. Strengthen Financial Sector Regulation and Supervision
Goals

- Ensure financial sector stability through strong capacity within the BoG to assess and manage risk within the banking sector.
- Eliminate potential regulatory gaps through effective coordination and oversight of financial sector regulation.

3. Develop the Financial Sector Infrastructure
Goals

- Reduce interest rates and expand access to financial services through reducing the risk premium and lowering transaction costs through stronger financial sector infrastructure.

4. Broaden and Deepen the Financial Sector
Goals

- Reduce interest rates and introduce new financial instruments through encouraging competition by expanding the range and capacity of financial intermediaries.

5. Encourage Development Finance and Support SME Access to Finance
Goals

- Improve access to finance and improve the management and operational capability of SMEs.
- Promote financial literacy among small and medium scale enterprises.
- Ensure the sustainability and optimal efficiency of key development finance institutions such as rural banks, Eximguaranty, Venture Capital Trust Fund and Agriculture Investment Fund.

Goals of Tanzania Partnership for Growth Joint Country Action Plan for 2012 2016

A. Power
Root Cause 1: Underinvestment in the Energy Sector
Measure 1.1: Establish Cost Reflective Tariff Structure
Measure 1.2: Minimize Revenue Loss
Measure 1.3: Strengthen Legal and Regulatory Institutions

Root Cause 2: Insufficient Institutional and Technical Capacity for Robust Energy Sector Planning and Management
Measure 2.1: Improve Sector Planning
Measure 2.2: Increase Key Sector Institutional Capacities
Measure 2.3: Promote Private Investment in Power

B. Rural Roads
Root Cause 1: Underinvestment in Rural Roads Infrastructure and Maintenance
Measure 1.1: Increase Financial Allocation for Rural Roads Investments
Measure 1.2: Increase Financial Allocation for Rural Roads Maintenance Services
Measure 1.3: Develop a Five Year Rural Roads Investment Programme

Root Cause 2: Inadequate Institutional and Technical Capacities for Rural Roads Infrastructure and Maintenance Services
Measure 2.1: Improve Institutional and Technical Capacities for Rural Roads Investment and Maintenance Services
Measure 2.2: Develop District Level Capacities for Rural Roads Management
Measure 2.3: Develop the Capacity of Labor Based Contractors and Local Community Private Enterprises

II.d Existing Documents and Data Sources

A wide range of documentation is publicly available on PFG, including semi-annual "scorecards" of progress made on JCAP implementation. Macro level indicators provide information on progress towards alleviating the constraints and achieving the overarching JCAP goal of broad-based, inclusive and private-sector led economic growth.

Scorecards: As described in the Ghana JCAP M&E Addendum, once PFG implementation began the governments of Ghana and the United States planned to publish a semi annual scorecard to report to the public on progress towards achievement of PFG goals. The goal indicators are designed to reflect the shared purposes of the governments of Ghana and the United States. The two governments intend to use the descriptors "Ahead of Schedule," "On Track," "Behind Schedule," or "Completed", to characterize progress on each goal. Scores are to reflect the consensus view of the two governments and any disagreements between them will be noted. The scorecard is to be accompanied by a description that provides a justification for each score assigned. This justification is to include the results of the goal indicators included in this addendum along with other relevant supporting information and data (which may include results of monitoring and evaluation conducted independently by each government on individual LOAs). If data for goal indicators is not available in a particular reporting period, progress will be reported in the following period.

The respective implementation teams should coordinate work plans for each LOA, which, in turn, will be developed by the responsible implementing agency in coordination with the overall team. These work plans shall contain timelines, performance indicators and targets for individual LOAs and will constitute inputs of the PFG M&E process.

Pages 17-20 of the Ghana JCAP list a number of key indicators that can be used to measure progress in achieving each goal.

Progress on the Joint Country Action Plan for the Power Constraint in Tanzania is tracked using three sets of indicators: (1) Macroeconomic indicators that are publicly available; (2) Utility and sector indicators that are obtained from the sector actors; and (3) Policy indicators that are tracked by the USG and development partners. All indicators were chosen to reflect the top-line results sought by the GoT and supported by the USG through the PFG JCAP. The indicators are listed below:

(1) Macroeconomic Indicators: Population, GDP, GDP Growth, GDP Growth per capita, FDI
(2) Sector Indicators: Installed Generation Capacity, Percentage of Population with access to electricity, TANESCO customer connections, ZECO customer connections
(3) PFG Indicators: Tariff as percentage of cost of service, Rate of TANESCO/ZECO revenue growth is greater than inflation, Increase in annual repair and maintenance budget toward target of 10%, Aggregate Technical, Commercial and Collection Losses below 20% for both utilities, Consistent implementation of all power sector policy, legal and regulatory instruments, 100 % of procurements are conducted in accordance with Power Sector Master Plan, TANESCO will develop appropriate baseline measure for reliability (e.g., power availability compared to peak load demand and reserve margin),

Percentage of new investment in power generation, transmission, distribution through private sector

The above indicators will be supplemented by activity level output and outcome indicators for specific programs

III. EVALUATION RATIONALE

III.a Evaluation Purpose

The evaluation will serve two purposes. As a result, there are two sets of evaluation questions.

Purpose 1; Evaluating the PFG Approach: The first purpose is to evaluate whether the PFG process demonstrates improvements over pre-PFG assistance approaches. In particular, the evaluation will examine the extent to which the PFG's whole-of-government and constraints analysis approach led to a change in the manner of USG delivery of development assistance and whether these changes demonstrated improvements in terms of operational efficiency, selection, coordination, design and management of development interventions, and ultimately increased the probability and effectiveness of assistance efforts in achieving verifiable results. The findings and conclusions of this part of the mid-term evaluation will help decision makers determine whether PFG indicates an improved model for providing assistance and whether it portends a higher probability of achieving desired development results. Furthermore, it will inform governments in their work with all donors.

Purpose 2; Evaluating Country-Specific Implementation: The second purpose is to: a) evaluate whether PFG efforts have been developed in such a way as to allow for the eventual determination of their impact on addressing the identified constraints and desired outcomes; and, b) to evaluate the performance of certain initiatives to date to determine whether or not they are moving in the desired direction and are considered necessary and sufficient to achieve PFG goals. The findings and conclusions of the country-specific portion of the mid-term evaluation are of particular relevance to the national government and USG entities implementing PFG in the field, allowing for country program course corrections where feasible and needed in order to enhance the likelihood of achieving sustainable, cost-effective and measurable results.

III.b Audience and Intended Uses

The mid-term evaluation will be made available on-line to the public. There are many audiences for the mid-term evaluation, including:

Implementers

- The national government Ministers of Foreign Relations (or the equivalent) and PFG Coordinating Committees in Ghana and Tanzania,
- The U.S. Ambassadors and Country Teams,
- The White House and participating U.S. Agency PFG Coordinators and country desk officers in Washington, DC,
- Relevant agencies/organizations implementing JCAP activities;

Stakeholders

- Citizens of Ghana and Tanzania,
- Civil society representatives and organizations, in the U.S., Ghana and Tanzania;
- Private sector commercial companies and organizations, in the U.S., Ghana and Tanzania,
- Diaspora communities residing in the United States, and
- The international donor community interested in lessons learned from applying the 2005 Paris Declaration on Aid Effectiveness and the 2008 Accra Agenda for Action-assistance[61]

IV. EVALUATION DESIGN AND METHODOLOGY

The Contractor should propose the most rigorous evaluation methodology feasible and cost-effective given the learning potential and scope of the study. To the greatest extent possible, the Contractor shall analyze and collect quantitative data.

The current scope is only for the Ghana and Tanzania mid-term evaluations. Mid-term PFG evaluations have already been completed for El Salvador and the Philippines. Similarly, a final evaluation of PFG and PFG efforts in each country is anticipated. While not covered under this SOW, data captured may be employed in the eventual final evaluations and provide the foundation for making conclusions at that time.

IV.a Requirements for Achieving Purpose 2

In fulfilling the second purpose of this mid-term evaluation, the expectation is to conduct an assessment of the evaluability of the PFG JCAPs (in other words, assess the extent to which the current PFG programs, as designed and implemented, are evaluable and can or will demonstrate, in verifiable terms, the results they intend to deliver) and to evaluate performance to date.

The contractor first will be asked to conduct a preliminary evaluability assessment of each country's PFG JCAP. The **preliminary evaluability assessment** should use the available program information to assess the following components of each goal and its corresponding LOAs (or LOA equivalent):

- problem diagnostic and baseline situation assessment;
- causal logic of activities, objectives, and outcomes;
- intended beneficiaries; and
- data availability.

The preliminary evaluability assessment will be used to identify goals and LOAs that are ready or amenable for further in-depth **"second-tier" review** during the mid-term evaluation. At a

[61] For further information on the 2005 Paris Declaration on Aid Effectiveness and the 2008 Accra Agenda for Action-assistance please visit http://www.mcc.gov/pages/activities/activity-two/aid-effectiveness: http://pdf.usaid.gov/pdf_docs/pdacq942.pdf

minimum, at least two goals (one per constraint) that are amenable will then be reviewed to determine whether:

- The indicators selected to measure their progress cover the overall logic of the PFG interventions;
- There are any major gaps in data collection and analysis that could prevent the interagency partners and joint steering committees from:
  - Adequately managing implementation towards expected results;
  - Evaluating the effectiveness of PFG.

The goals and LOAs selected for the second tier assessment also will form the "sample" of LOAs or projects that will be evaluated to determine **performance at the mid-term**.

The country-specific evaluation questions in "Section IV. b" of this SOW track closely with the requirements outlined above.

Requirements for Achieving Purpose 2	**Related Country-Specific Question(s)**
Preliminary Evaluability Assessment	Question 1
Second-tier Review	Question 2
Performance at Mid-Term	Questions 3&4

IV.b Evaluation Questions

The evaluation questions address issues of common concern for all PFG countries (the cross-cutting questions), as well as country specific questions tailored to each country's individual situation.

Most of the cross-cutting evaluation questions will focus on organizational management structures which are common across all four countries. The cross-cutting evaluation questions respond to Purpose 1 of this evaluation.

Country-specific evaluation questions are more appropriate to testing the theory of change at the technical level and will be used to make country-specific recommendations in the final Mid-Term Evaluation Report. The country-specific evaluation questions respond to Purpose 2 of this evaluation.

