

Document:	<u>EB 2007/91/R.14</u>
Agenda:	<u>8(b)(iii)</u>
Date:	<u>21 August 2007</u>
Distribution:	<u>Public</u>
Original:	<u>English</u>

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**IFAD**

INTERNATIONAL FUND  
FOR AGRICULTURAL  
DEVELOPMENT

Enabling the rural poor  
to overcome poverty

## **United Republic of Tanzania**

### **Country strategic opportunities programme**

Executive Board — Ninety-first Session  
Rome, 11-12 September 2007

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For: **Review**

## **Note to Executive Board Directors**

This document is submitted for review by the Executive Board.

To make the best use of the time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

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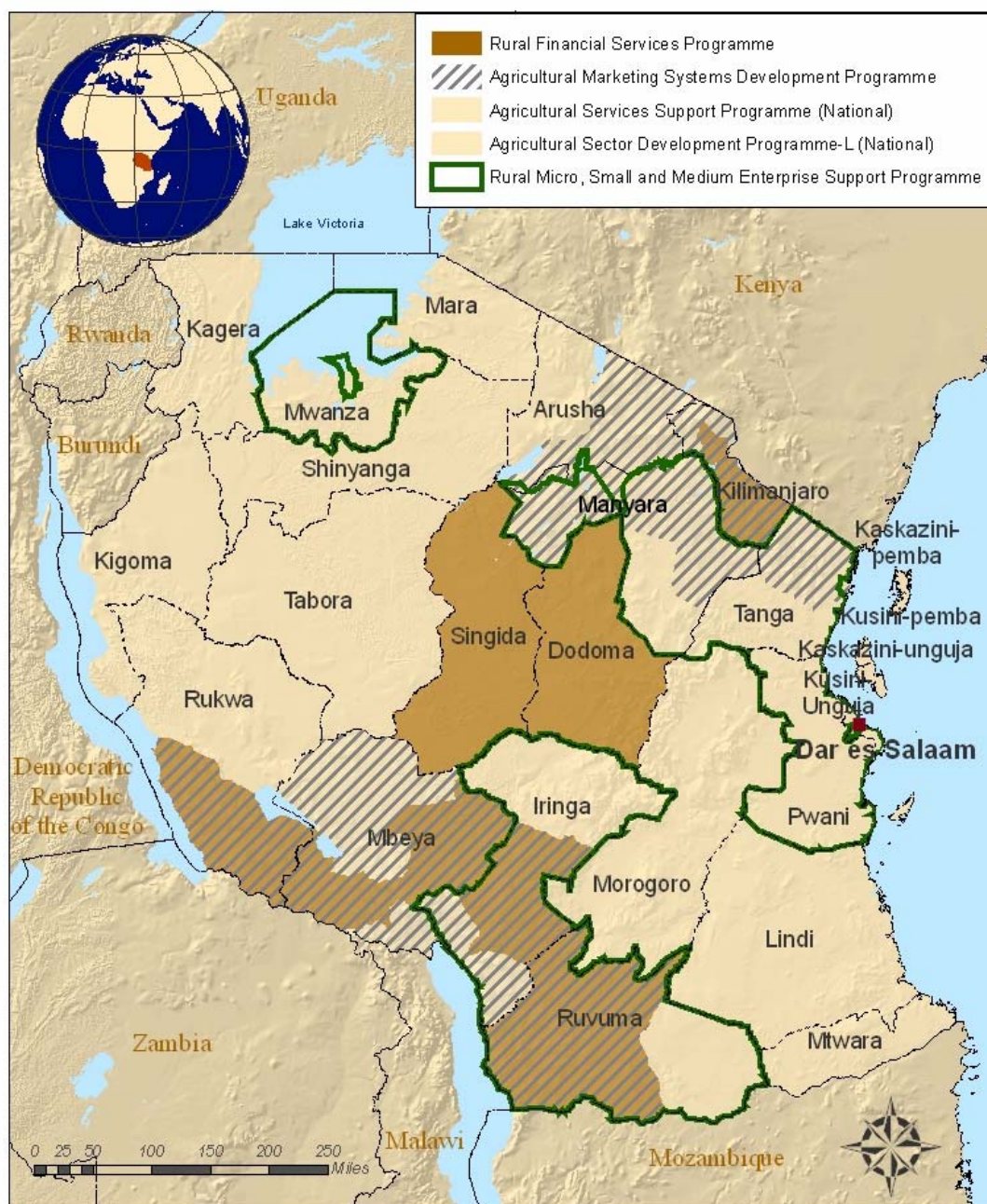
## Abbreviations and acronyms

AMSDP	Agricultural Marketing Systems Development Programme
ASDP	Agricultural Sector Development Programme (sector-wide approach)
ASDP-L	Agricultural Sector Development Programme-Livestock
ASSP	Agricultural Services Support Programme
COSOP	Country strategic opportunities programme
FO	farmer organization
M&E	monitoring and evaluation
MFI	microfinance institution
MKUKUTA	National Strategy for Growth and Reduction of Poverty (mainland) [Kiswahili acronym]
MKUZA	National Strategy for Growth and Reduction of Poverty (Zanzibar) [Kiswahili acronym]
MUVI	Rural Micro, Small and Medium Enterprise Support Programme [Kiswahili acronym]
PIDP	Participatory Irrigation Development Programme
RFSP	Rural Financial Services Programme
SACCOS	savings and credit cooperative society
SME	small- and medium-sized enterprise
SWAp	sector-wide approach
WRS	warehouse receipt system

## Map of IFAD operations in the country

### The United Republic of Tanzania

#### Map of IFAD Operations in the Country



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD

## Summary of country strategy

1. The aim of the third country strategic opportunities programme for the United Republic of Tanzania, covering the period 2007-2013, is to integrate all IFAD cofinanced projects into national systems. The first cycle, 2007-2010, is aligned with the period of the National Strategy for Growth and Reduction of Poverty (popularly known by the Kiswahili acronyms MKUKUTA, for the strategy for the mainland, and MKUZA, for the strategy for Zanzibar), the IFAD Strategic Framework 2007-2010 and the United Nations Development Assistance Framework. The second cycle will follow after an evaluation of the first cycle. The country strategic opportunities programme constitutes part IV of the joint assistance strategy for Tanzania, a medium-term framework for managing development cooperation between the United Republic of Tanzania and the development partner group.
2. With a per capita gross national income of US\$340, the United Republic of Tanzania is one of the poorest countries in the world. Poverty also has a distinct rural bias: 90 per cent of the poor are living in rural areas. To reduce the proportion of the rural poor from 39 to 24 per cent by 2010, MKUKUTA is providing for agricultural growth at a rate of 5 to 10 per cent per year. The key challenges to improved growth identified by the 2006 sector review revolve around (i) new sources of growth, (ii) farm productivity, (iii) agribusiness, (iv) producer incentives, (v) the participation of the poor in development processes, (vi) the sector investment climate, and (vii) public expenditures in the sector.
3. Four strategic objectives will constitute IFAD's response to the MKUKUTA and MKUZA goals and the agricultural sector challenges.
  - **Strategic objective 1: Improved access to productivity-enhancing technologies and services.** IFAD will increase its contribution to the basket fund of the sector-wide Agricultural Sector Development Programme (ASDP) to ensure that ASDP assists effectively in achieving the MKUKUTA targets for the sector. Of the estimated US\$316 million cost of phase I of ASDP, the total commitment is US\$139 million so far. IFAD has committed US\$40 million, and the International Development Association, US\$90 million. The other contributors are the European Union, Irish Aid and the Japanese International Cooperation Agency. IFAD's proposed contribution will strengthen ASDP's capacity to support productivity increases, including through the increased mechanization of farm operations.
  - **Strategic objective 2: Enhanced participation of farmer organizations in ASDP planning.** This objective will build the capacity of small farmer and pastoralist organizations to participate more effectively in the district planning processes for ASDP since the district plans constitute the major investment instruments in ASDP. Through grant assistance, IFAD will support improvement of the advocacy, planning and negotiating capacities of small farmer organizations.
  - **Strategic objective 3: Increased access to sustainable rural financial services.** Beginning in 2010, IFAD will build on the lessons of the ongoing Rural Financial Services Programme by (i) supporting the formation of apex organizations among microfinance institutions to increase the bargaining power of these institutions, (ii) promoting the scaling up nationwide of the successful experiences generated through the Rural Financial Services Programme, and (iii) exploring other sources of medium-term financing for fixed assets.
  - **Strategic objective 4: Increased access to markets and opportunities for rural enterprise.** Beginning in 2010, IFAD will support the replication of the successful elements of the Agricultural Marketing Systems Development Programme in other regions and facilitate the development of sustainable

agricultural input and output markets. IFAD will also link the activities of the Agricultural Marketing Systems Development Programme with those of the recently approved Rural Micro, Small and Medium Enterprise Support Programme, which relies on a value chain approach.

4. Considering IFAD's mandate and limited resources, the development of partnerships will be a key strategy for IFAD's engagement in the United Republic of Tanzania during the country strategic opportunities programme period.





# United Republic of Tanzania

## Country strategic opportunities programme

### I. Introduction

1. This country strategic opportunities programme (COSOP) sets out the framework for the partnership between IFAD and the United Republic of Tanzania over the six-year period 2007-2013. It follows the completion of the last COSOP in December 2006. The COSOP has been developed by the country programme team,<sup>1</sup> in collaboration with the Government, the development partner group, the private sector and civil society organizations. Following an initial dialogue with the Government, the development partner group and IFAD project staff in October and November 2006 and a preparatory study to analyse the lessons of IFAD interventions in Tanzania, a COSOP design stakeholder workshop was held in Dar es Salaam in March 2007. The workshop, which was opened by the Minister for Finance and attended by the Assistant President, External Affairs Department (IFAD), provided guidance on the COSOP strategic objectives. A mission visited Tanzania in June 2007 for consultations with farmer organizations (FOs) and stakeholder validation of the draft COSOP. Appendix I contains the conclusions of the consultation process.
2. The COSOP constitutes part IV of the joint assistance strategy for Tanzania, which is the framework for managing development cooperation between the United Republic of Tanzania and the development partner group. Part I of the joint assistance strategy is the Government framework document. Parts II and III constitute the joint programme document developed by the development partner group in response to the results-based National Strategy for Growth and Poverty Reduction (popularly known by the Kiswahili acronyms MKUKUTA, for the strategy for the mainland, and MKUZA, for the strategy for Zanzibar). The first cycle of COSOP defines IFAD's contribution to MKUKUTA and MKUZA over the period 2007-2010, in line with the Government's medium-term expenditure framework. A review of the first cycle will be undertaken before a confirmation of IFAD's commitment for the second cycle, 2010-2013. The COSOP is also aligned with the IFAD Strategic Framework and the United Nations Development Assistance Framework in support of the One UN programme. The COSOP period spans two performance-based allocation system (PBAS) funding cycles over 2007-2012.

### II. Country context

#### A. Economic, agricultural and rural poverty context

##### Country economic background

3. **Steady economic growth and political stability.** The United Republic of Tanzania, with a 2005 population of 38.3 million and a land area of 945,100 square kilometres is the largest country in Eastern Africa, which also includes Kenya and Uganda. The climate is tropical, with a diverse landscape that favours tourism. Growing at 1.7 per cent per annum, the population is projected to rise to 49.3 million by 2020. Tanzania has enjoyed relative political stability since independence, and President Jakaya Kikwete, who was elected in late 2005, has committed to continue the economic reforms of the last decade. GDP grew from 4 per cent in the 1990s to 6.8 per cent in 2005. The rate of inflation is low (4.3 per cent), while the real interest rate was 9.5 per cent in 2004. The economy is, however, vulnerable to

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<sup>1</sup> The country programme team consists of the country programme manager, the programme assistant, legal counsel, loans officer and communications specialists based in Rome, the IFAD country officer, the portfolio manager assigned by the cooperating institution (the United Nations Office for Project Services), IFAD-assisted project coordinators, and representatives of the Ministry of Finance, the Prime Minister's Office, the secretariat of the Agricultural Sector Development Programme and two civil society organizations.

dependence on aid; aid per capita rose from US\$29 in 1999 to US\$46 in 2004. The total external debt was US\$7.9 billion in December 2005, about 65 per cent of GDP. Under the Multilateral Debt Relief Initiative, US\$3.8 billion debt will be cancelled over the period 2006-2044. The 2006 debt sustainability analysis by the International Monetary Fund and the World Bank concluded that the country's debt position is sustainable at low risk, provided there is continued economic growth and good export performance.