<u>Mid-Term Cross-Cutting Evaluation Questions:</u>

1. What are the advantages and/or disadvantages of the PFG* whole of government approach to development assistance? The intent of this question is to assess the extent to which the PFG efforts intended changes in development assistance have or have not materialized. The whole of government approach is relevant to identifying areas for assistance, selecting interventions, and determining implementation coordination. The question is relevant both to national government agencies and institutions, and U.S. government agencies and institutions overseas and in Washington DC. The question will help to understand how PFG approach differs from other planning processes.

* Explanation of "Whole of Government": In large bilateral efforts such as Partnership for Growth, many different governmental agencies and ministries are involved in both governments in different dimensions of the larger effort. Within the U.S. government, the term "whole of government" reflects efforts to align each agency's activities to achieve a common objective. Footnote 1 provides resources for further explanation.

2. To what extent has Partnership for Growth affected the workload on national government and U.S. government staff, as compared to the workload created by traditional forms of development assistance delivery? This question should explore not just whether staff members have had to work more intensively during a normal 40-hour week and/or log more hours of overtime because of PFG, but also whether their workload has significantly shifted to PFG-related activities from other activities.

3. What contribution has non-assistance[62] made to the PFG process and how can it be utilized moving forward?

Mid-Term Country-Specific Evaluation Questions:
Country-specific questions look directly at the efforts unique to a PFG country. In this portion of the evaluation, evaluators are expected to assess the evaluability of the PFG effort in each country and, to the extent possible, determine progress to date in a select amount of initiatives in PFG framework.

Ghana

1. The constraints analysis does not identify remedies to address the binding constraints to growth. For each of the constraints, are the goal-level commitments set forth in the JCAP alone capable of achieving the constraints-level objectives and outcomes?

   (See Section III.a "Evaluation Purpose" for details on expectations related to this question.)

2. The PFG model places an emphasis on evidence-based decision making and fact-based monitoring. Is quantitative and objectively verifiable information being used to manage JCAP implementation in order to achieve and measure results?

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[62] PFG calls upon the US Government (USG) and partner countries to be more comprehensive and creative in our development work – to reach beyond aid to all the instruments that both governments can bring to bear to connect and amplify the impact of current investments and unlock growth potential. USG commitments under PFG are comprised of both assistance and non-assistance tools that, undertaken in close coordination with partner countries, will maximize our impact and success. In addition to those actions already identified by the interagency and partner countries, additional non-assistance activities should be considered over the life of PFG for a sustained and focused effort.

Non-assistance options provide a venue for demonstrating United States support to partner countries and the Partnership for Growth. Options are intended to fully leverage the United States' unique convening authority, NGOs, professional organizations and academic institutions, donor groups, regional banks, and diaspora communities, and policy options for development results.

(See Section III.a “Evaluation Purpose” for details on expectations related to this question.)

3. At the mid-term, are the performances of the selected PFG interventions on target and creating the necessary outputs to achieve the desired outcomes?

4. If performance is not on target or creating the outputs necessary to achieve the desired outcomes, why?

Tanzania

1. The constraints analysis does not identify remedies to address the binding constraints to growth. For each of the constraints, are the goal-level commitments set forth in the JCAP alone capable of achieving the constraints-level objectives and outcomes? (See Section III.a “Evaluation Purpose” for details on expectations related to this question.)

2. The PFG model places an emphasis on evidence-based decision making and fact-based monitoring. Is quantitative and objectively verifiable information being used to manage JCAP implementation in order to achieve and measure results?

   (See Section III.a “Evaluation Purpose” for details on expectations related to this question.)

3. At the mid-term, are the performances of the selected PFG interventions on target and creating the necessary outputs to achieve the desired outcomes?

4. If performance is not on target or creating the outputs necessary to achieve the desired outcomes, why?

IV.c Evaluation Design

The evaluation will be a performance evaluation, but should highlight the results of any impact or other rigorous analyses done separately on PFG goals or lines of action (LOAs) at the country level. A performance evaluation should include descriptive questions. The mid-term evaluation will include but not be limited to semi-structured interviews, focus groups of stakeholders, and documentation reviews. Where feasible and appropriate, efforts should be made to incorporate quantitative data collection or analysis to measure program performance. The evaluator is expected to incorporate input from a reasonable range of civil society and the private sector. Offerors are encouraged to propose cost effective approaches to the evaluation.

Additionally, for addressing country-specific questions, the contract may propose various methodologies to create a representative sample of the larger effort (for example, selecting to analyze only certain LOAs or goals, based on the level of foreign assistance investment they’re receiving) to ensure the scope of the evaluation is manageable and cost-effective while retaining its ability to provide a general assessment of the PFG effort and provide actionable recommendations for the Steering Committees, partner governments and US interagency going forward. At a minimum, at least two goals (one per constraint) that are amenable to an in-depth second-tier review will be selected for this purpose.

Cost-benefit and cost-effectiveness analysis will not be utilized in the mid-term evaluations.

IV.d Evaluation Points of Contact

The Activity Manager (AM) for this evaluation will be the primary POC for the cross-cutting and both country-specific evaluations. The AM will be located in Washington. He or she will have responsibility for representing the evaluation and its progress to the larger USG PFG group. The AM will coordinate directly with the COR for this mechanism.

Each country will establish a POC team, consisting of one USG POC in Washington, one USG POC in the field, and one national government POC. The POC teams for each country will be responsible for communications with the AM.

The USG-POCs in Washington DC will help the evaluation teams liaise with all relevant stakeholders within the US inter-agency community at headquarters. The USG-POC based in the partner country, either within the U.S. Embassy or in another U.S. Agency there, will help the evaluation team reach all relevant USG stakeholders in country. The national government POC will help the evaluation team reach all relevant stakeholders within the country.

IV.e Planning for Data Collection

The PFG Ghana has been divided into two technical teams, namely Power and Access to Credit. The technical team for Power is spearheaded by the Ministry of Energy while the Access to Credit team is led by the Ministry of Finance. The technical team for Power draws it membership from the Ministry of Energy and its affiliate institutions for Ghana, then the MCC and staff of the USAID for the USG. The Access to Credit side has members coming from the Ministry of Finance and the Bank of Ghana for Ghana as well as USAID staff for the USG.

To help coordinate the activities of the PFG, a PFG secretariat is being set up at the Ministry of Finance. The secretariat will be staffed by a coordinator, two administrators, two representatives from the technical committees and three support staff. The deliverables of the secretariat will include monthly/quarterly/annual updates on the PFG work plan, updated M&E framework, Updated balance score card among others.

One week of field work in Washington DC is estimated in the present scope of work so the evaluation team can meet with the USG Washington-based Goal Leads and other Washington-based PFG stakeholders. The field work in Washington DC should take place before the field work in country.

In addition to the monitoring data on program activities normally collected by U.S. government and national government agencies during the course of implementation, PFG’s emphasis on shared responsibility with the national government and public transparency has resulted in an additional layer of periodic monitoring data that will be available to the evaluation team, such as the scorecards (see description above) and other host country data systems.

The three evaluation POCs identified in section IV.d will provide the evaluation team with access to all existing PFG program monitoring data. The format, frequency and type of monitoring data collected by the governments of Ghana and Tanzania may be significantly different from the formats and types used by the U.S. government.

The evaluation team will process the information and identify information gaps and data quality concerns in an inception report, to guide additional data collection required as part of the evaluation.

Once the gaps in monitoring information are identified, the evaluation team will fill out the "Pre-Field Visit Data Needs and Analytical Guide" below and discuss the recommended approach with the COR to negotiate a final guide to be used once the team is in country.

Template: Pre-Field Visit Data Needs and Analytical Guide
Cross-Cutting Questions

Evaluation Questions	Type of Answer Needed (e.g. descriptive, normative, cause-effect)	Data Collection Method(s)	Gender Disaggregation of Data, where Possible	Sampling or Selection Criteria	Data Analysis Method(s)
1. What are the advantages and/or disadvantages of the PFG whole-of-government approach to development assistance?					
2. To what extent has Partnership for Growth affected the workload on national government and U.S. government staff, as compared to the workload created by traditional forms of development assistance delivery?					
3. What contribution has non-assistance made to the PFG process and how can it be utilized moving forward?					

Ghana Country-Specific Questions

Evaluation Questions	Type of Answer Needed (e.g. descriptive, normative, cause-effect)	Data Collection Method(s)	Gender Disaggregation of Data, where Possible	Sampling or Selection Criteria	Data Analysis Method(s)
1. The constraints analysis does not identify remedies to address the binding constraints to growth. For each of the constraints, are the goal-level commitments set forth in the JCAP alone capable of achieving the constraints-level objectives and outcomes?					
2. The PFG model places an emphasis on evidence-based decision making and fact-based monitoring. Is quantitative and objectively verifiable information being used to manage JCAP implementation in order to achieve and measure results?					
3. At the mid-term, are the performances of the selected PFG interventions on target and creating the necessary outputs to achieve the desired outcomes?					
4. If performance is not on target or creating the outputs necessary to achieve the desired outcomes, why?					

Tanzania Country-Specific Questions

Evaluation Questions	Type of Answer Needed (e.g. descriptive, normative, cause-effect)	Data Collection Method(s)	Gender Disaggregation of Data, where Possible	Sampling or Selection Criteria	Data Analysis Method(s)
1. The constraints					

analysis does not identify remedies to address the binding constraints to growth. For each of the constraints, are the goal-level commitments set forth in the JCAP alone capable of achieving the constraints-level objectives and outcomes?					
2. The PFG model places an emphasis on evidence-based decision making and fact-based monitoring. Is quantitative and objectively verifiable information being used to manage JCAP implementation in order to achieve and measure results?					
3. At the mid-term, are the performances of the selected PFG interventions on target and creating the necessary outputs to achieve the desired outcomes?					
4. If performance is not on target or creating the outputs necessary to achieve the desired outcomes, why?					

V. EVALUATION PRODUCTS

The set of evaluation milestones/products required are detailed below:

1. [*Written Document*] **Work Plan**

   Due to the COR within the first 5 business days after start of the evaluation.

   The work plan will detail the Evaluation Team's schedule in weekly blocks of time for the various tasks and deliverables, including desk review, inception report development, evaluation design, interviews (in the U.S., Ghana and Tanzania), data collection, data analysis and preparation of initial evaluation results, report writing, briefings and presentations.

2. [*Written Document*] **Inception Report and Preliminary Evaluability Assessment**

Due to the COR within 3 weeks after the start of the evaluation.