4. **A poor country, but with good prospects.** With gross national income per capita of US\$340 in 2005, the United Republic of Tanzania is one of the poorest countries in the world. About 58 per cent of the population was living below the dollar-a-day poverty line in 2000. In 2006, 38 per cent of children under age five were malnourished, and the country was ranked 162<sup>nd</sup> among 177 countries on the human development index. Three recent developments are likely to affect the structure and performance of the economy during the COSOP period. First, tourism has grown at an average of 6.7 per cent over the last four years, which poses a challenge: how to increase the access of rural communities to the associated benefits. Second, intensive oil exploration activities have started in the Rift Valley and at offshore sites. At the East African Petroleum Conference, held in March 2007, President Kikwete rightly advised that institutional arrangements need to be developed to ensure that the United Republic of Tanzania is not afflicted by the "resource curse" suffered by most oil-producing countries in Africa, in the form of social unrest and impoverishment among oil-producing communities. Third, the Economic Partnership Agreements between the European Union and the African, Caribbean and Pacific Group of States, which enter into effect in January 2008, and the United Republic of Tanzania's membership in two regional groups, the East African Community and the Southern African Development Community, will open up the Tanzanian market to the European Union and to stiffer competition from Kenya and South Africa.

#### **Agriculture and rural poverty**

5. **Agriculture is expanding, but there is a risk of food insecurity.** The United Republic of Tanzania is primarily an agricultural economy. Agriculture employed 80 per cent of the labour force and accounted for 45.6 per cent of GDP in 2005, compared with 27 per cent for trade and financial services and 12.5 per cent for industry. The main cash crops are coffee, cashews, cotton, sugar, tobacco, tea and sisal, as well as spices from Zanzibar. The sector's share of foreign exchange earnings is declining (from 43 per cent in 2000 to 23 per cent in 2005) due to the stagnation of traditional exports relative to an expansion in other exports such as gold. New export crops are, however, emerging. The value of horticultural and floricultural exports expanded from US\$9 million in 1999 to US\$14 million in 2004. In 2005, the crop subsector accounted for 79 per cent of agricultural GDP; livestock, 8.7 per cent; forestry and hunting, 6.7 per cent; and fishing, 5.4 per cent. Overall, the growth rate of the agricultural sector has kept pace with population growth, from 3.2 per cent during 1990-2000 to 4.9 per cent during 2000-2004 and 5.2 per cent in 2005. This growth rate is, however, short of the rate required to achieve a significant decline in rural poverty. Although the United Republic of Tanzania is not considered a food-deficit country and normally produces over 90 per cent of the food requirements of the population, the dependence of the agricultural sector on rain means that access to food is a major concern among many households in the semi-arid areas of the centre and north. High post-harvest losses (40 per cent among perishables, 20 per cent among grains), inefficient distribution systems and low incomes also contribute to food insecurity.
6. **Poverty has a rural face.** Nearly 90 per cent of the poor are living in rural areas and depend on the sale of agricultural products for 75 per cent of their household cash incomes. In 2000, 39 per cent of the rural population was living below the national poverty line, compared with 30 per cent in urban areas and 36 per cent of

the total population. The rural-urban divide is demonstrated by other human development indicators. For example, only 53 per cent of the rural population had access to safe domestic sources of water in 2003, compared with 73 per cent in urban areas. A real annual per capita rural growth rate of 2-3 per cent in incomes is needed if poverty incidence is to be halved by 2010. Agriculture may contribute significantly to poverty reduction based on three factors: (i) the sector is the largest employer of labour; (ii) 80 per cent of the poor are engaged in agricultural activities; and (iii) studies have shown that, because of the value added and the consumption multiplier effect, agricultural growth actually accounts for 60 per cent of the 5 per cent growth rate in GDP, which is twice the initial impact of the growth in the sector.

7. **The major challenges to improved agricultural growth** identified by the Ministry of Agriculture, Food Security and Cooperatives in the 2006 Agricultural Sector Review have guided the design of this COSOP. They include (i) developing new sources of growth in response to markets, (ii) increasing farm productivity, (iii) improving agribusiness and processing to enhance rural employment, (iv) establishing producer incentives for export and food crops, (v) fostering the participation of the rural poor in agricultural growth and development, (vi) enhancing the sector investment climate, and (vii) improving public expenditures from 3.7 per cent of the budget in 2005/2006 to meet the target set by the New Partnership for Africa's Development of 10 per cent by 2015.

## **B. Policy, strategy and institutional context**

### **National institutional context**

8. Key file 2 highlights the strengths, weaknesses, opportunities and threats for institutions in the implementation of COSOP.
9. The Prime Minister's Office and the Zanzibar Ministry of Regional Administration, Local Government and Special Departments coordinate government business and implement regional and district programmes. The Ministry of Agriculture, Food Security and Cooperatives, the Ministry of Livestock Development, and the Zanzibar Ministry of Agriculture, Livestock and Environment are the major line ministries for agricultural development. The Ministry of Industry, Trade and Marketing is responsible for the development of agricultural markets and small- and medium-sized enterprises (SMEs). Tanzania has 21 administrative regions, and Zanzibar has five; these are divided into districts. Under the Government's decentralization policy, the districts receive resource allocations directly from the national treasury for local administration and development projects. Most of these public institutions suffer from inadequate technical capacity and will require support for capacity-building through the COSOP.
10. The Tanzania Chamber of Commerce, Industry and Agriculture, which represents the private sector, has an extensive rural network and has influence on the public budget. The Agricultural Council of Tanzania and the National Network of Farmers Groups in Tanzania are emerging as national associations of large-scale and small-scale producer groups, respectively. The two bodies, however, will require support for capacity-building to respond to the needs of their members and undertake advocacy and policy dialogue. New services are appearing through farmer associations, professional organizations, the private sector and rural microfinance institutions (MFIs). These organizations will also need to be supported in the creation of networks at the district and national levels to improve their bargaining power with other stakeholders.

### **National rural poverty reduction strategy**

11. Three clusters of outcomes are identified in MKUKUTA (2005) and MKUZA (2006): (i) economic growth and the reduction of income poverty, (ii) improvement in the quality of life and social well-being, and (iii) governance and accountability. The strategies recognize the large disparity in poverty between urban and rural areas. In

the joint programme document, IFAD is mapped into cluster 1, which is also in alignment with the objectives of the IFAD Strategic Framework. The major goal for this cluster is GDP growth of 6-8 per cent over the next decade. MKUKUTA goals for the agricultural sector include (i) an increase in agricultural growth from 5 to 10 per cent, (ii) an increase in growth in the livestock subsector, from 2.7 to 9 per cent, (iii) an increase in food production from 9 million tons to 12 million tons, (iv) a reduction in the rural population living below the basic needs poverty line from 39 to 24 per cent, (v) a reduction in the proportion of the rural food poor from 27 to 14 per cent, and (vi) an increase in off-farm income-generating activities.

12. MKUKUTA has drawn extensively from the 2001 rural development strategy and agricultural sector development strategy. While the rural development strategy provides a framework for harmonious rural development, the agricultural sector development strategy involves the creation of an enabling environment for improved agricultural productivity. Though the strategies are compatible, they rely on separate institutional frameworks for implementation. Other national policies relevant to rural poverty reduction include policies on land, microfinance, trade, gender, HIV/AIDS, and water, as well as the cooperative development act. The strategic plan for the development of agriculture (2005-2010) has been a major input in MKUZA in Zanzibar. It addresses critical issues such as the creation of a favourable climate for private-sector activities, clarification of the roles of the public and private sectors in service delivery and strengthening the institutional framework for managing agricultural development.
13. The joint programme document assessment concluded that, through increased rural growth, the implementation of more appropriate policies and strengthened institutions and funding, the Millennium Development Goals of eradicating extreme poverty and hunger would be feasible. A status report on the first year of implementation of MKUKUTA suggests that the agricultural growth rate in 2006 was a low 3.8 per cent and that overall GDP growth was 5.9 per cent due to adverse weather conditions affecting both agricultural production and hydroelectricity supply. GDP growth is projected at 7.3 to 7.7 per cent during 2007-2009. The household budget survey to be conducted in 2007 will gauge the actual performance of the agricultural sector.

#### **Harmonization and alignment**

14. The United Republic of Tanzania has established strong aid coordination and harmonization arrangements on the mainland, and similar arrangements are being developed for Zanzibar. MKUKUTA and MKUZA have been prepared on the basis of the following principles: (i) national ownership of the development process, (ii) alignment of the national budget with the poverty reduction strategies, and (iii) harmonization of aid through the joint assistance strategy. IFAD is a member of the development partner group, as well as the related working groups on agriculture and private-sector development. The United Republic of Tanzania is also a pilot country for the One UN programme that aims at making the United Nations agencies pull together to achieve national poverty reduction goals. As a member of the United Nations country team, IFAD has contributed to the preparation of the United Nations Development Assistance Framework and the joint United Nations programme for wealth creation and economic empowerment. IFAD is contributing to the basket fund of the sector-wide approach (SWAp) in the Agricultural Sector Development Programme (ASDP) through two loan programmes, the Agricultural Services Support Programme (ASSP) and the Agricultural Sector Development Programme-Livestock (ASDP-L). Two ongoing IFAD-assisted projects enjoy cofinancing from the African Development Bank and the Governments of Ireland and Switzerland. IFAD loan and grant funds are distributed through the national treasury, and project coordination units are fully mainstreamed within the lead implementing agency of the Government.

### III. Lessons from IFAD's experience in the country

#### A. Past results, impact and performance

15. Since 1978, IFAD has supported 13 development projects in the United Republic of Tanzania through a total contribution of US\$213 million. The first set of projects focused on improving livelihoods and reducing vulnerability among the poor, primarily in marginal areas. The interventions aimed at improving the research-extension system, water supply, health, primary education, environmental conservation and grass-roots rural financial institutions. Following the 1997 country portfolio review, the 1998 IFAD Corporate Strategy and the 1998 COSOP and in response to changing Government policy, IFAD support for the United Republic of Tanzania became oriented towards growth. Rural financial services, irrigation, marketing, and mixed farming in Zanzibar were the key areas of intervention. This orientation continued through the last COSOP, which was derived from the Strategic Framework for IFAD 2002-2006 and the 2002 Regional Strategy for Eastern and Southern Africa.
16. The COSOP preparatory study on the lessons derived from IFAD experiences rated IFAD-assisted projects highly relevant in terms of the consistency of their objectives with national development goals and strategies. The first set of projects addressed post-independence development issues such as poverty, disease and lack of education and information. Subsequent projects promoted productivity improvements, food security and access by the poor to economic resources and markets. The 2003 country programme evaluation found that the projects had performed above regional and IFAD-wide averages. The evaluation recommended that IFAD should not spread itself too thin in terms of the thematic and geographical coverage of interventions. Individual project evaluations show that the acquisition of productive assets by beneficiaries helped increase productivity and employment opportunities. Farmers involved in the Participatory Irrigation Development Programme (PIDP), for example, enjoyed increases in rice paddy yields from 0.5 to 4.0 tons per hectare. The 200 integrated pest management groups formed under the Kagera Agricultural and Environmental Management Project (KAEMP), which closed in 2004, are still active in community seed production, along with 5,000 farmers trained through the farmer field schools, of which 30 per cent were women. Access to financial services has increased considerably through the promotion of rural MFIs. Under the Southern Highlands Extension and Rural Financial Services Project (SHERFS), 3,000 supposedly very poor solidarity groups and 190 savings and credit groups achieved savings amounting to US\$600,000 and an average repayment rate of 83 per cent. The First Mile Project supported by a grant from the Government of Switzerland under the Agricultural Marketing Systems Development Programme (AMSDP) demonstrated that farmers could raise their incomes considerably through access to market information using low-cost technology. IFAD projects showed positive results in managing environmental resources, mainstreaming gender and creating awareness on HIV/AIDS. The IFAD rural sector performance assessment in 2006 gave the projects a high score for strengthening the capacity of the rural poor and their organizations, gender representation and facilitating access to production assets, financial resources and markets. A performance-based allocation system allocation of US\$49.2 million was provided to the United Republic of Tanzania for 2007-2009 in recognition of this strong performance.

#### B. Lessons learned

17. The key lessons from previous COSOPs summarized here are derived largely from the COSOP preparatory study, the agreement at completion point of PIDP and the country programme evaluation.
18. **Targeting can be a challenge.** Some of the programmes designed before the development of the IFAD Policy on Targeting faced the risk of capture of programme

benefits by unintended beneficiaries. This risk may be compounded under ASDP because the districts may design district plans without the participation of the IFAD target group. There is also the risk that the IFAD Results and Impact Management System, which has been a useful tool for reporting to the Executive Board on the results of IFAD interventions with respect to target groups, may not be effectively applied within the existing national monitoring system for MKUKUTA, MKUZA and ASDP. The challenge for this COSOP is to devise strategies to reach the IFAD target group in a SWAp environment.

19. **Need for improved project design.** Delays in the effective start of projects due to problems in staff recruitment, the preparation of implementation manuals and the sensitization of stakeholders have led to a clamour for the inclusion of a zero stage year in project design to allow for initial mobilization activities. The IFAD response has been to design simpler projects with fewer effectiveness conditions and invest some of the formulation resources in facilitating project take-off. In the context of ASDP, however, there is the additional challenge of coordinating the actions of other partners to ensure the early start of programme implementation.
20. **Beneficiary participation and mainstreamed management are critical to sustainability.** Projects that have involved the beneficiaries in planning and implementation have generated a stronger sense of ownership and more sustainable results. In the SWAp environment, IFAD will promote the use of participatory techniques and private-sector participation. While quick results may be obtained through autonomous project management units, sustainability is enhanced when management is aligned with government structures and perspectives. The warehouse receipt system (WRS) developed through AMSDP is a case in point. Senior Government officials have already learned the relevant lessons in scaling up this approach nationwide.
21. **Access to financial services is a key to rural development.** The results of IFAD's support for capacity-building, technology development, enterprise development, market links and natural resource conservation have been limited by the weak access of the rural poor to sustainable financial services. This shortcoming has also checkmated policy reforms aimed at increasing private-sector participation and placed pressure on the Government to introduce ad hoc financial services projects. IFAD's interventions in the United Republic of Tanzania may not have a significant effect on rural poverty if the challenge represented by the lack of access to diverse financial services is not vigorously addressed.

## IV. IFAD country strategic framework

### A. IFAD's comparative advantage at the country level

22. IFAD's comparative advantage in poverty reduction lies in the Fund's focus on the rural areas where most of the poor men and women live. The government values IFAD's consistent support for rural poverty reduction, which is paramount among the MKUKUTA and MKUZA goals. Other development partners also recognize IFAD's rich experience in small-scale irrigation, MFIs and FOs in poorer rural areas. However, realizing pilot interventions and generating innovations in a SWAp environment in which it cannot directly engage with the target group remain a challenge for the Fund. This COSOP proposes to strengthen the participation of small FOs and civil society organizations in the SWAp planning process. The United Nations family sees the disbursement of IFAD loans and grants through the national treasury system as a demonstration of the greater compliance of the United Nations family with the reform requirement to increase the use of national systems. Although the United Republic of Tanzania is highly aid dependent and previous development models have not achieved the desired results due, in large part, to weak institutions, IFAD is convinced of the commitment of recent Government administrations to economic reform and capacity-building. COSOP aims at integrating IFAD development support into national systems as a way to strengthen

these systems. IFAD will pursue complementary actions with other development partners to influence the targeting approach under the SWAp.

## **B. Strategic objectives**

23. The IFAD Strategic Framework 2007-2010 aims at ensuring that poor rural men and women have the skills and organization they need to obtain better access to and take advantage of (i) natural resources, especially land and water; (ii) improved agricultural technologies and production services; (iii) a broad range of financial services; (iv) competitive markets for agricultural inputs and produce; (v) off-farm employment and enterprise development; and (vi) local and national policy and programming processes. In support of the national poverty reduction targets, COSOP will seek to promote increased rural productivity, the participation of the rural poor in development processes, access by the poor to sustainable financial services and markets, and the development of rural microenterprises through the four strategic objectives listed below.

### **Strategic objective 1: Improved access to productivity-enhancing technologies and services.**

24. IFAD will increase its contribution to the sector-wide ASDP launched in June 2006 to ensure that it effectively contributes to the MKUKUTA targets for the agricultural sector. ASDP aims to increase farm productivity and farm incomes through access among farmers to better technology and agricultural services. At the district and village levels, ASDP funds on-farm investments (including irrigation), advisory services and capacity-building. IFAD has committed a total of US\$40 million to the ASDP basket fund through ASSP and ASDP-L, while the International Development Association has committed US\$90 million. Other development partner group contributors are the European Union, Irish Aid and the Japanese International Cooperation Agency, while the African Development Bank is expected to contribute US\$60 million soon. ASDP faces a serious funding gap. Out of the estimated cost of US\$316 million for the first phase, current commitments total US\$139 million, which may not sustain programme activities beyond June 2009. To reduce the funding gap, IFAD will develop a project that will strengthen agricultural productivity, partly through support for the increased mechanization of farm operations in response to a request of the Government. The experience arising from the proposed project will also contribute to the corporate IFAD knowledge management base for the implementation of joint-funded programmes.
25. Conscious of the vulnerability of the United Republic of Tanzania to climate change and, especially, the adverse impacts of climate change on food security, access to water and ecosystem services, IFAD will undertake the following adaptation and mitigation measures during the COSOP period: (i) Close monitoring of the implementation of the strategic objectives to ensure that they continue to strengthen the resilience of the rural poor to climate change. The strategic objectives are to support adaptive research for productivity increases and enterprise diversification by raising the awareness of rural producers about the production-technology-environment nexus, developing rural microenterprises, promoting access to financial services and markets, and building the capacity of farmers to make reasonable choices in response to climate change. (ii) Climate-proofing of new projects to strengthen the local capacity to predict and prevent the adverse impacts of climate change. (iii) Support joint efforts to predict the impacts of climate change on development options (such as the conversion of large areas of land to biofuel production) and use such evidence to engage in dialogue with the Government and other stakeholders. The National Adaptation Programmes of Action being finalized by the Government for submission to the United Nations Framework Convention on Climate Change will be an entry point for dialogue on climate change.

**Strategic objective 2: Enhanced participation of farmer organizations in ASDP planning.**

26. This objective will build the capacity of FOs (including pastoralist and other producer organizations) to participate more effectively in the ASDP district-planning process since the district agricultural development programme is the major instrument for investments in ASDP. This objective is consistent with IFAD's strategic goal of enhancing the skills and organization of the rural poor to take advantage of local and national policy and programming processes. Through grant assistance, this objective will improve the advocacy and planning capacity of FOs and women's groups, which will be supported so that they are able to articulate their specific concerns and priorities with the ASDP district facilitators, demand appropriate services from supporting institutions, establish and manage networks at the ward, district and national levels to enhance their advocacy and bargaining power, and link up with ongoing IFAD-assisted programmes to access financial and market services.

**Strategic objective 3: Increased access to sustainable rural financial services.**

27. The Rural Financial Services Programme (RFSP), which will be completed in 2010, is designed to enhance the capacity of the rural poor to mobilize their savings and invest in income-generating activities through the development of viable rural financial systems. In the 7 regions and 22 districts covered by the programme, 230 MFIs – with a total membership of 54,867, savings of US\$3.6 million and total loans to members of US\$9.9 million – had been mobilized by December 2006. The programme has assisted in the development of Government regulations for the operation of savings and credit cooperative societies (SACCOSs). Beginning in 2010, IFAD will (a) support the formation of MFI apex organizations to promote the increased bargaining power of MFIs with commercial banks and the leveraging of resources, learning and advocacy for a sustainable microfinance industry; (b) promote the scaling up of the successful elements of RFSP nationwide; and (c) explore other financial services such as value chains, insurance and leasing to address the need for medium-term financing for fixed assets to modernize agricultural production. IFAD is already discussing partnership opportunities with the World Bank, donor projects active in the financial sector, Rabobank Nederland and Opportunities International.

**Strategic objective 4: Increased access to markets and opportunities for rural enterprises.**

28. AMSDP, which will be completed in 2009, aims to help translate increased rural productivity into incomes through market linkages. As of December 2006, AMSDP was operating in 8 regions and 21 districts. An agricultural marketing policy has been formulated and is awaiting cabinet approval. The reports deriving from the taxation studies conducted under AMSDP have assisted some districts in enacting regulations to improve the taxation environment for agricultural produce. The First Mile Project has assisted farmers in raising their revenues through access to market information using cellular phones. Over 500 groups, 52 per cent of which are producer groups, have been mobilized and trained to conduct market research, develop marketing plans and operate an WRS to improve access to credit. Rural service companies are also being developed to provide marketing information services on a commercial basis. Impressed with the results of the WRS, the Government is seeking to expand the scheme nationwide, well beyond the mandate and capacity of AMSDP. Beginning in 2010, IFAD will support the consolidation of the successful elements of AMSDP and their adaptation and replication in other regions. IFAD will also facilitate the development of sustainable agricultural input markets, in collaboration with the Tanzania Fertilizer Partnership and other stakeholders. Linkages will be established between the activities of AMSDP and the Rural Micro, Small and Medium Enterprise Support Programme (MUVI), which uses a value chain approach to raise rural incomes and employment.



## C. Opportunities for innovation

29. IFAD will test successful ideas that have been generated elsewhere and support innovation in the areas listed below so as to address the rural development challenges in the United Republic of Tanzania.
30. **Technology and services.** The focus of innovation will be to fine-tune technology development and service delivery arrangements to make them more demand-driven and sustainable, expand the menu of advisory services beyond crop production and develop linkages between the mainstream ASDP and the development of the livestock subsector. In the district agricultural development programme, there is still a strong pull towards public service delivery rather than engendering competition among service providers. Also, since ASDP entails many innovations related to partnering, resource mobilization and service delivery, IFAD will explore ways to analyse and communicate emerging results for the benefit of the country programme, as well as corporate IFAD.
31. **Participation of the rural poor.** The ASDP resources for capacity-building are used directly by the districts, but are inadequate to meet the capacity needs of FOs. Using grant funds, the innovation will involve developing partnerships with civil society organizations to support members of IFAD's target group in becoming accepted partners in the planning and implementation of ASDP. The grant project will ensure the more effective use of IFAD resources for the benefit of the target group.
32. **Financial services.** The innovation in financial services is the piloting and development of new products and delivery mechanisms. The products may include community and rural banks, leasing and insurance (emergency or death benefit funds), as well as linkages among producers and small-scale entrepreneurs for financial services and with other value chain actors or commercial banks. Leasing services strongly linked with apex institutions in rural finance and with commercial banks may help fill the gap created because of the reluctance of commercial banks to provide medium-term loans to finance production assets. Other approaches to expanding the outreach to small producers and disadvantaged groups will be tested, while SACCOSs will be challenged to diversify their products to match demand more closely. Strategic ways of influencing rural financial service policies will be explored, in collaboration with other players in the financial sector.
33. **Market access and enterprise development.** The current WRS will be refined to deal with issues such as the high cost of construction, ownership versus management, the maintenance and operation of warehouses, and the demand for collateral by some participating commercial banks. The value chain approach will facilitate communication among the actors in the chain, tap into the emerging experience of the Fertilizer Fast Track Initiative; explore the viability of other critical production inputs such as seeds, chemicals and small-scale sources of farm power; and develop sustainable mechanisms for the delivery of business development services, brokerage services and market information services.

## D. Targeting strategy

34. IFAD's Policy on Targeting has identified the target group as those rural poor and food insecure who have the potential to gain access to opportunities and assets for agricultural production and rural income-generating activities. MKUKUTA and MKUZA have a vision of pro-poor growth that encompasses gender issues; youth, the disabled and people living with or otherwise affected by HIV/AIDS; rural areas; and the agricultural sector. The relevant strategies recommend increased investment in rural infrastructure and human capacity, subsidies for selected crops and access to microfinance services among women and youth. There is, however, no detailed framework for identifying and reaching the target group. The preferred modality for the delivery of aid, called general budget support, provides for untied budget support, whereby the Government decides how to use the money to meet national

goals in the context of the joint assistance strategy. In 2005/2006, US\$616 million was disbursed through general budget support, representing 20 per cent of total Government expenditure. There is also a clear preference for sector-wide programmes rather than area-based projects. The Government considers the current basket fund arrangement for ASDP as a transition to general budget support, which IFAD is unable to implement according to the IFAD Policy on Sector-wide Approaches for Agriculture and Rural Development (EB2005/84/R.5/Rev.1). The targeting framework in this COSOP builds on the poverty analysis carried out during the preparation of MKUKUTA and MKUZA, the challenges identified by the 2006 sector study, the aid coordination framework of the Government and the coverage of ongoing programmes. It reflects the regional and district characteristics and priorities identified through the local government capital development grant system. The targeting strategy has been developed around the COSOP strategic objectives.