The **inception report** is a desk review of all existing documentation and monitoring data relevant to the specific PFG evaluation in question. The PFG evaluation places added emphasis on the inception report to ensure that all available monitoring and program data has been received, read and analyzed by the evaluation team prior to approval of field work.

A useful template and guide for the inception report is provided by the UNODC at http://www.unodc.org/documents/evaluation/IEUwebsite/Chapter_4_C.pdf. The current scope adopts the UNDP's definition of an inception report:

> "Evaluation inception report—An inception report should be prepared by the evaluators before going into the full-fledged evaluation exercise. It should detail the evaluators' understanding of what is being evaluated and why, showing how each evaluation question will be answered by way of: proposed methods; proposed sources of data; and data collection procedures. The inception report should include a proposed schedule of tasks, activities and deliverables, designating a team member with the lead responsibility for each task or product. The inception report provides the programme unit and the evaluators with an opportunity to verify that they share the same understanding about the evaluation and clarify any misunderstanding at the outset." (source: http://web.undp.org/evaluation/handbook/Annex3.html)

The preliminary **evaluability assessment** should use the available program information to assess the ability of the JCAP projects to demonstrate in measurable terms the results they intend to deliver (See section III.a "Evaluation Purpose" for details regarding the expectations and scope of the preliminary evaluability assessment.) The contractor should propose a methodology for sampling LOA for review in order to ensure that the scope of the evaluation and field work is manageable and cost-effective while retaining its ability to provide a general assessment of the PFG effort and provide actionable recommendations for the Steering Committees, partner governments and US interagency going forward.

3. Updated Methodology and Evaluation Plan

Once a final sampling strategy has been decided, the detailed evaluation methodology should be updated based on the preliminary review of all available JCAP and PFG data. The updated methodology should include a Pre-Field Visit Data Needs and Analytical Guide Report, which includes information on data gaps, sampling strategy, pre-tested interview questionnaires and data collection timeline.

See section IV.e for the basic template, which can be adapted to country-specific needs with COR agreement.

The contractor **must** provide a statement explaining how data collection methods will conform to the Common Federal Policy for Protection of Human Subjects in research evaluations (often called the "Common Rule." For more information see 22 CFR 225, Annex

B, part 1, and http://www.access.gpo.gov/nara/cfr/waisidx_06/22cfr225_06.html. Even those evaluation activities with a non-research determination should ensure ethical conduct of data collection involving human subjects.

4. **End of Field Visit Debrief**
   Debrief to national and U.S. governments in Ghana and Tanzania, including Washington, DC PFG staff via teleconference.

   This will be delivered prior to departing the country while there to conduct the field visit. This presentation will update the team on the status of evaluation progress, identify any outstanding data or information, and describe any preliminary evaluation findings to date.

5. **Draft Evaluation Reports** *(See Deliverable Six for types and quantities of reports)*

   Draft reports will be provided for all final reports outlined in deliverable seven.

   Draft reports "a" and "b," as described in deliverable six, are due to the COR within four weeks after the end of the field visit.

   Draft report "c" is due two weeks after the presentation (deliverable seven) of report "b."

   The evaluating findings shall be treated as an independent assessment and opinion of the contractor. USAID, Ghana and Tanzania government stakeholders will review the draft evaluation report with the expressed and sole objective of reviewing the factual accuracy of any information contained therein and to indicate areas where further clarifications are warranted. The contractor should attempt to understand these concerns, making adjustments where appropriate, while continuing to maintain the report's independence and objectivity.

   The evaluation reports should include but may not be limited to the following elements:
   1. Executive Summary
   2. Objectives of the evaluation, including evaluation questions
   3. Methodology used and limitations of study
   4. Results of analysis, assessment of performance against evaluation questions, and to what extent results can be attributed to the actual interventions
   5. Key lessons learned and recommendations

6. **Final Mid-Term Evaluation Reports**
   The contractor will provide three Mid-Term Evaluation Reports:

   a. A mid-term evaluation report covering the country-specific and cross-cutting findings, lessons learned and recommendations for Ghana;
   b. A mid-term evaluation report covering the country-specific and cross-cutting findings, lessons learned and recommendations for Tanzania;
   c. And, a report that compares and contrasts the findings, conclusions and recommendations from the cross-cutting questions in Ghana and Tanzania, to

identify commonalities in the PFG process regardless of the location of its implementation.

Report "c," in the list above will be issued after the completion of both the Ghana and the Tanzania fieldwork.

Reports will be due to the AM within 1 week of receiving AM written feedback on the draft evaluation report (see schedule below for total estimated time line). Reports must adhere to the evaluation report requirements outlined USAID's ADS chapter 203.3.1.8.

7. **Evaluation Report Presentations:**
   a. Due within 1 week after the delivery of the accepted final report "a" under deliverable six, the proposer will deliver an in-person presentation in Washington, DC, to Washington-based USG PFG staff and to national and U.S. government personnel in Ghana, who will participate via video or teleconference.

   b. Due within 1 week after the delivery of the accepted final report "b" under deliverable six, the proposer will deliver an in-person presentation in Washington, DC, to Washington-based USG PFG staff and to national and U.S. government personnel in Tanzania, who will participate via video or teleconference.

V. TEAM COMPOSITION

For the life of the contract, the team will contain two permanent staff members, the Evaluation Team Leader and the Data Methods Specialist. For each country, two additional evaluation specialists with sector-specific experience will be added for those portions of the contract. For example, the Ghana evaluation will require an evaluation specialist with experience in electric power and an evaluation specialist who has a background in public finance and credit. The Tanzania evaluation will require an evaluation specialist with a background in electric power and another with a background in rural roads.

The Offeror is encouraged to consider the inclusion of country nationals or regional country nationals to the evaluation team. In addition to their core technical specialties, country nationals are instrumental in ground-truthing information analyzed during the evaluation and helping the rest of the team see the larger picture and put things in perspective.

The Offeror must verify the availability of any personnel working on the evaluation for more than 60 days. Please include letters of availability for all applicable personnel when submitting the proposal. Submissions not including letters of availability will not be considered for the award.

Evaluation Team Leader

a) An advanced degree in Economics, Business Administration, Statistics, Economic Development, or a related field;
b) At least 15 years professional experience in evaluation, including in overseas settings;
c) Experience managing teams and working with USG and international governments;

d) Proven ability to design and implement quantitative and qualitative research instruments and methodologies;
e) Ability to communicate in English.

Data Methods Specialist:

a) An advanced degree in social science, statistics or mathematics;
b) At least 7 years technical experience with qualitative and quantitative study design, questionnaire development, data collection, quality control, coding and analysis;
c) Ability to design, manage, and implement qualitative and quantitative field-based data collection for evaluations;
d) Proven competency in the use of data management software for evaluation;
e) Ability to communicate in English.

The following are suggested specialists required for each country:

Ghana

Electric Power Evaluation Specialist

a) An advanced degree in Economics, Business Administration, Statistics, Economic Development, Law, Criminology or a related field;
b) Five years professional experience in evaluation, including in overseas settings preferred;
c) At least 5 years of experience in the field of electric power;
d) Proven ability to implement quantitative and qualitative evaluation instruments and methodologies;
e) Ability to communicate in English.

Public Finance and Credit Evaluation Specialist

a) An advanced degree in Economics, Business Administration, Statistics, Economic Development, or a related field;
b) Five years professional experience in evaluation, including in overseas settings preferred;
c) At least 5 years of experience in the fields of public finance and credit;
d) Proven ability to implement quantitative and qualitative evaluation instruments and methodologies;
e) Ability to communicate in English.

Tanzania

Electric Power Evaluation Specialist

a) An advanced degree in Economics, Business Administration, Statistics, Economic Development, or a related field;
b) Five years professional experience in evaluation, including in overseas settings preferred;
c) At least 7 years of experience in the field of electric power;

d) Proven ability to implement quantitative and qualitative evaluation instruments and methodologies;

Rural Roads Evaluation Specialist

a) A law degree plus an advanced degree in economics, business administration or public policy
b) Five years professional experience in evaluation, including in overseas settings preferred;
c) At least 7 years of prior technical experience with a focus on rural roads;
d) Proven ability to implement quantitative and qualitative evaluation instruments and methodologies;

VI. EVALUATION MANAGEMENT

A) Logistics

The various POCs listed above will provide logistical support in terms of providing the team with the necessary U.S. and host-country contacts, contact information and required background information. Other logistics required for the execution of the evaluations will be the responsibility of the contractor. See section IV.d for additional information.

B) Scheduling

The contract is expected to begin in ______________ and run until __________. The Tanzania portion of the evaluation will precede the Ghana portion, while the cross-cutting elements will be spread across both. An evaluation schedule follows:

SEE ACCOMPANYING SPREADSHEET

Level of Effort

The USG has anticipated that the evaluation will require 526 personnel days to complete. An USG estimate of the time LOE by personnel is provided below, but the level and type of staff and their days is at the discretion of the Proposer.

TASKS (DAYS)	Team Leader	SME (1)	SME (2)	DMS
1. Work Plan –	3	1	2	3
2.Inception Report/ Preliminary Evaluability Assessment	10	5	10	12
3. Updated Methodology /Evaluation Plan.	5	2	4	3
4. Interviews in DC	3	2	4	3
5. Field Work	18	18	36	18
6. Field Visit Debrief	2	2	4	2

7. Draft Evaluation Report	**20**	**15**	**30**	**20**
8. Final mid-term Evaluation Report	**5**	**2**	**4**	**5**
9. Cross Cutting report	**5**	**2**	**4**	**3**
10. Evaluation Report Presentation	**2**	**4**	**4**	**2**
Per Country Totals	**73**	**53**	**102**	**71**
Additional Days for the Follow up	**2**	**2**	**4**	**2**
Additional Cross-Country Report	**10**	**0**	**0**	**10**
TOTAL LOE	**158**	**108**	**108**	**152**

SME = Subject Matter Expert
DMS = Data Methods Specialist

ANNEX 2. DATA COLLECTION INSTRUMENTS STAKEHOLDER TYPES

Leadership – Interview Guide 1

Respondent Type: The targeted respondents for this semi-structured Interview Guide #1 are current and former USG, GOG and GOT officials who have held or hold leadership positions within the PFG initiative, particularly POCs and others at their level who will be more informed of the implementation of PFG.

Architect/Designer – Interview Guide 2

Respondent Type: The targeted respondents for this semi-structured Interview Guide #2 are stakeholders directly involved with the design and planning of the Ghana and Tanzania PFGs, or whose inputs were sought after for these processes. The stakeholders mainly include USG and GOG/GOT officials (current and former), representatives from private sector and other civil society organizations, as well as independent experts.

Goal Lead – Interview Guide 3

Respondent Type: The targeted respondents for this semi-structured Interview Guide #3 are active and former GOG/GOT and USG Goal Leads who have directly worked on respective goal(s).

LOA Implementer – Interview Guide 4

Respondent Type: The targeted respondents for this semi-structured Interview Guide #4 are the implementers of all or selected lines of action (LOA) under the selected goals. The interview will be performed primarily with the chiefs of party, directors, and/or coordinators or their representatives.

Independent Expert – Interview Guide 5

Respondent Type: The targeted respondents for this semi-structured Interview Guide #5 are independent experts. Experts include academics, subject matter experts, journalists and others who contribute to public debate on the PFG in general or specific areas of the PFG, but are not responsible for directing or implementing components of the PFG. The guide includes cross-cutting questions (to gauge changes in the operational efficiency, selection, coordination, design, and management of development interventions under the PFG strategy as compared to previous/other approaches) as well as goal and LOA level related questions (the latter in particular will be contextualized for the specific area of expertise of the interviewee at hand).

ANNEX 3. SEMI-STRUCTURED INTERVIEWS

Interview Guide 1 - PFG LEADERSHIP

Background Information: The Partnership for Growth (PFG) aims to achieve accelerated, sustained, broad-based economic growth in partner countries, including Ghana and the Republic of Tanzania, in Africa through bilateral agreements between the United States Government (USG) and the partnering countries' national governments. Using principles set forth in President Obama's September 2010 Presidential Policy Directive on Global Development, the PFG requires rigorous, joint analyses of countries' individual constraints to growth in order to develop joint action plans to address the most pressing of these constraints and to establish high-level mutual accountability for the goals and activities selected to alleviate them. This interview guide was designed to collect information on cross-cutting questions about the program.

Respondent Type: The targeted respondents for this semi-structured Interview Guide # 1 are current and former USG and GOG/GOT officials who have held or hold leadership positions within the PFG initiative, particularly POCs and others at their level who will be more informed of the implementation of PFG.

Central Focus of Questions: This guide includes (i) cross-cutting questions on the PFG Whole of Government Approach (WGA), changes in operational efficiency and work load, as well as on non-assistance; and (ii) Tanzania specific questions on the remedial capacities of the JCAP, on M&E issues, and on the mid-term performance of selected goals as related to the desired outcomes. The interviewer will note whether the term Whole of Government Approach is not known to all parties, especially in Tanzania and be prepared to probe with the terms inter-agency cooperation or inter-agency coordination.

Methodology. Semi-structured interview. Approximately 1 hour.

Respondent Background Information

Date and Time of Interview:

Name of Interviewer:

Interviewee Name:

Interviewee Stakeholder Type:

Interviewee Occupation:

Job Title:

Overall or "Goal Specific":

Length of Involvement with PFG:

Terminology Used

- **Root Cause** – these refer (as referenced in the JCAP and SOW) to the two main constraints or Root Causes. For Tanzania Root Causes are Underinvestment in the Energy Sector, Underinvestment in Rural Roads Infrastructure and Maintenance and Inadequate Institutional and Technical Capacities for Rural Roads Infrastructure and Maintenance Services.

- **Measure** – these refer to expected outcomes in specific topic areas that have been identified for each Root Cause. For Tanzania there are four broad areas under the Root Cause Category Underinvestment in the Energy Sector. These are listed below:

    - (1) Strategy and Planning;
    - (2) Institutional, regulatory and structural reform;
    - (3) Electricity Demand and Generation Capacity; and
    - (4) Transport and Distribution Infrastructure and Operations

- **Goals** – given that the SOW requests a goal-selection process, the 14 indicators provided in the SOW and viewed as outputs for the Tanzania PFG initiative under Root Cause 1 Underinvestment in the Power Sector will be referred to as goals.

- **Tasks and projects:** Activities on the ground that are conducted to address these goals will be referred to as Tasks and projects or Lines of Action.

INTERVIEW QUESTIONS

A. CROSS-CUTTING

Advantages and disadvantages of the PFG approach in general

1. Based on your role in the PFG Presidential Initiative, has the PFG approach resulted in changes in the way responsibilities and leaderships are shared or exercised within or among the USG agencies directly involved in the implementation of activities you manage? YES or NO
    - **a.** If Yes, how? What are the principal advantages and disadvantages of these changes?

2. Has the PFG resulted in changes in the implementation coordination process between USG and GOT agencies? YES or NO.
    - **a.** If yes, how? What are the main advantages and disadvantages of these changes?

The following questions seek responses concerning the PFG process – in particular the Constraints Analysis (CA) and the Whole of Government Approach (WGA) – and whether these new approaches have demonstrated improvements over pre-PFG assistance approaches.

Information obtained within this section will feed into CCQ1 (advantages/disadvantages of the PFG approach to development assistance), CCQ2 (PFG impact on workload, and CCQ3 on the role of "non-assistance").

Regarding the WGA (to USG ONLY)

The Whole of Government Approach (WGA) is relevant to identifying areas for assistance, selecting interventions, and determining implementation coordination. The approach reflects efforts to align each agency's activities to achieve a common objective.

3. In your opinion, has the WGA led to change in the way the USG delivers development assistance in GOT? YES or NO?
    - **a.** If yes, what kind of change? Please provide specific example(s).

4. In your opinion, compared to previous forms of development assistance, has the WGA approach in relation to the Government of Tanzania (GOT) led to:
    - **a.** Change(s) in design of development initiatives? (Please provide examples)
    - **b.** Change(s) in management and coordination of development initiatives? (Please provide examples)
    - **c.** Change(s) in operational efficiency? (Please explain and/or provide example(s))

Regarding the WGA (to GOT ONLY):

The Whole of Government Approach (WGA) is relevant to identifying areas for assistance, selecting interventions, and determining implementation coordination. The approach reflects efforts to align each agency's activities to achieve a common objective, hence promoting inter- agency coordination and collaboration

NOTE FOR THE INTERVIEWER: Interviewers should prompt with "interagency efforts/collaboration" since WGA is not a widely used term.

5. Is WGA being implemented within the Government of Tanzania? YES or NO. If yes, how is the WGA being implemented within the Government of Tanzania?

6. In your opinion, compared to traditional forms of development assistance, has the WGA led to *(if answer to the previous question is Yes)*:
   - **a.** Change in design of development initiatives? (Please provide examples)
   - **b.** Change in coordination of development initiatives? (Please provide examples)
   - **c.** Change in operational efficiency? (Please provide examples)
   - **d.** Change in workload? (Please provide examples)

On non-assistance (Both USG and GOT)

"Non-assistance" tools include diplomatic engagement, convening authority, and other forms of non-monetized assistance to engage both governmental and non-governmental stakeholders in support of catalytic policy change and development priorities.

Note to Interviewer: Consider the following terminology "non-aid assistance; "use of the Good Offices"…, if the interviewee is confused by the term.

7. What contribution has non-assistance made to the PFG process in Tanzania? Please provide specific examples.

8. How can non-assistance (within the context of Tanzania) be best utilized moving forward?

Tanzania - SPECIFIC QUESTIONS

The following questions seek responses concerning whether the PFG has been developed in such a way to allow for an effective impact on the identified constraints and production of the desired outcomes.

[Information obtained will feed into CSQ2 (if JCAP goal level commitments are capable of achieving the constraint level objectives and goals].

Joint Country Action Plan (JCAP)

As you know, the Constraints Analysis (CA) was centered on identifying the central binding constraints to growth, but did not identify remedies to address these. The remedies were developed in the **JCAP**.

9. What indications do you have that the JCAP is performing its central task of guiding the PFG to perform and move in a direction that will solve the problems identified by the constraints analysis?

10. To what extent are the goal level (*objective-level)* commitments set forth in the JCAP capable of achieving the constraints-level objectives and outcomes?

11. Are the objectives and activities in the JCAP well defined remedies to overcome the constraints? YES or NO
    To the interviewer – objectives are goals, based on the terminology explanations above

12. Were there additional objectives ***(to the interviewer – these are goals, based on the terminology explanations above)*** and activities that you think should have been included in the PFG that do not already exist? Or were there objectives and activities that should not have been included? If yes, please list and explain.

Technical Working Groups

The GOT PFG M&E Plan, to the JCAP requires two Technical Working Groups to be established to assess/conduct analysis of sector performance and overall performance in each of the two major program areas –name power and rural roads. Each of the Dar es Salaam based TWGs, co-chaired by the GOT and USG has primary responsibility for coordinating on-the- ground activities for implementing the JCAP.

13. To your knowledge, have these TWG been fully established? YES or NO
    a. If yes, have they contributed to the implementation and monitoring of projects?
    b. How often have they met?
    c. In your opinion do the appropriate officials attend?
    d. How active are the members from the Private Sector Task Force in the TSG?

Evidence-Based Decision Making and Fact-Based Monitoring

The following questions are in reference to PFG's overarching goal of promoting evidence- based decision making and fact-based monitoring.

[Information obtained will feed into CSQ2 (PFG emphasis on quantitative and objectively verifiable evidence feeding into decision making and fact-based monitoring].

14. The PFG model places specific emphasis on [1] **evidence-based decision making** and [2] **fact-based monitoring**.

    a. Is quantitative and objectively verifiable information being used to manage JCAP implementation in order to achieve and measure results? YES or NO. Please explain why *(whether Yes or No)*

    b. How is evidence-based **decision making** part of managing PFG? (Please illustrate and/or provide an example).

    c. How is "fact-based **monitoring**" designed and managed under PFG? (Please illustrate and/or provide an example).

The GOT M&E Plan to the JCAP requires the involvement of the private sector, through the Private Sector Task Force, in the design and implementation of PFG. Particularly for: selection of benchmarks and indicators, as well as in developing plans to collect M&E data.

15. Has the private sector been involved in the design and monitoring strategy of PFG? YES or NO?
    a. Please explain how, and provide specific examples.

16. As stated in the GOT PFG M&E plan, monitoring of the JCAP occurs on two levels: (1) macro-level indicators, and (2) sector theme-specific programs and activities

    a. How has monitoring occurred at these two levels?
    b. What role do the scorecards play in monitoring, if any?
    c. Which people or committee(s) is tasked with conducting this monitoring?