35. **Technology, services and support for FOs.** The targeting strategy for the delivery of agricultural technology and services under ASDP will be twofold: (i) raise awareness within the basket fund stakeholder group to address the issues of the rural poor during the implementation reviews and (ii) support the participation of FO representatives in the reviews so that they are able to influence policy decisions. IFAD will provide support to the FOs in articulating the interests of the target group.
36. **Rural financial services.** COSOP will target the SACCOSs established under RFSP for the consolidation and establishment of apex organizations. In new districts, social or community-based targeting will be used to identify the group and monitor performance. Support will be provided for the development of financial products that are accessible by the poorest. For innovations such as community banking, leasing and insurance to be tested, the districts that will be covered will be selected jointly with the Government on the basis of past experience and the potential for successful adoption by the rural poor. For instance, in leasing products, preference may be given to production and processing groups and SACCOSs that have demonstrated strong demand for medium-term credit by establishing their own management systems or undertaking profitable supply contracts.
37. **Markets.** AMSDP and MUVI will continue their geographical targeting approach. For the second cycle of COSOP, additional regions and districts will be selected jointly with the Government based on agreed eligibility criteria. Since marketing is essentially a commercial activity, the level of entrepreneurship and ties to specific value chains may be used as criteria to ensure the participation of the target group.
38. **Gender targeting.** This will continue as proposed in AMSDP, RFSP and MUVI and will be monitored during supervision missions and periodic reviews. In MUVI, for instance, gender is one of the factors in the selection of value chains. The poorer segment of the populations of rural communities has also been targeted through the use of radio, which is widely accessible, and the formation of radio-listener groups to disseminate business and market-related information.

## E. Policy linkages

39. Effective mechanisms are in place for undertaking sectoral policy dialogue with the development partner group. The focus of dialogue on COSOP will be on the two subcomponents of the 2006 rural sector performance assessment that scored moderately satisfactorily.
40. **Farmer organizations.** The influence of FOs dwindled following the shift from socialist ideology in the United Republic of Tanzania, and there are few significant FO umbrella associations. The Agricultural Council of Tanzania and the National Network of Farmers Groups in Tanzania are now emerging as apex organizations for large and small FOs, respectively. Using grant resources, IFAD will support FOs so that they may participate in policymaking and planning at the district and national

levels. AMSDP and RFSP will help develop district networks for the FOs they are supporting. IFAD will use the evidence from these interventions to support the development by the Government of policies and legislation to improve the effectiveness of FOs.

41. **Equitable access to land markets.** Although the IFAD-assisted Smallholder Development Project for Marginal Areas (SDPMA) and the follow-on PIDP included activities involving land surveys and land registration, there was no follow-up assessment of the impact of the activities, especially after the land law was passed in 1998. Land tenure security and access to water and rights of way for pastoralists were issues identified for ASDP-L, and US\$4.5 million has been provided for support for district and village administrations for participatory planning in land and natural resource management and for village land registration. During the joint implementation reviews of ASDP, IFAD will encourage dialogue at the community and district levels and with the basket fund stakeholders on the implementation of the land tenure activities. The experience from these interactions will be used to facilitate land policy formulation and implementation.

## V. Programme management

### A. COSOP management

42. **COSOP monitoring and evaluation (M&E).** To ensure programme coherence and to measure performance, the COSOP M&E system will (i) be integrated with the MKUKUTA and MKUZA monitoring system; (ii) be based on the COSOP results framework; (iii) be facilitated by a communication strategy for information exchanges; and (iv) for ongoing programmes, maintain IFAD Results and Impact Management System reporting requirements. Technical support will be provided so that project teams may harmonize their M&E approaches and link them with the COSOP M&E system. The annual review of MKUKUTA and MKUZA and the biannual Poverty and Human Development Report prepared by the Government will be the major sources of monitoring data. Annual COSOP implementation workshops held locally involving project staff and other partners will review the annual implementation progress report prepared by the country programme manager. An evaluation of the first cycle of COSOP will be concluded in December 2009 to support a request to the April 2010 Executive Board for a commitment to the second cycle. An independent completion evaluation of COSOP is planned for December 2013.

### B. Country programme management

43. COSOP will be managed by the country programme team. For this purpose a team-building workshop was conducted in the country in March 2007. A programme development team has also been established that includes representatives of other IFAD divisions and external specialists. The country programme management approach, the need for increasing direct IFAD supervision and the aid coordination arrangements in the United Republic of Tanzania will guide the supervision of COSOP. MUVI and the Zanzibar subprogrammes of ASSP and ASDP-L are directly supervised by IFAD, while the ASDP on the mainland is supervised jointly with other donors and the Government. The country programme team will supervise all IFAD grant-assisted projects in the country. The cooperating institution (the United Nations Office for Project Services) will supervise AMSDP and RFSP until December 2008, but with stronger IFAD participation in the missions. Extensive retrofitting of ongoing projects is not anticipated since the objectives of these projects fit well with the strategic objectives of COSOP. The outputs of the ongoing projects will form the basis of the quantification of COSOP indicators during the first cycle.
44. The country programme manager will be posted to Tanzania in 2007 to enhance the management of the programme. The country officer recruited in 2004 has facilitated the relationships with the Government, as well as the development partner group,

and generated greater visibility for IFAD. A major innovation in the management of the programme is the participation of project coordinators in the supervision of other projects to facilitate learning and peer review. Part of the cost of managing COSOP will be met through a grant supplied through the Initiative for Mainstreaming Innovation to pilot test supervision in the context of a country programme approach. The grant will enable the country programme team to generate experience that will help in the refinement of IFAD supervision guidelines.

45. The United Republic of Tanzania has no projects at risk; the projects in the portfolio have performed satisfactorily in recent years. ASSP experienced a delay in effectiveness that lasted two years because of problems in undertaking the ASDP appraisal and the need to revise internal IFAD systems to deal with the implications of a SWAp programme. In an effort to reduce such delays in the future, it was suggested that project designs should contain few conditions for effectiveness and that most requirements for the start of implementation should be dealt with early on. This procedure was applied in MUVI, which was declared effective within six months of the signature of the loan agreement.

### **C. Partnerships**

46. IFAD will continue to develop partnerships with Government agencies; the development partner group, including the United Nations family; civil society organizations and the private sector throughout COSOP implementation and evaluation by relying on stakeholder meetings, bilateral consultations and other initiatives. Key file 3 summarizes the envisaged COSOP partnerships.
47. Partnerships for strategic objective 1 (technology and services) will target agricultural sector line ministries and the ASDP secretariat so as to provide oversight for ASDP on policy, regulations and monitoring and for the district councils on planning and implementation. The Food and Agriculture Organization of the United Nations, the United Nations Industrial Development Organization, members of the Consultative Group on International Agricultural Research, and IFAD regional grant projects are likely to provide technical assistance. IFAD will partner with private-sector entities and financial institutions to support improved mechanization. IFAD will not invest in partnerships with ongoing projects funded by the World Bank, the European Union, the Department for International Development of the United Kingdom of Britain and Northern Ireland, or the Governments of Denmark and Ireland since these are being wound down in deference to ASDP. For strategic objective 2, partnerships will be explored with FOs that will be assisted in forming viable apex organizations to increase their bargaining power and their participation in ASDP.
48. Partnerships for objective 3 (financial services) will target financial institutions that have shown an interest in stronger linkages with grass-roots MFIs. These institutions include Rabobank Nederland and Opportunities International. The partnerships will also engage in dialogue with insurance and leasing companies and large operators in the value chain so as to improve the access of the rural poor to financial services. IFAD will partner with donor-assisted projects, including the Private Sector Competitiveness Project and the Financial Sector Support Project of the World Bank, the Financial Sector Deepening Trust and the Business Environment Strengthening for Tanzania project of five bilateral organizations led by the Department for International Development, and World Bank technical assistance for the design of credit guarantee schemes through the Bank of Tanzania. The Bank of Tanzania will also be a partner in implementing the policy and regulatory aspects of financial services delivery.
49. For strategic objective 4 (markets and enterprise development), IFAD will continue to coordinate its work with the Ministry of Industry, Trade and Marketing and the Ministry's parastatal Small Industries Development Organization, particularly in policy oversight and implementation support for MUVI. Other potential partners are

the Tanzania Private Sector Foundation and the private agriculture sector support projects supported by the Government of Denmark and the United States Agency for International Development. The World Food Programme is also exploring a collaboration involving its warehouses and the WRS through AMSDP. IFAD will examine this opportunity for closer collaboration among United Nations agencies.

#### **D. Knowledge management and communication**

50. The knowledge management and communication strategy will ensure that innovative experiences, learning and good practice are captured, synthesized and shared regularly within the country programme team, other partners in the country, IFAD and other regional and international partners. The main thematic areas to be addressed include (i) mechanization and how it contributes to increased agricultural productivity and profitability, (ii) market access, (iii) opportunities for rural enterprises, (iv) rural finance, and (v) the implementation of a SWAp. Appropriate communication channels will be used among the various stakeholders, including (i) international forums and publications; (ii) IFAD's website, the Rural Poverty Portal and the Divisional Newsletter; (iii) an electronic library of project institutional memory to be disseminated on CD-ROM and on the Internet; and (iv) other media, including newspapers and radio.
51. Project M&E systems will be linked with the COSOP M&E system to measure performance and outcomes and track the lessons learned. The knowledge management and communication strategy will support the M&E system to ensure that there is an integrated approach to gathering, synthesizing and disseminating the lessons learned. This process will be supported by the knowledge management and communication activities of the recently approved First Mile – Phase II grant project. A knowledge management and communication officer attached to AMSDP will facilitate the knowledge management and communication strategy within the country programme team and analyse and disseminate information among corporate IFAD and other stakeholders in a timely fashion. The strategy will thus serve to connect IFAD, the projects, local and national authorities, professional organizations and donor partners so as to ensure that learning, experience and good practice are shared constantly and integrated in new or ongoing initiatives. The strategy also focuses on the experience emerging from the One UN pilot programme and the implementation of the country programme supervision project supported by the Initiative for Mainstreaming Innovation. The close involvement of Zanzibar in the country programme team will ensure effective exchanges of experience with the mainland. Results-based advocacy with IFAD's donors and major partners will also be a key part of the strategy in mobilizing resources, ensuring awareness and participation and influencing policies.

#### **E. The performance-based allocation system (PBAS) financing framework**

52. The PBAS allocation for the first year of COSOP is US\$15 million, based on a 2006 rural sector performance score of 4.41 (see table 1).

Table 1  
**Indicative PBAS calculation for COSOP year 1**

<i>Indicator</i>	<i>COSOP year 1</i>
Average combined rural sector score	4.41
Project-at-risk rating	6.00
International Development Association resource allocation index (2005)	3.94
Country score	14 391
<b>Annual allocation (United States dollars)</b>	<b>14 966 277</b>

Table 2  
Relationship between performance indicators and country score

<i>Financing scenario</i>	<i>Project-at-risk rating (+/- 1)</i>	<i>Rural sector performance score (+/- 0.3)</i>	<i>Change in the PBAS country score relative to the base scenario (percentage)</i>
Hypothetical low case	5	4.11	-19
<b>Base case</b>	<b>6</b>	<b>4.41</b>	<b>0</b>
Hypothetical high case	6	4.71	6

53. Table 2 provides indicative financing scenarios showing that the overall allocation for the United Republic of Tanzania may decline by 19 per cent (to US\$12 million) or rise by 6 per cent (to US\$16 million), depending on implementation performance. Under the base-case scenario, the 2007-2009 PBAS allocation of US\$49.2 million would be applied to support ASDP. The projects for the second cycle of COSOP would be submitted for approval to the September 2010 and September 2011 Executive Board sessions, respectively.

## F. Risks and risk management

54. The two major risks identified through MKUKUTA and MKUZA are the vulnerability of the economy to high aid dependency and the financing gap that may not be met through the projected resources. To mitigate this risk, the Government has become committed to prudent economic management, the use of development assistance and the strengthening of institutions to enhance absorptive capacity. The report on the first year of implementation of MKUKUTA shows that the Government will need to be more strategic in deciding on the options for managing the delivery of public services. Three risks have been identified in the rural sector performance assessment and the COSOP study, as follows:

- **Slippage in the pace of reform.** The Government is strongly committed to reform. There is, however, a moderate risk of political instability during the transition in 2009 that may derail the reform agenda. To mitigate this risk, IFAD will emphasize implementation arrangements that give project participants, including FOs and the private sector, increasing responsibility for programme design, implementation and monitoring so as to ensure sustainability.
- **The vision of reform is not fully shared by the districts.** There is a substantial risk that a few districts will continue to enact regulations on production quotas, taxes and the cross-border movement of produce that hinder private-sector investment. This risk will be mitigated through evidence-based information from IFAD projects on the negative effects of such regulations and regular dialogue with the Government on the enforcement of the reform agenda at the district level.
- **Disenchantment with the early results of ASDP.** Because ASDP is a new joint intervention, there is still tension among ASDP stakeholders regarding (i) the sincerity and commitment of the respective partners, (ii) the consistency of the review and implementation approach and the requirements of the partners, and (iii) the opportunity under ASDP to influence district plans through the lessons learned from previous interventions. Serious disenchantment among the basket fund partners would jeopardize funding and stifle the chance to learn from this innovative approach to aid effectiveness. The risk is substantial. Mitigation measures would include regular dialogue, transparency in resolving implementation issues and the explicit promotion of opportunities for joint learning activities.