17. From your point of view, are Scorecards used within the PFG initiative as a monitoring tool? YES or NO.
    a. If Yes, how do you assess the role of the PFG scorecards in monitoring performance and make sure the necessary outputs are produced to achieve the desired PFG objectives?
    b. If No, are you aware of why scorecards are not used?

18. Given that the PFG includes multiple objectives/goals and numerous activities and projects under each objective/ goal, how do you identify under-performing activities, and what systems are used to assess their impact on outcomes?

19. The PFG M&E Plan also states that high level representatives of both governments will perform **a yearly "general review of JCAP implementation"** (each July from 2013 to 2017).
    a. Have the yearly meetings occurred? YES or NO

b. If yes, what format did the yearly July reviews of 2013 and 2014 take? What information was reviewed? Who participated?
c. If no, why did they not occur?
d. What decisions were identified as a result of these meetings, and who were they shared with?

20. Which indicators were reviewed to gauge progress towards successfully addressing the two constraints? How were the activity level indicators taken into account for the 2013 and 2014 July reviews?

21. Did the conclusions of the review lead to specific actions (e.g. to overcome an obstacle identified during the review)? YES or NO.
    a. If "yes", what were these actions and how have they been enacted?

Note to interviewer – Skip this question if not applicable to the interviewee

22. The PFG M&E Plan states that progress **on the underinvestment in the power sector sub constraint would be assessed by the following indicators** (List)

    Was a written review of these indicators produced for the July 2013 and July 2014 reviews? YES or NO
    a. If No, how was the review of these indicators performed?

Note to interviewer – Skip this question if not applicable to the interviewee

23. The PFG Monitoring and Evaluation Plan states that progress **on the rural roads sub constraint would be assessed by the following indicators.** (List)

    Was a written review of these indicators produced for the July 2013 and July2014 reviews? YES or NO
    a. If no, how was the review of these indicators performed?

Note to interviewer – Skip this question if not applicable to the interviewee

24. The PFG M&E Plan states that progress **on the inadequate institutional and technical capacity in the power sector** would be assessed through the following indicators

    Was a written review of these indicators produced for the July 2013 and July2014 reviews? YES or NO
    a. If no, how was the review of these indicators performed?

25. The PFG M&E Plan states that progress **on the inadequate institutional and technical capacity in the rural road sector** would be assessed through the following indicators.

Was a written review of these indicators produced for the July 2013 and July2014 reviews? YES or NO

a. If no, how was the review of these indicators performed?

Being on target, course-corrections, and moving forward

[Information obtained will feed into CSQ3 (if selected interventions are on target and creating the necessary outputs to achieve the desired outcomes)].

26. Today, at the mid-term of implementation of the PFG approach, what evidence exists to demonstrate whether the **overall GOT PFG performance** is on target and creating the necessary outputs to achieve the desired outcomes?

27. For each of the two constraints, and for each of the **selected objectives (goals)** ***[interviewer should name the objective/goal that is applicable to the respondent, if respondent does not work with a specific goal, ask question in general]***, are the various interventions GOT and USG committed to in the JCAP on target? YES or NO
    - **a.** If yes, provide examples.
    - **b.** If No, can you share reasons why they are behind?

28. In practice, under each constraint, and for the **selected objectives/ goals** ***[interviewer should name the goal that is applicable to the respondent, if respondent does not work with a specific goal, ask question in general]***, which M&E mechanisms are used to evaluate if interventions are on target or below target?

Interview Guide 2 – PFG ARCHITECTS/DESIGNERS

Background Information: The Partnership for Growth (PFG) aims to achieve accelerated, sustained, broad-based economic growth in partner countries, including Ghana and the Republic of Tanzania, through bilateral agreements between the United States Government (USG) and the partnering countries' national governments. Using principles set forth in President Obama's September 2010 Presidential Policy Directive on Global Development, the PFG requires rigorous, joint analyses of countries' individual constraints to growth in order to develop joint action plans to address the most pressing of these constraints and to establish high-level mutual accountability for the goals and activities selected to alleviate them. This interview guide was designed to collect information on cross-cutting questions about the program.

Respondent Type: The targeted respondents for this semi-structured Interview Guide # 2 are stakeholders directly involved with the design and planning of the Ghana/Tanzania PFG, or whose inputs were sought after for these processes. The stakeholders mainly include USG and GOG/GOT officials (current and former), representatives from private sector and other civil society organizations, as well as independent experts.

Central Focus of Questions: The focus of the interview questions are on the PFG overall objectives, the role that Whole of Government Approach (WGA); Constraint Analysis (CA), Joint County Action Plan (JCAP), non-assistance, monitoring and evaluation (M&E), and yearly performance reviews, play in the PFG performance.

Methodology: Semi-structured interview. Approximately 1 hour.

Respondent Background Information

Date and Time of Interview:

Name of Interviewer:

Interviewee Name:

Interviewee Stakeholder Type:

Interviewee Occupation/ Title:

Overall or "Goal Specific":

Length of Involvement with PFG:

<u>Terminology Used</u>

- **Constraints** – these refer (as referenced in the JCAP and SOW) to the two main constraints –
  Power and rural roads– that have been identified by Tanzania to be tackled in order to remove economic constraints

- **Root Causes** – these refer to the two broad topic areas that have been identified within each of the two main constraints. They are:
-
    - (1) Underinvestment in the Energy Sector;
    - (2) Insufficient Institutional and Technical Capacity for Robust Energy Sector Planning and Management;
    - (3) Underinvestment in Rural Roads Infrastructure and Maintenance; and
    - (4) Inadequate Institutional and Technical Capacities for Rural Roads Infrastructure and Maintenance Services.

- **Goals (Measures)** – given that the SOW requests a goal-selection process, the 12 Measures provided in the JCAP and viewed as outputs for the Tanzania PFG initiative will be referred to as goals.

- **Activities and projects:** Activities that are conducted to address these goals will be referred to as activities and projects or Lines of Action.

INTERVIEW QUESTIONS

On the WGA:

The Whole of Government Approach (WGA) is relevant to identifying areas for assistance, selecting interventions, and determining implementation coordination. The approach reflects efforts to align the activities of each agency in order to achieve a common objective"

1. Have any changes been realized with how the design of development assistance initiatives (particularly in Tanzania) has been approached as a result of the initiation of the WGA approach? YES or NO
    a. If yes, what are the changes?
    b. Please cite specific examples

2. Have there been distinctive differences between the PFG approach and other economic- growth development approaches? YES or NO
    a. If yes, please cite examples

On the JCAP

The Tanzania CA was centered on identifying the central binding constraints to growth, but not on identifying remedies to address these. To address these remedies, the JCAP was produced. Is the JCAP fulfilling its role?

3. Are there any indication that the JCAP is leading towards the achievement of constraints- level objectives and outcomes?

4. Is there any evidence that the goal-level commitments set forth in the JCAP have been effective in achieving the constraints-level objectives and outcomes?

On non-assistance

"Non-assistance" tools include diplomatic engagement, convening authority, and other forms of non-monetized assistance to engage both governmental and non-governmental stakeholders in support of catalytic policy change and development priorities.

Note to Interviewer: Consider the following terminology "non-aid assistance; "use of the Good Offices"…, if the interviewee is confused by the term

5. What contribution (if any) has non-assistance made to the PFG process, in relation to Tanzania?

6. How can non-assistance (within the context of Tanzania) be best utilized moving forward?

On evidence-based decision making and fact-based monitoring

The PFG places specific emphasis on evidence-based decision making, fact-based monitoring, and quantitative verifiable information.

7. With the initiation of the PFG, have changes been realized in terms of improving monitoring systems?

8. How was evidence-based decision making designed for the PFG initiative? What mechanisms were included in the design to inform its appropriate implementation? Please illustrate and/or provide an example.

9. How are 'fact-based monitoring' designed and managed under the PFG? What mechanisms were included in the design to inform its appropriate implementation? (Please illustrate and/or provide an example).

The M&E Addendum also states that high level representatives of both governments will perform a yearly **"general review of JCAP implementation"** (to be completed from the M&E).

10. What was envisioned to be the outcome of these yearly meetings? Please provide specific examples.

On the PFG Main Constraints

Progress on the Power constrain would be gauged in particular through the following indicators

11. What was the rationale for choosing these indicators among others?

Progress on the rural roads constraint would be gauged in particular through the following indicators

12. What was the rationale for choosing these indicators among others?

On the PFG at Mid-Term

13. Today, at mid-term, is there any evidence that the overall Tanzania PFG performance is on target and creating the necessary outputs to achieve the desired outcomes?

14. The Constraints Analysis identifies challenges including corruption. What risk does this pose for PFG performance, if any?

15. If there are risks, what mechanisms is the PFG using to diminish these risks?

Interview Guide 3 - PFG Program Managers/ CORs

Background Information: The Partnership for Growth (PFG) aims to achieve accelerated, sustained, broad-based economic growth in partner countries, including Ghana and Tanzania, through bilateral agreements between the United States Government (USG) and the partnering countries' national governments. Using principles set forth in President Obama's September 2010 Presidential Policy Directive on Global Development, the PFG requires rigorous, joint analyses of countries' individual constraints to growth in order to develop joint action plans to address the most pressing of these constraints and to establish high-level mutual accountability for the goals and activities selected to alleviate them. This interview guide was designed to collect information on cross-cutting questions about the program.

Respondent Type: The targeted respondents for this semi-structured Interview Guide #3 are active and former GOT and USG Program Managers who have directly worked on respective goal(s).

Central Focus of Questions: This guide includes cross-cutting questions to gauge changes in the operational efficiency, selection, coordination, design, and management of development interventions under the PFG strategy as compared to previous / other approaches.

Methodology: Semi-structured interview. Approximately 1 hour.

Respondent Background Information

Date and Time of Interview:

Name of Interviewer:

Interviewee Name:

Interviewee Stakeholder Type:

Interviewee Occupation/ Title:

Overall or "Goal Specific":

Length of Involvement with PFG:

Terminology Used

- **Constraints** – these refer (as referenced in the JCAP and SOW) to the two main constraints –
  Power and rural roads– that have been identified by Tanzania to be tackled in order to remove economic constraints

- **Root Causes** – these refer to the two broad topic areas that have been identified within each of the two main constraints. They are:
  - (1) Underinvestment in the Energy Sector;
  - (2) Insufficient Institutional and Technical Capacity for Robust Energy Sector Planning and Management;
  - (3) Underinvestment in Rural Roads Infrastructure and Maintenance; and
  - (4) Inadequate Institutional and Technical Capacities for Rural Roads Infrastructure and Maintenance Services.

- **Goals (Measures)** – given that the SOW requests a goal-selection process, the 12 Measures provided in the JCAP and viewed as outputs for the Tanzania PFG initiative will be referred to as goals.

- **Activities and projects:** Activities that are conducted to address these goals will be referred to as activities and projects or Lines of Action.

INTERVIEW QUESTIONS

Advantages and disadvantages of the PFG approach in general

1. Based on your role as a Program Manager (in charge of implementing mechanisms) within the PFG initiative, has the PFG approach resulted in changes in the way responsibilities are shared or exercised among the USG agencies directly involved in your goal? YES or NO.
   a. If yes, how?
   b. What are the principal advantages and disadvantages of these changes?

2. Has the PFG resulted in changes in the implementation coordination process between USG and GOT agencies? YES or NO
   a. If yes, how?
   b. What are the main advantages and disadvantages of these changes?

The following questions seek responses concerning how the Whole of Government Approach (WGA) and Joint Country Action Plans (JCAP) have demonstrated improvements (or not) over pre-PFG assistance approaches

Regarding the WGA:

The Whole of Government Approach (WGA) is relevant to identifying areas for assistance, selecting interventions, and determining implementation coordination. The approach reflects efforts to align each agency's activities to achieve a common objective, hence promoting inter- agency coordination and collaboration

[NOTE FOR THE INTERVIEWER: Interviewers should prompt with "interagency efforts/collaboration" since WGA is not a widely used term.]

3. Are you aware of the WGA as described?

4. In your role as a Program Manager or COR, have you experienced how the WGA is being implemented within the PFG initiative? YES or NO
   a. If yes, please provide specific examples.

[*NOTE FOR INTERVIEWER: If the interviewee is not aware of the WGA under his/her goal: skip to question 6*]

5. In your opinion, compared to traditional forms of development assistance, has the WGA led to:
   a. Change(s) in the design of development initiatives? (Please provide examples)
   b. Change(s) in the coordination of development initiatives? (Please provide examples)
   c. Change(s) in operational efficiency? (Please explain and/or provide example)

6. Has the WGA impacted the performance of the activities you are directing as a Program Manager or COR? YES or NO
    a. If yes, please explain and provide examples.

Changes in development approach due the introduction of the Joint Country Action Plan (JCAP):

As you know, while the Constraints Analysis identified the central binding constraints to growth, the Joint Country Action Plan (JCAP) defines the remedies to address these.

7. What indications do you have that the JCAP is performing its central task of guiding the PFG to perform and move in a direction that will solve the problems identified by the constraints analysis?
    a. How are these tied to your goals and activities/ projects you oversee?

8. As a Program Manager, do you consider that the JCAP is performing its central role in guiding the PFG to perform and move in the right direction?

9. For your goal, does the JCAP provide sufficient guidance on performance benchmarks for the activities?

On non-assistance as an inherent part of the PFG:

"Non-assistance" tools include diplomatic engagement, convening authority, and other forms of non-monetized assistance to engage both governmental and non-governmental stakeholders in support of catalytic policy change and development priorities.

10. What role is non-assistance playing under your goal? Please provide an example.

11. Please provide examples of specific cases, e.g. of enhanced goodwill, access, receptivity, collaboration or additional or different resources (non-monetized ones, local level ones, etc.)

12. How can non-assistance be best utilized under your goal going forward?

On evidence-based decision making and fact based-monitoring:

As you know, the PFG model places specific emphasis on [1] evidence-based decision making and [2] fact-based monitoring.

13. For your goal, how do you use quantitative and objectively verifiable information to manage implementation in order to achieve and measure results?

14. For your goal, please provide examples of evidence-based decision making? What role (if any) does "quantitative verifiable information" play in this decision making?

15. Is there a specific M&E plan for your goal as a whole? Is there an M&E plan for each of the activities under your goal? When and how were these formulated?

16. Do you use a PFG-issued or a goal-specific M&E indicator system? How do your activities feed into this? How does your system feed into the PFG system in general?

The PFG produces **semi-annual scorecards** per goal.

17. For your goal, how is consensus reached on the scorecard, given that various agencies and two governments are involved? If there was lack of consensus, how was it overcome?

Note to interviewer – Skip this question if not applicable to the interviewee

The PFG M&E Plan states that progress on the **underinvestment in rural roads** would be gauged in particular through the following indicators:

18. To what extent do these four indicators reflect performance under your goal?

19. If any, which other indicator would you like to see included or removed, as related to your own goal?

Note to interviewer – Skip this question if not applicable to the interviewee

The PFG Monitoring and Evaluation Plan states that progress on **the inadequate institutional and technical capacities for rural road infrastructure and maintenance service** would be assessed through the following indicators:

20. To what extent do these indicators reflect performance under your goal?

21. If any, which other indicator would you like to see included or removed, as related to your own goal?

Note to interviewer – Skip this question if not applicable to the interviewee

The PFG M&E Plan states that progress **on the underinvestment in the energy sector** would be gauged in particular through the following indicators: tariffs as a share of cost of service; rate of TANESCO/ZECO revenue growth exceeding inflation; repair and maintenance budget; technical and commercial losses; and gas legislation and renewable energy policy implemented.

22. To what extent do these indicators reflect performance under your goal?

23. If any, which other indicator would you like to see included or removed, as related to your own goal?

Progress on the institutional and technical capacity for robust energy sector planning and management root cause would be gauged in particular through the following indicators: (List indicators).

[This question is only for stakeholders involved in this constraint].
Note: insert similar questions for the rural roads constraints and indicators

24. To what extent do these indicators reflect performance under your goal?

25. If any, which other indicator would you like to see included, as related to your own goal? On being **on-target and creating the necessary outputs to achieve the desired outcomes:**

26. At mid-term of PFG implementation, is there any evidence that the overall PH PFG performance is on target and creating the necessary outputs to achieve the desired outcomes? Please provide specific example(s).

27. Is your goal(s) on target (or behind target)? Which M&E mechanisms are used to evaluate if goal(s) are on target (or behind target), beyond the scorecards?

28. Please provide examples of successes made and challenges faced with implementing your goal(s).

29. In what way do you coordinate with implementing partners within your goal to ensure that the performance of your goal is on target?

Interview Guide No. 4 – PROGRAM/ ACTIVITY IMPLEMENTERS

(only for selected objectives/ goals)

Background Information: The Partnership for Growth (PFG) aims to achieve accelerated, sustained, broad-based economic growth in partner countries, including Ghana and Tanzania, through bilateral agreements between the United States Government (USG) and the partnering countries' national governments. Using principles set forth in President Obama's September 2010 Presidential Policy Directive on Global Development, the PFG requires rigorous, joint analyses of countries' individual constraints to growth in order to develop joint action plans to address the most pressing of these constraints and to establish high-level mutual accountability for the goals and a selected to alleviate them. This interview guide was designed to collect information on cross-cutting questions about the program.

Respondent Type: The targeted respondents for this semi-structured Interview Guide #4 are the implementers of all or selected activities under the selected goals. The interview will be performed primarily with the chiefs of party, directors, and/or coordinators or their representatives.

Central Focus of Questions: The guide includes questions regarding the performance of PFG, the monitoring of activities, evidence based decision making, non-assistance, and beneficiaries.

Methodology: Semi-structured interview with COP / director / coordinator. Given the detailed questioning, the COP will most likely be joined by team members, or part of the interview will be realized with team members directly. About 1 hour (per team).

Overall Note to Interviewer: *Some of the Goal Leads are activity Implementers. Therefore there will be the need to ensure that repetitive questions are not asked. The evaluation coordination team will ensure that the appropriate guide is provided to the interviewer.*

Respondent Background Information

Date and Time of Interview:

Name of Interviewer:

Interviewee Name:

Interviewee Stakeholder Type:

Interviewee Occupation/ Title:

Overall or "Goal Specific":

Length of Involvement with PFG:

Terminology Used

- **Constraints** – these refer (as referenced in the JCAP and SOW) to the two main constraints –
  Power and rural roads– that have been identified by Tanzania to be tackled in order to remove economic constraints

- **Root Causes** – these refer to the two broad topic areas that have been identified within each of the two main constraints. They are:
  - (1) Underinvestment in the Energy Sector;
  - (2) Insufficient Institutional and Technical Capacity for Robust Energy Sector Planning and Management;
  - (3) Underinvestment in Rural Roads Infrastructure and Maintenance; and
  - (4) Inadequate Institutional and Technical Capacities for Rural Roads Infrastructure and Maintenance Services.

- **Goals (Measures)** – given that the SOW requests a goal-selection process, the 12 Measures provided in the JCAP and viewed as outputs for the Tanzania PFG initiative will be referred to as goals.

- **Activities and projects:** Activities that are conducted to address these goals will be referred to as activities and projects and Lines of Action.

INTERVIEW QUESTIONS

The following questions seek responses concerning whether the PFG has been developed in such a way as to allow for the eventual determination of their impact on addressing the identified constraints and desired outcomes.

On the JCAP

1. To what extent are the activities you implement guided by the goal-level commitments set forth in the JCAP?

2. What indications do you have that the activities you and your team are implementing contribute to the corresponding goal as established in the JCAP?

Technical Sub-committees:

3. The GOT PFG M&E Plan, to the JCAP requires Technical Sub-committees to be established to assess/conduct analysis of sector performance and overall performance of programs and how these contribute to PFG goals
    a. To your knowledge, have these Sub-committees been fully established and have they contributed to the implementation and monitoring of projects?

The following questions seek responses concerning evidence based decision-making and fact based-monitoring.

4. As you know, the PFG model places specific emphasis on **[1] evidence based decision making and [2] fact-based monitoring.**
    a. Do your activities have a specific M&E plan? YES or NO?
    b. If yes, when and how were these formulated?

5. How is progress measured for your activities? Do you have set indicators for measuring progress? Please explain and provide specific examples.

6. Have any changes been made to your activity targets, if yes, what are these and why were the changes made?

7. The PFG is producing **semi-annual scorecards** per goal. Activity-level indicators are meant to feed into these.
    a. Are you aware about whether your activities are included in scorecard reporting? YES or NO?
    b. How do your activities and M&E processes feed into the scorecards?