## COSOP consultation process

### Introduction

Consultations for the preparation of the COSOP started in October 2006 when the Country Programme Manager (CPM) and the Country Officer (CO) engaged in dialogue with three sets of stakeholders on the next COSOP. The Deputy Permanent Secretary of the Ministry of Finance clearly indicated government's wish to be fully involved in the entire process of development of the COSOP and advised that the new COSOP should have a wider geographical spread of its projects to reduce negative political reactions. The Agriculture Working Group of the DPG advised that to avoid a duplication of studies that had already been done for MKUKUTA, MKUZA or other projects, the COSOP preparatory study should take stock of the lessons of IFAD experience in Tanzania, especially, in relation to support for farmer organizations (FOs), access to rural finance and marketing. At a Country Programme Team meeting held in November 2006 in Blantyre (Malawi) during the IFAD Regional Workshop, the in-country team comprising 14 IFAD programme coordinators and officials of key government ministries validated the topic of the preparatory study and committed to share with the consultants their own project experience to enrich the quality of the study. The second round of consultations was in March 2007 around a design mission. The validation of the draft COSOP took place at four points in June 2007: (a) a consultation with FOs; (b) a stakeholder workshop; (c) concluding discussions with the Minister of Agriculture of the URT where the need for IFAD to support increased mechanization of agricultural production was re-emphasized, the same issue having been raised during the meeting of the Minister with IFAD President in February 2007; and (d) a video conference link with Dar es Salaam for representatives of in-country stakeholders to participate in the IFAD review of the COSOP.

### **COSOP Design Stakeholder Workshop, 16 March 2007, Dar es Salaam**

#### Objectives and Methodology

The objectives of the workshop included: (i) a stakeholder review of the preparatory study report on the lessons of IFAD projects in Tanzania; (ii) guidance on the strategic objectives of the new COSOP arising from (i); and (iii) formal launch of the design of the COSOP. The workshop was officially opened by the Minister of Finance of the URT and had in attendance the IFAD Assistant President, External Affairs and 49 other participants from 36 different institutions. 10 participants represented 6 ministries and departments on the Mainland, and one from Zanzibar. One government parastatal (SIDO) was represented by 3 officials while 7 staff represented 5 IFAD-assisted projects. Two FOs, 6 development partners, the cooperating institution (UNOPS), private sector, academia, and 12 media organizations were also represented. The workshop included plenary presentations and discussions and intensive group work based on three themes: IFAD Corporate Strategic Framework and synergy with MKUKUTA/MKUZA; COSOP and One UN; and Strategic Objectives of COSOP and Portfolio Pipeline.

#### Findings

The conclusions and recommendations of the workshop which guided the drafting of the COSOP are summarized below:

#### IFAD Corporate Strategic Framework (CSF) and MKUKUTA/MKUZA:

- Synergy exists between the two strategies but IFAD is unable to support the government's preferred aid disbursement methods (General Budget Support and Sector Budget Support).
- The targeting principle enshrined in the CSF is restrictive for national poverty reduction. IFAD should consider the urban poor in addition to the rural poor.
- Both strategies emphasize innovation, learning and the up-scaling of tested approaches, but the CSF is restricted by its focus on rural areas only.

- Both strategies consider sustainability at project entry point as critical. IFAD should develop a sustainability policy to take care of the whole programme cycle.

#### The COSOP and One UN

- The consistency of UNDAF with MKUKUTA/MKUZA in terms of objectives and time frame will make monitoring easier. The COSOP time frame should therefore be aligned with that of MKUKUTA/MKUZA.
- The Joint Assistance Strategy for Tanzania (JAST) should be the overriding strategy for development partner (including UN system) support to MKUKUTA/MKUZA.
- There should be continued policy dialogue at national level to harmonize any inconsistencies that may arise between MKUKUTA/MKUZA and any other strategy.

#### Strategic Objectives of the COSOP, based on lessons of past IFAD projects

- Increasing agricultural productivity under the umbrella of the ASDP, through investments in small scale irrigation, capacity building of farmers, support for mechanization, and policy dialogue.
- Increasing access to markets, through scaling up of the Warehouse Receipt System (WRS), providing cooling and storage facilities for perishables.
- Increasing access to rural finance, through collaboration with the Bank of Tanzania, Ministry of Finance and other actors in the financial sector.
- Micro, small and medium enterprise development that links rural with urban enterprises.

### **Consultations with farmer organizations, 4 June 2007**

#### Objectives and Methodology

The objective of the consultations with FOs was to obtain feedback on the design of the COSOP, and especially to help IFAD develop a framework for the strategic objective on strengthening the participation of FOs in planning the ASDP. The meeting involved presentations and discussions around the draft COSOP and the ASDP, followed by brainstorming on the framework for IFAD's engagement with FOs. The 24 participants representing 16 different FOs, selected two members in addition to the two CSOs already in the CPT, to represent them at the COSOP stakeholder workshop.

#### Findings

Issue 1: How can we increase small FO participation in the ASDP, particularly in DADPs?

- Conduct an inventory and establish a list of stakeholders (CSOs/FOs/NGOs & private). The inventory should be on district/regional basis.
- Conduct awareness creation on policy environment. (To be done by the private sector/civil societies and not LGA officials, these will be invited). Emphasis should be on ASDP/DADP/VDP; include MKUKUTA, MKURABITA, MKUZA, SPILL.
- Structures - District and ward facilitation teams should ensure:
  - a. Inclusiveness and mandatory farmers' representation in the teams,
  - b. Wide consultations in planning process (plan, implement, monitor, evaluate),
  - c. Promotion/strengthening of FO networks by the private sector and CSOs, not LGAs.
- Develop public-private partnership (PPP) guidelines on ASDP. Responsible – ACT and MS(T) to provide framework/draft while ministry is developing a comprehensive one.
- Develop strategies to deal with the threat of negative mindset among LGA officials in dealing with FOs and the private sector.



### Issue 2: What framework programme can we draw-up to enhance the capacity of FOs?

- Capacity Building
  - business culture among farmers (education) that should be incorporated in all their activities (planning, management etc),
  - educate farmers on investment to make them more independent,
  - make farmers more aware of financial services such as SACCOS and make them use these funds towards production,
  - improve management of FOs with respect to organisation, human resources, and networking,
  - build a market information system that farmers can access, possibly using SMS through mobile phones. The challenge is how to convince farmers to buy this information,
  - educate private sector actors on participatory planning, management and evaluation.
- Public-Private Partnership
  - help the private sector/FOs understand government policies related to agriculture,
  - form a coalition for government to increase budget for agriculture,
  - recognise farming as a business, need for market economy approach to implementation of policies,
  - support initiatives of CSOs/FOs to advocate transparency and accountability within the government.

### Issue 3: What are your views on the COSOP and its strategic objectives?

- The strategic objective on capacity building for FOs is particularly relevant and should be implemented by the private sector/FOs.
- Capacity building support should be provided for FO participation in policy formulation, implementation and monitoring.
- FO should be clearly defined to include pastoralists and traders, not only crop farmers.

### **Stakeholder workshop on the draft COSOP, 5 June 2007**

#### Objectives and methodology

The Permanent Secretary Ministry of Livestock Development, opened the workshop which reviewed the draft COSOP, shared with key stakeholders four weeks ahead of the workshop. It was to obtain feedback on the consistency of the draft with the guidance on the strategic objectives given during the March workshop. The workshop was also to validate the overall design of the COSOP as compatible with government's poverty reduction strategies and aid coordination framework. Group sessions focused on the four strategic objectives and on the implementation plans for the COSOP. The 40 participants comprised 10 officials from 7 government ministries and departments, 11 representatives of 8 development partners, 6 IFAD-assisted project staff, 8 representatives of farmer organizations, 1 from the academia, 2 from the press, and 2 IFAD staff.

#### Findings

##### Strategic Objective 1 (Access to technology and services):

- Outcomes (1 & 2) should be for the whole period of the programme instead of two years only.
- Agricultural survey (2003) says that 30 per cent have access to extension services; why is the target set lower than that (20 per cent)?

- For milestone indicators: Zonal agricultural research fund should be operational beginning 2008; 50 per cent... have access to extension services instead of trained on improved practices; Number of farmers using mechanisation increased from 3 per cent to 5 per cent by 2010; per cent of pastoralists accessing extension services increased by 5 per cent annually.
- For policy: add issues on environment, infrastructure and institutional framework.
- Indicators/outcomes should focus only on the ongoing programmes for first two years

Strategic Objective 2 (Effective participation in the ASDP planning process):

- Outcomes: 100 per cent of VADPs reflected in the DADPs; 50 per cent of active poor organisations participate actively in development of VADPs
- For milestone indicators, Strong/effective and legally recognized farmer and livestock keeper forums established in ward, villages, district and national levels across 50 per cent of the country by 2010.
- Recommended restatement of the objective, implementation of the objective over the COSOP period, and consideration for the poor who do not yet belong to any FO.

Strategic Objective 3 (Access to rural financial services):

- Outcomes: 20 per cent increase in number of operationally self-sufficient SACCOS in each of the seven regions by 2010.
- Milestone indicators: At least 100 per cent increase in membership.
- Policy: Sensitization and mobilization of people; financial literacy information; professional capacity building; empowerment fund should be managed based on prudential practices for managing MFIs (SACCOS).
- Only 6 per cent of the population are able to access formal financial services. Financial Deepening Trust of Tanzania wants to strengthen SACCOS to bigger networks, at least at district level.

Strategic Objective 4 (Access to markets and enterprises development):

- Outcomes: add XX per cent increase in number of rural enterprises developed. But do we have baseline data?
- Milestone indicators: suggest 50 per cent of rehabilitated warehouses.
- Policy: review existing policies; strengthen policies/regulations on certification and accreditation of inputs and outputs quality.
- Suggested: Warehouse receipt system is not the only panacea to marketing problems. Other avenues should be sought, including contract farming, though there are policy/regulatory issues; explore possible use of warehouses for other crops that also suffer from seasonal price fluctuations.

Resolution:

At the end of the workshop, the participants passed the following resolution:

We, representing our specific agencies, ministries and departments and having reviewed the draft COSOP presented before us, hereby comment as follows:

1. The four strategic objectives are essentially aligned to the national poverty reduction strategies reflected in the MKUKUTA and MKUZA. We consider them a pragmatic approach to supporting rural development in the URT in the light of IFAD's mandate.
2. The six-year duration of the COSOP broken into two cycles is also in alignment with the period of MKUKUTA and MKUZA and highlights IFAD's increasing appreciation of the programming approach to economic development being pursued in the URT.

3. Considering the pressing challenge of increasing agricultural productivity and to make the agricultural sector in the URT more competitive in the light of globalization and the related trade agreements, we endorse the emphasis of the first cycle of the COSOP to invest mainly in the ASDP, a joint programme for agricultural development in the URT.
4. We recommend that the interventions proposed for the second cycle also increasingly situate IFAD contribution in the context of sectoral frameworks that have been, or are being developed for rural financial services, marketing and rural enterprise development.
5. As a demonstration of our commitment to and ownership of the COSOP, we would like to be represented during subsequent reviews for the finalization of the COSOP, including through video conferencing.

We received clarification that the indicators for marketing in the results framework represent the expected results of the ongoing AMSDP and not the new intervention proposed for cycle 2 of the COSOP.