8. The PFG M&E Plan also states that high level representatives of both governments will perform **a yearly "general review of JCAP implementation"** (each July from 2013 to 2017).

    a. Have the yearly meetings occurred? YES or NO?
    b. If yes, what format did the yearly July reviews of 2013 and 2014 take? What information was reviewed? Who participated?
    c. If no, why did they not occur?
    d. What decisions were identified as a result of these meetings, and who were they shared with?

The following questions seek responses concerning beneficiaries:

12. How are the beneficiaries of your activity defined?

13. How do you monitor and evaluate the effectiveness of your activities towards targeted beneficiaries?

14. Do your activities include systematized monitoring strategies? YES or NO?
    a. If yes, is the monitoring strategy defined generally by a PFG methodology or does each project have its own specific methodology tied to your clients M&E process (e.g. USAID policy)?

15. Is gender equality and/or gender mainstreaming among beneficiaries considered as a measure? If yes, how are you working towards attaining this measure? And how is gender equality measured for each activity?

Interview Guide No. 5 – INDEPENDENT EXPERTS

Background Information: The Partnership for Growth (PFG) aims to achieve accelerated, sustained, broad-based economic growth in partner countries, including Ghana and Tanzania, through bilateral agreements between the United States Government (USG) and the partnering countries' national governments. Using principles set forth in President Obama's September 2010 Presidential Policy Directive on Global Development, the PFG requires rigorous, joint analyses of countries' individual constraints to growth in order to develop joint action plans to address the most pressing of these constraints and to establish high-level mutual accountability for the goals and activities selected to alleviate them. This interview guide was designed to collect information on cross-cutting questions about the program.

Respondent Type: The targeted respondents for this semi-structured Interview Guide #5 are independent experts. Experts include academics, subject matter experts, journalists and others who contribute to public debate on the PFG in general or specific areas of the PFG, but are not responsible for directing or implementing components of the PFG. The guide includes cross-cutting questions (to gauge changes in the operational efficiency, selection, coordination, design, and management of development interventions under the PFG strategy as compared to previous/other approaches) as well as goal and activity level related questions (the latter in particular will be contextualized for the specific area of expertise of the interviewee at hand).

Methodology: Semi-structured interview with independent experts, approximately 1 hour.

Respondent Background Information

Date and Time of Interview:

Name of Interviewer:

Interviewee Name:

Interviewee Stakeholder Type:

Interviewee Occupation/ Title:

Overall or "Goal Specific":

Length of Involvement with PFG:

Terminology Used

- **Constraints** – these refer (as referenced in the JCAP and SOW) to the two main constraints –
  Power and rural roads– that have been identified by Tanzania to be tackled in order to remove economic constraints

- **Root Causes** – these refer to the two broad topic areas that have been identified within each of the two main constraints. They are:

  - (1) Underinvestment in the Energy Sector;
  - (2) Insufficient Institutional and Technical Capacity for Robust Energy Sector Planning and Management;
  - (3) Underinvestment in Rural Roads Infrastructure and Maintenance; and
  - (4) Inadequate Institutional and Technical Capacities for Rural Roads Infrastructure and Maintenance Services.

- **Goals (Measures)** – given that the SOW requests a goal-selection process, the 12 Measures provided in the JCAP and viewed as outputs for the Tanzania PFG initiative will be referred to as goals.

- **Activities and projects:** Activities that are conducted to address these goals will be referred to as activities and projects or Lines of Action.

INTERVIEW QUESTIONS

Advantages and disadvantages of the PFG WGA:
The Whole of Government Approach (WGA) is relevant to identifying areas for assistance, selecting interventions, and determining implementation coordination. The approach reflects efforts to align each agency's activities to achieve a common objective

NOTES TO INTERVIEWER:

- ***it is likely that the independent experts will not know too much about WGA, so when interviewing be careful to denote if there is confusion with the response, for analysis purposes]***
- ***Interviewers should prompt with "interagency efforts/collaboration" since WGA is not a widely used term.***

1. Are you familiar with the PFG-WGA? YES or NO ***(if no, skip to question #4)***

2. From your point of view, has the PFG WGA in Tanzania led to change coordination between the Government of Tanzania (GOT) and the U.S. Government (USG) on selecting, planning and implementing growth-oriented development programs? YES or NO.
   a. If yes, what changes in leadership, coordination and distribution of responsibilities have you observe? Please provide specific examples.

3. What are the principal advantages and disadvantages of the PFG Initiative and approaches to development? Please provide specific examples.

The role of "non-assistance" under the PFG:
"Non-assistance" tools include diplomatic engagement, convening authority, and other forms of non-monetized assistance to engage both governmental and non-governmental stakeholders in support of catalytic policy change and development priorities.

Note to Interviewer: Consider the following terminology "non-aid assistance; "use of the Good Offices"…, if the interviewee is confused by the term.

4. In your opinion (if you are aware of this concept), what contribution has non-assistance made to the PFG process in Tanzania? Please provide specific examples. ***(If they do not know what non-assistance is then skip to question 7).***

5. How do you think non-assistance has contributed to the PFG initiative in Tanzania?

6. How do you think PFG can best measure "non-assistance" and its contribution to reaching its overall objectives for the PFG initiative in Tanzania?

Constraint selection and performance

The PFG initiative in Tanzania identified two binding constraints to growth – inadequate power and inadequate rural roads. Within these constraints, 4 development intervention themes aim to: (i) increase investment in the energy sector; (ii) strengthen institutional and technical capacity in the energy sector; (iii) increase investment in rural road infrastructure and maintenance; and (iv) strengthen institutional and technical capacity for rural road infrastructure and maintenance. Under these 4 development interventions there are 12 Measures (goals) and 59 specific Lines of Action (LOA) that aim to address the constraints.

7. Based on your observations of the PFG initiative in Tanzania, what is your opinion on the effectiveness of the program in responding to these constraints? Please provide specific examples.

On JCAP Goal-Level Commitments

As you know, the Constraints Analysis (CA) was centered on identifying the central binding constraints to growth, but did not identify remedies to address these. To address these remedies, the **Joint Country Action Plan (JCAP)** was produced.

8. In your opinion, to what extent are the goal-level commitments set forth in the JCAP capable of achieving the constraints-level objectives and outcomes?

9. Were there additional goals and activities that you think should have been included in the Initiative that do not already exist? YES or NO.
    a. If yes, please list and explain.

The use of quantitative, objectively and verifiable information to achieve and measure results:

10. How do the PFG performance indicators and its M&E methodology compare to practices used in pre-PFG approaches?

11. In your opinion or within your expertise, how relevant, objective and verifiable are the quantitative indicators the PFG is using? Please provide specific examples if known.

On being on target and creating the necessary outputs to achieve the desired outcomes:

12. Are you familiar with the PFG scorecards? YES or NO. ***(if No, skip this the next question)***

13. From your point of view, how do you assess the role of the PFG scorecards in monitoring performance and making sure the necessary outputs are produced to achieve the desired PFG objectives?

14. Which indicators or measuring instruments other than the scorecards (if any) would be best suited to monitor the development activities, goal-level commitments and constraint level objectives and outcomes?

ANNEX 4. CONFIDENTIAL ONLINE SURVEYS

Partnership for Growth Government Agency Survey

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Dear Respondent,

You are receiving this questionnaire because of your general affiliation with and/or knowledge of the Partnership for Growth program (PFG) initiative between the Governments of Tanzania and the United States of America.

This is a confidential survey and your identity will be known only to the evaluation team and will not be shared. All survey responses are treated by the International Development Group, LLC as strictly confidential. None of the individual responses will be reported or made public. All the information obtained from the online questionnaire will be used in an aggregate format that will not allow for any individual response to be identified. This is to ensure that your responses can be as frank as possible, without concern for the possible sensitivities of any other parties.

It is a brief questionnaire that should take less than 20 minutes to complete. Your participation is absolutely voluntary. If you wish not to answer a question, simply skip it and move to the next one. By participating in this survey you are giving your informed consent.

The confidential information you provide will be invaluable to the successful conduct of the PFG evaluation. Please complete the survey no later than Friday, March 27, 2015. If you have any questions or concerns, please contact IDG at pfgsurvey@internationaldevelopmentgroup.com.

Please read the response options very carefully before making your selections.

Thank you in advance for your cooperation.

Next

The Partnership for Growth (PFG) was initiated in 2011 through bilateral agreements between the United States Government (USG) and partnering countries' national governments (Ghana and Tanzania) with the aim of achieving accelerated, sustained, broad-based economic growth in partner countries. The PFG requires the identification of countries' constraints to growth in order to develop a joint plan to address the most pressing of these constraints. It also requires transparency, mutual accountability and fact-based monitoring and evaluation. The following questions request information on the PFG's ability to meet these goals.

This section of the survey asks questions concerning your affiliation.

Q1. What is/was your role on the PFG? Select all that apply.

- Leadership
- USG Contracting Officer's Representative (COR)
- Government of Tanzania (GOT) Project/ Program Manager
- Project Implementer
- Other

If you selected "Other", please describe:

Q2. Are you presently/currently involved with PFG?

- Yes
- No

Q3. If no, were you involved with PFG in the past?

- Yes
- No

This section of the survey asks questions concerning your assignment and workload on PFG.

Q4. To the best of your recollection, when did you begin work on PFG?

- ☐ More than 2 years ago
- ☐ Between 1 and 2 years ago
- ☐ One year ago or less

Q5. The Whole-of-Government approach encourages inter-agency coordination so that the resources and knowledge bases of different agencies can be brought to bear on a development issue within the purview of their expertise. Does the PFG initiative that you are currently or previously worked on aligned with the Whole-of-Government Approach (WGA)?

- ☐ Very poorly aligned with WGA
- ☐ Poorly aligned with WGA
- ☐ Adequately aligned with WGA
- ☐ Well aligned with WGA
- ☐ Very well aligned with WGA

Q.6 Please explain why the initiative is not better aligned with WGA.

Q7. For your agency/ institution, did you have a role in the planning and development of PFG in/for Tanzania?

- ☐ Yes
- ☐ No

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Q8. For approximately how many weeks were you involved in the planning and development of PFG?

(Please enter a non-negative, numeric value only, e.g. 1, 2, 3, 3.5, 4.75, etc.)

[ ] weeks

Q9. During the PFG planning and development stages, approximately how many hours per week, on average, did you dedicate to these tasks?

- Zero
- 1 to 5 hours
- 6 to 10 hours
- 11 to 15 hours
- 16 to 20 hours
- More than 20 hours per week

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Q10. Do you have experience planning, implementing or monitoring development projects outside of PFG?

- Yes
- No

Q11. Like all activities, PFG has costs and benefits. Compared to other development projects outside of PFG with which you are familiar, would you consider PFG to have:

- Benefits considerably less than costs
- Benefits somewhat less than costs
- Benefits about equal to costs
- Benefits somewhat greater than costs
- Benefits considerably greater than costs

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Q12. As a result of your involvement with PFG, did your workload

- Increase significantly
- Increase somewhat
- Stay about the same
- Decrease somewhat
- Decrease significantly

Q.13 What non-PFG responsibilities and activities have been/were affected by the changes in your PFG responsibilities and activities? Please describe.

Q14. On average, about how much time per week do/did your PFG responsibilities require?

- Zero
- 1 to 5 hours
- 6 to 10 hours
- 11 to 15 hours
- 16 to 20 hours
- More than 20 hours per week

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Q15. As a result of your involvement with PFG, for each of the tasks in the table, did your workload change?

	Increase significantly	**Increase somewhat**	**Stay about the same**	**Decrease somewhat**	**Decrease significantly**
PFG task coordination with colleagues within my government	☐	☐	☐	☐	☐
PFG task coordination with colleagues in other (partner) governments	☐	☐	☐	☐	☐
Monitoring progress (indicators, site visits, milestones) of PFG tasks	☐	☐	☐	☐	☐
Communicating on PFG with my superiors and senior leadership in my government	☐	☐	☉	☐	☐
Managing PFG activities	☐	☐	☐	☐	☐
Designing and/or procuring PFG activities	☐	☐	☐	☐	☐
Other administrative tasks	☐	☐	☐	☐	☐

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Q16. On average, about how many hours per week are/were dedicated to the PFG tasks in the table?
(Please enter non-negative, numeric values only)

	Average Hours per Week
PFG task coordination with colleagues within my government	
PFG task coordination with colleagues in other (partner) governments	
Monitoring progress (indicators, site visits, milestones) of PFG tasks	
Communicating on PFG with my superiors and senior leadership in my government	
Managing PFG activities	
Designing and/or procuring PFG activities	
Other administrative tasks	

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We would like to ask you a few brief questions about your perceptions of the PFG approach in Tanzania.

Q17. In your opinion, compared to other approaches to development assistance intended to affect economic growth, does the PFG represent …

- A significant step backwards
- A step backwards
- No change
- An improvement
- A significant improvement
- Don’t know

Q18. Do you agree or disagree with the following statement: PFG is on track in meeting its objective of achieving higher, sustained and more inclusive economic growth in the Tanzania.

- Strongly disagree
- Disagree
- Neither disagree nor agree
- Agree
- Strongly agree
- Don’t know

Q19. Do you agree or disagree with the following statement: The Whole-of-Government Approach embodied in PFG appears to be more effective in advancing economic growth in the Tanzania as compared to more traditional development approaches.

- Strongly disagree
- Disagree
- Neither disagree nor agree
- Agree
- Strongly agree
- Don’t know

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Q20. One of PFG's goals is to employ "non-assistance" development tools. "Non-assistance" tools include diplomatic engagement, convening authority, and other forms of non-monetized assistance to engage both governmental and non-governmental stakeholders in support of catalytic policy change and development priorities. Have you seen non-assistance tools being used in the PFG Tanzania activity you are or were involved with?

- ☐ Yes
- ☐ No
- ☐ Not sure

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Q21. Can you briefly describe the non-assistance tools/approaches you have seen in Tanzania, and how they were used?

Example no. 1: [ ]

Example no. 2: [ ]

Example no. 3: [ ]

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Q22. To what extent do you agree with the following statement? “The implementation of the Joint Country Action Plan (JCAP) in Tanzania is adequately monitored by quantitative indicators”.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Q23. In your opinion, are appropriate indicators being used to guide transparent, accountable and fact-based monitoring of the PFG in Tanzania?

- The best available indicators are not being used
- Some of the best available indicators are being us
- The best available indicators are being used
- Not sure how to judge the appropriateness of indicators
- Not aware of which indicators are being used / Not applicable

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Q24. Can you provide some examples of alternative indicators to guide transparent, accountable, fact-based monitoring of the PFG in Tanzania?

Example no. 1:

Example no. 2:

Example no. 3:

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Q.25 Below we present some general statements made to the evaluation team by some of your colleagues. To what extent do you agree or disagree?

	Strongly agree	**Agree**	**Neither agree nor disagree**	**Disagree**	**Strongly disagree**
PFG in Tanzania needs a committed management structure	○	○	○	○	○
The Joint Technical working groups in PFG in Tanzania have been effective in managing JCAP implementation	○	○	○	○	○
The PFG Steering Committee should take a stronger role in monitoring progress towards meeting the objectives of the PFG initiative in Tanzania	○	○	○	○	○
The PFG process was marked by speedy implementation of projects and activities	○	○	●	○	○
The goals/activities established by the JCAP fully address the binding constraints to growth in Tanzania as identified by the	○	○	○	○	○

PFG constraints analysis.

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Q26. In your opinion, what are the main strengths of PFG initiative in Tanzania?

Q27. In your opinion, what are the main weaknesses of PFG initiative in Tanzania?

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Survey Completed

Thank you for your valuable contribution to the PFG evaluation.

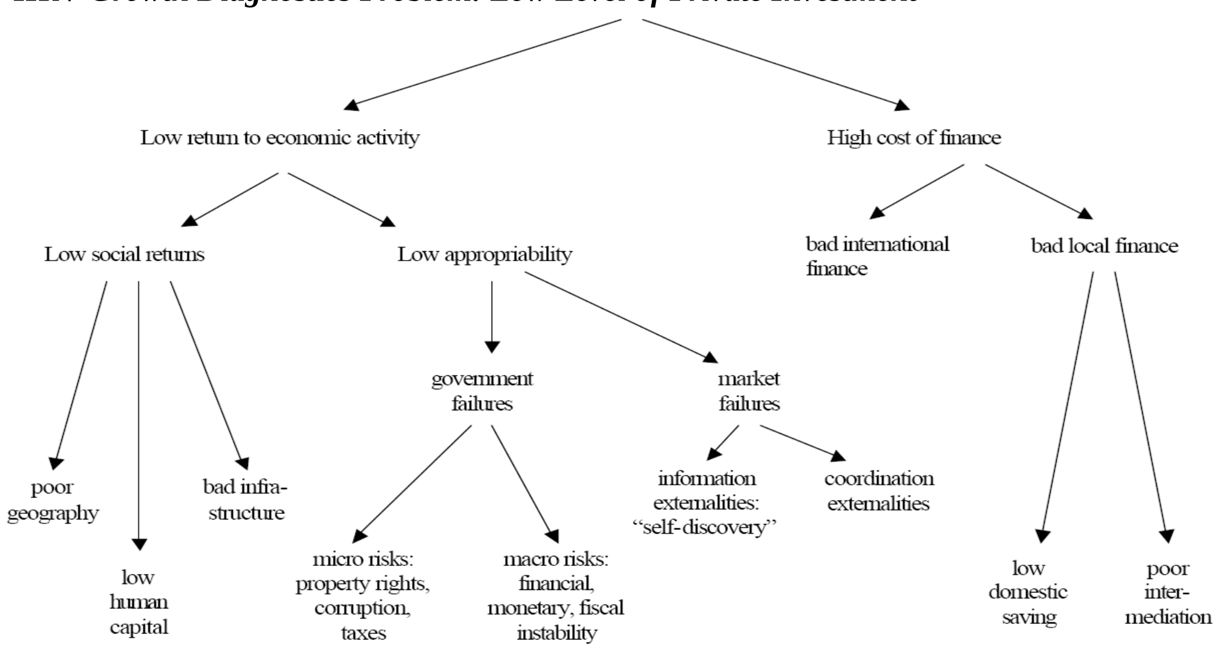
ANNEX 5. OVERVIEW OF GROWTH DIAGNOSTIC APPROACH DEVELOPED BY HAUSMANN, RODRIK, AND VELASCO (2005)

The HRV approach builds on the neoclassical growth model, the theory of second best, and endogenous growth. Identifying binding constraints starts with examining the determinants of economic growth defined as returns to accumulation, returns to the private investor and the cost of financing. Starting with these three broad areas, the analyst then moves down the decision tree identifying the causes of low accumulation, low returns to private investment and low investment. For example, low private returns might be due to poor property rights and contract enforcement, high taxation, political uncertainty over changes to the investment regime, etc. The decision tree is illustrated below.

Identifying the binding constraints requires a detailed knowledge of the country context. The analyst looks for evidence of factor price distortions, strategies to get around the distortions and private sector responsiveness to price adjustments. The "four criteria", or questions that are used for identifying the binding constraints, are shown in the text box.

Growth constraints analysis is country specific, enables prioritization, and targets reforms to maximize impact. The growth constraints analysis recognizes that identification of key constraints will be contingent on country specifics and that it is not possible to address all of the needs and constraints at the same time – the country must prioritize. Further, it recognizes that all policy/regulatory/administrative changes require political capital which highlights the importance of focusing on implementing reforms that bring the largest returns.

HRV Growth Diagnostics Problem: Low Level of Private Investment



Source: HRV (2005), Growth Diagnostics

HRV Criteria for Identifying Binding Constraints

High economic price – If a constraint is binding, the factor will experience excess demand which will result in the shadow or true economic price being high. For example, if limited access to finance is a binding constraint on growth, interest rates are likely to be high relative to comparator countries.

Impulse-response – If a constraint is binding, measures to reduce the burden of the constraint should stimulate additional investment and growth. In Ghana firms point to the lack of reliable power as the most importance constraint to their growth.

Circumvention – When a constraint is binding, investors/businesses should try and bypass the constraint. For example, unreliable power supply, with frequent and prolonged outages, disrupts production and forces firms to rely on high priced generators to provide standby power.

Constraint-intensive actors (businesses) are weak or not present – Investors or businesses that depend heavily on the constraint will be small in size or absent while those that are not impacted by the constraint will prosper. In an economy where finance is expensive (high interest rates) there will be relatively few firms operating in activities that rely heavily on external finance.