## Country economic background

<b>Land area (km<sup>2</sup> thousand) 2005 1/</b>	883	<b>GDP per capita growth (annual %) 2005 1/</b>	5
<b>Total population (million) 2005 1/</b>	38.3	<b>Inflation, consumer prices (annual %) 2005 1/</b>	9
<b>Population density (people per km<sup>2</sup>) 2005 1/</b>	43	<b>Exchange rate (2006): US\$ 1 =</b>	TSh 1 252
<b>Local currency</b>	Tanzanian Shilling (TSh)		
<b>Social Indicators</b>		<b>Economic Indicators</b>	
Population (average annual population growth rate) 1998-2004 1/	1.8	Sectoral distribution of GDP 2005 1/	
Crude birth rate (per thousand people) 2005 1/	36	% agriculture	45
Crude death rate (per thousand people) 2004 1/	8	% industry	18
Infant mortality rate (per thousand live births) 2005 1/	76	% manufacturing	7
Life expectancy at birth (years) 2005 1/	46	% services	38
Number of rural poor (million) (approximate) 3/	9.9	Consumption 2005 1/	
Poor as % of total rural population 3/	36	General government final consumption expenditure (as % of GDP)	14
Total labour force (million) 2005 1/	19.3	Household final consumption expenditure, etc. (as % of GDP)	77
Female labour force as % of total 2005 1/	49	Gross domestic savings (as % of GDP)	10
<b>Education</b>		<b>Balance of Payments (US\$ million)</b>	
School enrolment, primary (% gross) 2005 1/	106	Merchandise exports 2005 1/	1 481
Adult illiteracy rate (% age 15 and above) 2006 1/	31	Merchandise imports 2005 1/	2 659
<b>Nutrition</b>		Balance of merchandise trade	-1 178
Daily calorie supply per capita 3/	2 454	Current account balances (US\$ million)	
Malnutrition prevalence, height for age (% of children under 5) 2005 1/	38	before official transfers 2005 1/	-1 551
Malnutrition prevalence, weight for age (% of children under 5) 2005 1/	22	after official transfers 2004 1/	-437
<b>Health</b>		Foreign direct investment, net 2005 1/	473
Health expenditure, total (as % of GDP) 2004 1/	4	<b>Government Finance</b>	
Physicians (per 100,000 people) 2004 2/	2	Cash surplus/deficit (as % of GDP) 2005 1/	n/a
Population using improved water sources (%) 2004 2/	62	Total expenditure (% of GDP) 2005 1/	109
Population with access to essential drugs (%)	n/a	Total external debt (US\$ million) 2005 1/	7 763
Population using adequate sanitation facilities (%) 2004 2/	47	Present value of debt (as % of GNI) 2005 1/	22
<b>Agriculture and Food</b>		Total debt service (% of exports of goods and services) 2005 1/	4
Food imports (% of merchandise imports) 2005 1/	12	Lending interest rate (%) 2005 1/	15
Fertilizer consumption (hundreds of grams per ha of arable land) 2002 1/	18	Deposit interest rate (%) 2005 1/	5
Food production index (1999-01=100) 2004 1/	106		
Cereal yield (kg per ha) 2005 1/	1 472		
<b>Land Use</b>			
Arable land as % of land area 2004 1/	54		
Forest area as % of total land area 2005 1/	40		
Irrigated land as % of cropland 2005 4/	4		

n/a Data not available

1/ World Bank Development Indicators CD ROM 2007

2/ UNDP, Human Development Report, 2006

3/ Tanzania NBS, Household Budget Survey 2000/01, 2002

4/ Tanzania MAFC, Agricultural Sector Review 2006

## COSOP results management framework

Country Strategy Alignment	Key Results for COSOP			Institutional/Policy Objectives
Poverty Reduction Strategy Goals	Strategic Objectives	Outcome that IFAD Expects to Influence	Milestone Indicators	Policy Dialogue Agenda
<p>1. Increased agricultural growth on Mainland from 5% (2003) to 10% (2010) and in Zanzibar from 2.4% (2005) to 6% (2010).</p> <p>2. Increased livestock sub-sector growth on Mainland from 3.5% (2003) to 9% (2010).</p> <p>3. Increased off-farm income generating activities (MSMEs)- Mainland (26% of 4.8m households in 2003 to 34% in 2010 nationwide).</p> <p>4. Secured and facilitated marketing of agricultural produce (Mainland).</p> <p>5. Improved access to microfinance services (Zanzibar).</p>	<p><b>SO 1:</b> Improved access to productivity enhancing technologies and services</p> <p><b>SO 2:</b> Enhanced participation of farmer organizations in planning of ASDP</p> <p><b>SO 3:</b> Increased access to sustainable rural financial services</p> <p><b>SO 4:</b> Increased access to markets and opportunities for rural enterprise</p>	<p>With other partners, by 2010:</p> <p>1.1. Increase food production (Baseline 2003 9mT) to 12mT.</p> <p>1.2. Increase % of farmers using modern technology (Baseline 2003: Irrigation 5%, fertilizer 12%, FYM 26%, improved seed 26%)</p> <p>1.3. Increase % use of farm mechanization (Baseline 2003: ox-plough 23%, tractor 3%)</p> <p>1.4. Proportion of smallholders participating in contract production (Baseline 2003: 0.9%) to 1.3%</p> <p>1.5. Increase % of livestock keepers using improved technology (Baseline 2003: 16% access to extension)</p> <p>2.1. 50% of ASDP DADPs clearly reflect priorities of majority of poor farmers/livestock keepers</p> <p>3.1. % of farmers who accessed formal agricultural credit (Baseline 2003 1.7%) to 10% using RFSP-assisted SACCOS.</p> <p>3.2. % of poor, especially women accessing microfinance services in Zanzibar (Baseline 2005: 12,200 members of MFIs)</p> <p>4.1. % increase in volume of produce marketed through secured warehouses (Baseline: 8 operational warehouses in 2006).</p>	<p>1.1 Zonal agricultural research institute funds operational beginning 2008 under ASDP and ASSP/ASDP-L.</p> <p>1.2 Number of districts qualifying for district agricultural grants under ASDP remains steady or increased (107 of 121 for 2007/08).</p> <p>1.3 40% of 4m. (Mainland) and 0.6m (Zanzibar) farmers/livestock keepers access extension services by 2009 under ASDP/ASSP/ASDP-L (crop 35% in 2003).</p> <p>1.4 15% increase in value of services delivered through NGOs/private sector by 2008 under ASDP/ASSP/ASDP-L.</p> <p>1.5 Financial arrangements in place for private sector acquisition/use of agricultural machinery (including animal-powered) by beginning 2009.</p> <p>2.1 Farmers forums established and recognized in 50% of districts by 2010.</p> <p>3.1 30% increase in membership of SACCOS by 2010 in RFSP regions (54,867 members 2006).</p> <p>3.2 50% increase in number of community banks supporting SACCOS in RFSP (Baseline: 3 in 2006)</p> <p>3.3 10% increase in number of functional SACCOS in Zanzibar by 2010 (through FO grant).</p> <p>3.4 From 2011, increase in number of rural financial services products (in addition to the SACCOS) nationwide.</p> <p>4.1 50% increase by 2009 in number of completed business plans for supply contracts under MUVI and AMSDP.</p> <p>4.2 50% increase in number and membership of producer/trade organizations under AMSDP and MUVI (501 groups by AMSDP in 2006).</p> <p>4.3 25% increase in number of rehabilitated warehouses (AMSDP) by 2009 (9 in 2006).</p>	<p>1.1 Security of right to land/water and equitable access for various land uses (support ACT initiative).</p> <p>1.2 Increasing the participation of the private sector in agricultural service delivery.</p> <p>1.3 Environmental safeguards for local investments.</p> <p>1.4 Mitigating impact of climate change</p> <p>2. Increasing participation of poorer farmer groups in ASDP planning at village/district level.</p> <p>3.1 Development of regulatory framework for rural finance.</p> <p>4.1 Development of strategy, rules and regulations for implementation of the Agricultural Marketing Policy (AMSDP-assisted), including produce quality certification and accreditation of inputs.</p> <p>4.3 Formulation of more efficient agricultural taxation regulations at district level.</p>

## Previous COSOP results management framework

Key Results for COSOP	Status at COSOP Design	Status at Completion	Lessons learned
<b>A. Country Strategic Goals</b> 2001 PRSP <ul style="list-style-type: none"> <li>• Reduce income poverty in line with MDG targets</li> <li>• Improve human capabilities, survival and well-being</li> <li>• Extreme vulnerability among the poor contained</li> </ul>	<b>Economy</b> <ul style="list-style-type: none"> <li>• Agricultural growth rate 5%</li> <li>• Contr. of agriculture to GDP 45%</li> </ul> <b>Poverty (year)</b> <ul style="list-style-type: none"> <li>• National poverty (2000) 36%</li> <li>• Rural poverty 39%</li> <li>• Food poverty 19%</li> <li>• Rural access to safe water 56%</li> </ul>	<b>Economy</b> <ul style="list-style-type: none"> <li>• Agricultural growth rate 5%</li> <li>• Contr. of agriculture to GDP 45%</li> </ul> <b>Poverty (year)</b> <ul style="list-style-type: none"> <li>• National poverty (2005) n/a</li> <li>• Rural poverty n/a</li> <li>• Urban poverty n/a</li> <li>• Rural access to safe water n/a</li> </ul>	<ul style="list-style-type: none"> <li>• Agricultural growth rate is very vulnerable to climatic shocks. Improved irrigation facilities may reduce this vulnerability</li> </ul>
<b>B. COSOP Strategic Objectives</b>			
<b>Strategic objective 1</b> Enhance productive capacity of the rural poor in farm and non-farm sector	<ul style="list-style-type: none"> <li>• Need to reorganize and strengthen agricultural technology and advisory services</li> <li>• Need to develop livestock production and agro-pastoralism</li> <li>• Need to increase access of the poor to productive natural resources</li> <li>• Need to expand health, sanitation and HIV/AIDS programme</li> </ul>	By 2006, PIDP had constructed 56 irrigation schemes to cover 14,000ha. and benefit 25,442 households. 56 Water Users Associations (WUA) were formed for management of the schemes. 328km of farm to market access roads were constructed to facilitate movement of inputs/output.	For PIDP (closed June 2007) <ul style="list-style-type: none"> <li>• More robust design of irrigation schemes for flood flows.</li> <li>• Better participation of other water users in project design and implementation</li> <li>• Better arrangements for beneficiary contribution to maintenance of schemes</li> </ul>
<b>Strategic objective 2</b> Increase the trade volume of agriculture and livestock products and their share of total export	<ul style="list-style-type: none"> <li>• Need to increase access of the poor to markets, finance etc, through legal, regulatory and economic reforms in agricultural sector</li> </ul>	By 2006, AMSDP (in 21 districts) had helped government develop an Agricultural Marketing Policy and pass a Warehouse Receipt System Act. WRS was operating in 8 locations with year end maize/paddy stock of 5,000MT, and TSh1 billion credit to SACCOS members.	For AMSDP <ul style="list-style-type: none"> <li>• Need for farmer contribution to infrastructure costs</li> <li>• High demand for WRS</li> </ul>
<b>Strategic objective 3</b> Increase farmers' cash flow and employment opportunities	<ul style="list-style-type: none"> <li>• Need to improve capacity of the private sector and civil society organizations</li> <li>• Need to develop small and medium rural enterprises and income-generating activities</li> </ul>	By 2006, RFSP was working with 230 MFIs with total membership of 54,867, capital of US\$754,620 and deposits of US\$3.7 million.	For RFSP <ul style="list-style-type: none"> <li>• Inadequate access of MFIs to commercial bank loans limits services to clients</li> </ul>
<b>C. IFAD operations</b>	<b>Status at COSOP Design</b>	<b>Status at Completion</b>	<b>Lessons learned</b>
	<ul style="list-style-type: none"> <li>• Ongoing: Mara Region Farmers' Initiative; Kagera Agricultural &amp; Environmental Management; Participatory Irrigation Development; Rural Financial. Services; Agricultural Marketing Systems Development</li> <li>• Proposed Agricultural Technology &amp; Advisory Services; Livestock &amp; Agro-pastoral Community Development; Small &amp; Medium-scale Rural Enterprises; Small-scale Participatory Irrigation; Health Services, Sanitation and HIV/AIDS.</li> </ul>	<ul style="list-style-type: none"> <li>• Closed Mara Region Farmers' Initiative Kagera Agricultural &amp; Environmental Management</li> <li>• Ongoing Participatory Irrigation Development; Rural Financial Services; Agricultural Marketing Systems Development</li> </ul>	<ul style="list-style-type: none"> <li>• Aid harmonization posed a response challenge for IFAD procedures for funding joint projects leading to effectiveness delay for two projects (ASSP/ASDP-L). IFAD could lose ability to target the very poor in the context of jointly funded projects.</li> </ul>

<b>D. IFAD performance</b>			
<b>Policy dialogue</b>	<ul style="list-style-type: none"> <li>• Implement Land Act No. 5, including legislation on land surveys, registration and titles</li> <li>• Improve water pricing policy, water allocation procedures, and maintenance systems for agricultural development</li> <li>• Design legislation and incentives to expand rural banking, and rationalize cooperative laws and regulations relating to MFIs</li> <li>• Increase budgetary allocation to agriculture</li> <li>• Remove barriers to marketing and trade</li> <li>• Rationalize cost recovery system across all rural projects</li> <li>• Enhance decentralization of decision-making processes to local governments</li> <li>• Establish in-country presence in collaboration with a partner agency to further support policy dialogue</li> </ul>	<ul style="list-style-type: none"> <li>• Provision was made under ASDP-L for support to the implementation of the Land Act</li> <li>• Evaluation of PIDP challenged Ministry of Agriculture to firm up water pricing arrangement</li> <li>• New cooperative regulations issued with input from IFAD-assisted RFSP</li> <li>• Agriculture budget for 2005/06 was 3.7% of total budget</li> <li>• A few districts still impose restrictions to trade</li> <li>• Most interventions now under ASDP and a common approach is being used</li> <li>• Districts receive grants on meeting qualification criteria</li> <li>• Field presence established January 2004</li> </ul>	<ul style="list-style-type: none"> <li>• IFAD input to policy dialogue is more effective where it has project investment experience to use as evidence for dialogue, e.g. Agricultural marketing Policy, Warehouse Receipt System Act, and district taxation of agricultural produce (AMSDP), Cooperative Regulations (RFSP).</li> </ul>
<b>Partnerships</b>	<ul style="list-style-type: none"> <li>• Strengthen partnerships with NGOs for technical support and training of beneficiary organizations on technology dissemination, rural finance, markets, HIV/AIDS, water and sanitation</li> <li>• Deepen partnerships with other donors in the framework of the PRSP and aid coordination</li> </ul>	<ul style="list-style-type: none"> <li>• Several NGOs (Technoserve, Water Aid, MEDA, Pride Africa, DES of Germany, World Vision, Tanessa, MVIWATA, FAIDA, SNV etc) are working with IFAD and the projects</li> <li>• Improved policy dialogue with donors and government through Field Presence</li> </ul>	<ul style="list-style-type: none"> <li>• IFAD needs to monitor more carefully the activities of assisted NGOs to enhance knowledge management</li> <li>• Dialogue can be time consuming and IFAD may delegate to other agencies for effectiveness</li> </ul>
<b>Portfolio performance</b>	<ul style="list-style-type: none"> <li>• Existing portfolio performed satisfactorily but with room for improvement</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of PIDP, RFSP and AMSDP were satisfactory</li> <li>• Delay in effectiveness of ASSP and ASDP-L because of joint funding arrangements</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing use of aid coordination mechanisms and joint funding may reduce direct attribution to IFAD of programme results</li> </ul>

## CPE agreement at completion point

### Introduction

The last Tanzania Country Programme Evaluation (CPE) was undertaken by the Office of Evaluation in 2001/2002 and published in February 2003. The Agreement at Completion Point (ACP) constituted a key building block for the formulation of the last COSOP. It was built on the discussions at the CPE Workshop held in Dar es Salaam in November 2002. The CPE covered two strategies - the 1993 Country Strategy Report (CSR) and the 1998 COSOP. The former targeted the poorest in marginal areas, supporting interventions that would enhance production as well as respond to their social needs, such as drinking water and health services. The COSOP, on the other hand, promoted a broad-based growth-oriented approach to rural poverty alleviation, with emphasis on the rural poor who are able to contribute to agricultural growth. Using the IFAD Strategic Framework 2002-2006 as the base, the CPE reviewed the alternative approaches to rural poverty alleviation and targeting. The following findings, issues and recommendations were agreed upon by all the partners.

### Issues and recommendations agreed by all partners

#### (a) **Consistency with Government of Tanzania (GOT) policy framework.**

In the past few years, GOT had developed key strategies for economic and social development, including the Poverty Reduction Strategy Paper (PRSP) and the Agricultural Sector Development Strategy for rural poverty alleviation and agricultural development. There is need for IFAD to further support the policy framework in Tanzania. All future IFAD assistance should be provided within the policy context of the PRSP and the Agricultural Sector Development Programme, to ensure greater synergies with other development interventions, contribute to better results and lower the transaction costs of aid.

#### (b) **Approaches to rural poverty alleviation and target group definition.**

There was a consensus that IFAD should include the poorest as beneficiaries in her projects and targeting mechanisms should be accordingly formulated. IFAD interventions should have a clear strategy for including the rural poor; project design must detail how the poor will be reached and the extent to which the poorest are also among intended beneficiaries; and, during implementation, periodical reviews should be undertaken to determine how effectively IFAD and other stakeholders are reaching the poor. Targeting mechanisms should ensure that majority of the benefits of IFAD interventions reach the poorest. Design documents need to distinguish between the 'poor' and the 'poorest' and specify mechanisms to reach each group. Cost-effective and participatory approaches such as wealth-ranking and sample surveys could be used for monitoring targeting mechanisms.

#### (d) **Thematic/sub-sectoral and geographical concentration.**

IFAD had recently moved towards thematic/sub-sectoral focus at the expense of area-based programmes. This trend should be strengthened in the future in the context of GOT pro-poor policy framework. Current interventions in health, water supply and sanitation should be harmonized with productive components and an exit strategy from these social activities agreed before project completion to ensure sustainability of investments.

#### (e) **Policy dialogue.**

IFAD had supported advocacy groups (NGOs, CBOs and private sector organizations) to represent the interests of the poor in policy dialogue. Given IFAD's large portfolio in Tanzania, IFAD should enter into comprehensive policy dialogue with GOT and other development partners through strengthened field presence.

#### (f) **The new COSOP.**

In the past, IFAD regarded the COSOP as an internal institutional process and management document. The COSOP should be undertaken as a joint exercise between IFAD and GOT and its development used as an opportunity to promote dialogue with other stakeholders.



**(g) Subsidies and cost-sharing arrangements.**

IFAD has promoted cost-sharing arrangements in Tanzania to ensure sustainability of activities. Cost-sharing should be promoted in line with GOT policy; a consistent approach developed for cost-sharing across all IFAD-supported operations; and IFAD should take the lead in promoting a dialogue with GOT and other donors to develop a common framework for rationalizing cost-sharing arrangements for rural poverty alleviation interventions.

**(h) Participation.**

In recent years, IFAD-supported operations have involved beneficiaries in planning. However, IFAD projects needed to further enhance participation through: promotion of participation as a transparent process of empowerment rather than an instrument for achieving physical project targets; use of established institutions rather than the creation of parallel structures; and, development of specific indicators to monitor participation.

**(i) Project/programme design.**

IFAD projects have broad goals, a variety of objectives and components, making implementation and synergies with other projects difficult. IFAD project objectives should be rationalized for efficiency and greater complementarity with other development projects.

**(j) Project management and implementation.**

GOT is increasingly using district administrative capacity for project implementation. IFAD project management arrangements should increasingly operate within GOT policies and regional/ district administrative structures, and existing coordination/facilitation units should be phased out before the end of the concerned project.

**(k) Agricultural technology.**

Low farm productivity arising from limited use of improved technology is among the major causes of poverty in rural Tanzania. IFAD interventions should emphasize: knowledge generation involving poor farmers in assessing new technologies; knowledge dissemination; capacity building of all levels of actors; documentation and promotion of indigenous knowledge; and, establishment of a sustainable funding mechanism for technology generation and dissemination which would benefit from contributions of the rural poor, local governments and development partners.

**(l) Monitoring and evaluation.**

The functioning of the M&E system has been inadequate. IFAD should: promote a change in mindset of stakeholders, including communities, from a supply-driven to a demand-led M&E; enhance transparency of implementing agencies in data collection, analysis and reporting, with regular feedback to the rural poor; mainstream participation in projects to facilitate participatory M&E; undertake external evaluation, including beneficiary self-assessment, periodically for learning and building confidence among stakeholders; simplify the project logical framework to make it usable by grassroots beneficiaries; future projects should be designed within the Agricultural Sector Development Programme (ASDP); and, urgent exposure and training on M&E should be organized.

**(m) Gender issues.**

There is room to refine mechanisms to enhance the involvement of women, and especially, women headed households in the development process. IFAD should ensure: gender analysis and gender-focused targeting in all project design and M&E work; project reporting includes specific references to gender impact; adoption of GOT policy of reservation for women in decision-making and policy formulation positions; women-specific PRAs; and, a harmonized approach to gender mainstreaming.

## Key file 1: Rural poverty and agricultural/rural sector issues

Priority Area	Affected Group	Major Issues	Actions Needed
<b>New sources of agricultural growth</b>	<ul style="list-style-type: none"> <li>- Small scale farmers not linked to out-grower schemes, women headed households, pastoralists.</li> <li>- Export crop producers.</li> </ul>	<ul style="list-style-type: none"> <li>- Market demand is changing, affecting type, quantity, quality and price of agricultural produce exported or sold in domestic markets.</li> <li>- Increasing demand for non-traditional exports (oilseeds, horticultural products, dairy, vanilla), import replacing products (bio-fuel, palm oil, castor oil), medicinal products (Artemisia, jojoba) and livestock (egg and milk demand grew at 35% and 14% during 2001-05).</li> </ul>	<ul style="list-style-type: none"> <li>- Technology development/dissemination to respond to changes in market demand (ASDP).</li> <li>- Reduce trade restrictions (export and domestic) and disincentives (AMSDP).</li> <li>- Strengthen partnerships around out-grower/contract farming (ASDP, AMSDP).</li> <li>- Expand irrigation and mechanization under ASDP.</li> <li>- Link producers with post-harvest technology and agro-processing (MUVI, AMSDP).</li> </ul>
<b>Farm productivity</b>	<ul style="list-style-type: none"> <li>- Small scale farmers and livestock keepers and medium sized producers.</li> </ul>	<ul style="list-style-type: none"> <li>- Increased farm productivity is required for enterprise diversification. Increased productivity of grains releases land for other growth sources.</li> <li>- Current yields of major grains (0.8tons/ha. for maize) are lower than in neighbouring countries (2.4tons/ha. in Kenya, 3.5tons/ha. in Zambia).</li> <li>- Low level of mechanization (3% use tractor, 23% ox-plough and 98% hand hoe) prevents timely operations especially with increasing investments in irrigation.</li> </ul>	<ul style="list-style-type: none"> <li>- Development/dissemination of appropriate technology on seeds, breeds, inputs and practices (ASDP).</li> <li>- Expand irrigation and other water conservation/ harvesting technology</li> <li>- Organize financing facilities for increased mechanization under ASDP.</li> <li>- Link producers with post-harvest technology and agro-processing (MUVI, AMSDP).</li> </ul>
<b>Agribusiness and processing</b>	<ul style="list-style-type: none"> <li>- Landless rural poor, especially women and youth</li> <li>- Small scale producers with marketable surplus</li> </ul>	<ul style="list-style-type: none"> <li>- Climatic conditions make year-round food availability insecure, coupled with huge post-harvest losses (20% for grains and 40% for vegetables).</li> </ul>	<ul style="list-style-type: none"> <li>- Implement training on business and marketing skills (MUVI, AMSDP).</li> <li>- Link producers with post-harvest technology, agro-processing and market (MUVI, AMSDP).</li> <li>- Strengthen rural financial services for agribusiness (RFSP) and design new rural finance products.</li> </ul>
<b>Producer incentives</b>	<ul style="list-style-type: none"> <li>- Export crop producers</li> <li>- Export crop merchants</li> <li>- Grain producers</li> </ul>	<ul style="list-style-type: none"> <li>- Producer prices for traditional export crops are 52% of export values due to operations of crop boards.</li> <li>- Producer tax for major grains (rice and maize) is about 10% of gross margin.</li> <li>- Inefficient value chains yield low margins to participants.</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthen priority value chains, make them more efficient to deliver bigger proportion of margin to producers (MUVI).</li> <li>- Promote resolution of licensing issues, taxation, and further reforms of the crop boards (Policy dialogue).</li> </ul>

Priority Area	Affected Group	Major Issues	Actions Needed
<b>Agricultural sector investment climate</b>	- All categories of producers and value addition agents in the agricultural sector	- Restrictive regulations on input distribution and produce marketing license administration. - Insecure land and property rights. - Weak rural infrastructure.	- Support policy dialogue around Agricultural Market Policy (AMSDP) and land policy and land laws. - Accelerate crop boards reform.
<b>Participation in development process</b>	- Poorer segment of rural population - Women - Pastoralists	- The Opportunities & Obstacles for Development (O&OD) approach adopted by government for planning and implementation at village/district level is inadequate for preparing agricultural development plans. - Village/district plans may not reflect priorities of the poorer segments of the rural community, women and youth.	- Strengthen capacity of small farmer organizations to participate in planning and implementation of ASDP (obtain grant resources). - Implement participatory approaches in ASDP planning and implementation. - Support advocacy by CSOs for focus on small producers and women.
<b>Public expenditure in agriculture</b>	- All categories of producers and economic agents in rural areas	- Current budget allocation to agriculture is 3.7% (2005/06), below NEPAD target of 10% by 2015. - Actual release below allocation. - High dependency of budget on aid.	- Continue dialogue in Basket Fund Steering Committee and DPG on increased budgetary allocation to agriculture to reflect its importance to MKUKUTA/MKUZA.

## Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats [SWOT] analysis)

Organization	Strengths	Weaknesses	Opportunities	Threats
<b>Prime Minister's Office (PMO)</b>	<ul style="list-style-type: none"> <li>• Mandate to coordinate the business of all government ministries.</li> <li>• Responsibility for coordination of preparation of rural development strategy.</li> </ul>	<ul style="list-style-type: none"> <li>• Inadequate technical staff needed for coordination.</li> <li>• Inadequate operational budget.</li> <li>• Inadequate funds for staff training, supervision and monitoring of activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Currently hosting IFAD Liaison Office and implementing two IFAD programmes.</li> </ul>	<ul style="list-style-type: none"> <li>• Low technical support and operation funds to carry out programme-related functions.</li> </ul>
<b>Prime Minister's Office, Regional Administration &amp; Local Government (PMO-RALG)</b>	<ul style="list-style-type: none"> <li>• Commitment to and capacity for local government reform.</li> <li>• Coordinates/implements programmes at regional/district levels.</li> <li>• Considerable influence in policy formulation.</li> </ul>	<ul style="list-style-type: none"> <li>• Residual intervention powers at regional level.</li> <li>• Limited funds to provide discretionary grants to local government.</li> <li>• Limited planning and implementation capacity at the district levels.</li> </ul>	<ul style="list-style-type: none"> <li>• Strong donor support and drive for on-going decentralization and reform process.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued intervention in markets by some regions/districts without much control by PMO.</li> </ul>
<b>Regional Administration and Special Department (RASD) - Zanzibar</b>	<ul style="list-style-type: none"> <li>• Senior staff have a clear vision of tasks ahead, the need for capacity building, and the weaknesses that have to be addressed in the reform programme</li> </ul>	<ul style="list-style-type: none"> <li>• Low administrative and organisational capacity.</li> <li>• Over-centralized.</li> <li>• Reluctance of most regional staff, and junior staff at central level, to take on new concepts or approaches.</li> </ul>	<ul style="list-style-type: none"> <li>• Proposed coupon system under ASSP has been accepted as part of reform, to reduce the need to handle cash.</li> </ul>	<ul style="list-style-type: none"> <li>• Relatively small distances (compared to mainland) mean that the old centralism culture may prevail.</li> </ul>
<b>Ministry of Agriculture, Food Security and Cooperatives (MAFC)</b>	<ul style="list-style-type: none"> <li>• Experience in support of agricultural production.</li> <li>• Some policy formulation capacity.</li> <li>• Substantial extension and research staff.</li> <li>• Coordinator of ASDS and ASDP programme.</li> </ul>	<ul style="list-style-type: none"> <li>• Inadequate budgetary allocations for its programmes and projects.</li> <li>• Inadequate operational budget.</li> </ul>	<ul style="list-style-type: none"> <li>• Committed to pro-poor growth strategy.</li> <li>• Greater intervention through SGR.</li> <li>• Joint Assistance Strategy and basket fund a threat and an opportunity.</li> </ul>	<ul style="list-style-type: none"> <li>• Weak involvement of other sector line ministries in coordinating the implementation of ASDP.</li> <li>• Resurgent influence of crop boards.</li> </ul>

Organization	Strengths	Weaknesses	Opportunities	Threats
<b>Ministry of Livestock Development (MLD)</b>	<ul style="list-style-type: none"> <li>• Strong technical capacity at HQ and district levels.</li> <li>• Committed to sustainable agro-pastoral community development programmes.</li> <li>• Influence in formulation of government policies for livestock and livestock identity in government policy and strategies.</li> <li>• Departments with defined areas of responsibility and hence MLD beginning to address fundamental impediments to livestock development.</li> <li>• Targeting small-stock as a major instrument for rural poverty and food insecurity reduction, as well as gender sensitivity.</li> </ul>	<ul style="list-style-type: none"> <li>• Little donor funding support and low budgetary allocations.</li> <li>• No clear strategy for coordination with industrial and financial sectors.</li> <li>• Inadequate capacity in livestock marketing policy, hence sub-optimal interaction with MITM.</li> <li>• Inadequate involvement of private sector stakeholders in policy and strategic planning.</li> <li>• Lack of formal arrangements with MALE Zanzibar on harmonised sanitary measures, professional standards and national database on trans-boundary animal diseases and international obligations.</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing donor contribution through ASDP-L.</li> <li>• High demand for quality livestock products in urban centres, within the region and the Middle East.</li> <li>• Developing a private service provider sub-sector with respect to inputs and veterinary services.</li> <li>• Strengthening the public sector for policy and regulation.</li> </ul>	<ul style="list-style-type: none"> <li>• Recent loss of PhD research scientists from MLD to universities and the rest of the SADC academic/research institutions.</li> <li>• Over-rationalisation of agricultural services at district level could blunt the availability of specialist livestock expertise at field level.</li> </ul>
<b>Ministry of Industry, Trade and Marketing (MITM)</b>	<ul style="list-style-type: none"> <li>• National mandate to support private sector development.</li> <li>• Responsible for SME Policy and National Steering Committee.</li> <li>• Routinely out-sources as a matter of policy</li> </ul>	<ul style="list-style-type: none"> <li>• Inadequate technical staff.</li> <li>• Limited operational budget for policy implementation</li> <li>• Lack of experience with large donor-assisted development project investment.</li> </ul>	<ul style="list-style-type: none"> <li>• Policy and National SME Committee in place.</li> <li>• High level political support for new private sector activities.</li> <li>• MITM and its parastatal SIDO, responsible for implementation of new IFAD SME programme, MUVI.</li> </ul>	<ul style="list-style-type: none"> <li>• MITM responsibility for markets makes it visible in the current economic reform process.</li> </ul>

Organization	Strengths	Weaknesses	Opportunities	Threats
<b>Ministry of Agriculture Livestock and Environment (MALE) - Zanzibar</b>	<ul style="list-style-type: none"> <li>Field staff are well sensitised to new service, participatory and privatisation approaches. Average age is relatively young with new intake in 2005.</li> <li>Farmer Field Schools are working well and are an excellent base to build on.</li> </ul>	<ul style="list-style-type: none"> <li>Policies and strategies still cling to old centralist ideas.</li> <li>MALE still tries to provide services that should be in the private sector, an approach that is inefficient.</li> <li>Low budget allocation relative to the importance of the sector to Zanzibar's economy, and unbalanced donor support compared to mainland.</li> </ul>	<ul style="list-style-type: none"> <li>Tourism, now Zanzibar's biggest industry, demands high quality fresh produce that is presently mostly imported. , though this is threatened by strong competition from the mainland.</li> </ul>	<ul style="list-style-type: none"> <li>Reluctance to look beyond Zanzibar for private sector service providers.</li> <li>Centralist ideas not eroding fast enough.</li> </ul>
<b>District Councils</b>	<ul style="list-style-type: none"> <li>Democratically elected local representatives.</li> <li>Mandate to provide a range of extension services and implement development programmes.</li> </ul>	<ul style="list-style-type: none"> <li>Poor resource/asset base.</li> <li>Lack of discretionary funds and poor revenue collection capacity.</li> <li>Lack of qualified professional staff in some subject areas.</li> </ul>	<ul style="list-style-type: none"> <li>Increased autonomy and direct resource flow through reform process.</li> <li>Interest of DPs to build capacity at this level, e.g. support to improve taxation policies.</li> <li>Possibility of district planning process to be 'hijacked' for political reasons.</li> </ul>	<ul style="list-style-type: none"> <li>Possibility of district planning process to be 'hijacked' for political reasons.</li> </ul>
<b>Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA)</b>	<ul style="list-style-type: none"> <li>Extensive network, covering 20 regions.</li> <li>Only formal representative of the private sector in Tanzania.</li> <li>Recent success in influencing national budget in favour of private sector.</li> </ul>	<ul style="list-style-type: none"> <li>Factionalized membership.</li> <li>Large enterprises most influential.</li> <li>Only represents a fraction (3%) of the 150,000 registered private enterprises.</li> <li>Present principally in major urban centres</li> </ul>	<ul style="list-style-type: none"> <li>Pilot activities underway to encourage formation of TCCIA branches in rural districts.</li> <li>New services (market information, business advice) could increase membership and efficacy.</li> </ul>	<ul style="list-style-type: none"> <li>Significant ties to public sector may inhibit private-sector mandate.</li> </ul>

Organization	Strengths	Weaknesses	Opportunities	Threats
<b>Tanzania Small Farmer's Group Network (MVIWATA)</b>	<ul style="list-style-type: none"> <li>Only organization representing small producers though at infant stage.</li> <li>Network now covers 17 mainland regions.</li> <li>No historical links to government-sponsored institutions.</li> </ul>	<ul style="list-style-type: none"> <li>Low visibility at national/local level.</li> </ul>	<ul style="list-style-type: none"> <li>Capacity support from donors and international NGOs.</li> <li>Increasing demand for strong small farmer participation in planning process of ASDP.</li> </ul>	<ul style="list-style-type: none"> <li>Could easily fail if expanded too fast.</li> <li>May lose contact with initial objectives and purpose.</li> </ul>
<b>International Private Sector Service Providers - Companies and NGOs</b>	<ul style="list-style-type: none"> <li>Considerable experience and resources, including institutional development and project implementation.</li> <li>Good at knowledge-based development.</li> </ul>	<ul style="list-style-type: none"> <li>Status often unclear. Expensive</li> <li>Some have subsidies from donors. Lack of local long-term roots</li> <li>Often less well represented in regions</li> </ul>	<ul style="list-style-type: none"> <li>Able to provide training to trainers, provide management services and mobilise field teams.</li> <li>Some are eager to work in partnership with Tanzanian companies</li> </ul>	<ul style="list-style-type: none"> <li>Subterfuge by smaller local companies who may feel threatened.</li> </ul>
<b>National Private Sector Service Providers</b>	<ul style="list-style-type: none"> <li>Good understanding of socio-political reality in the field.</li> <li>Excellent networks of potential staff, including universities.</li> <li>Represented in regions.</li> <li>Lower costs than international companies.</li> </ul>	<ul style="list-style-type: none"> <li>Limited experience (though growing rapidly).</li> <li>Limited resources, financial and physical.</li> </ul>	<ul style="list-style-type: none"> <li>Increasingly developing capacity for a range of different services, and some already have excellent training skills.</li> </ul>	<ul style="list-style-type: none"> <li>Low capacity to compete with international groups in an open-market environment.</li> </ul>
<b>Microfinance Institutions (MFIs)</b>	<ul style="list-style-type: none"> <li>Filling a gap left by reluctance of commercial banks to lend to small rural operators.</li> <li>Can use social collateral.</li> <li>Understand problems of the rural poor.</li> </ul>	<ul style="list-style-type: none"> <li>Limited number, so not available everywhere.</li> <li>Relatively high interest rates.</li> <li>Difficulty in recovery of bad debts.</li> </ul>	<ul style="list-style-type: none"> <li>Increasing demand for financial services.</li> </ul>	<ul style="list-style-type: none"> <li>Weak capacity to mobilize sufficient funds from commercial banks to meet credit demand.</li> </ul>

Organization	Strengths	Weaknesses	Opportunities	Threats
<b>Savings and Credit Cooperative Societies (SACCOS) / Savings and Credit Associations (SACAs)</b>	<ul style="list-style-type: none"> <li>Members linked by a common bond.</li> <li>Provide access to savings and credit facilities.</li> <li>Proper credit repayment culture through local peer pressure.</li> <li>Strong commitment by the members and management to ensure viability and sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>Slow growth in membership.</li> <li>Low level of women membership in SACCOS.</li> <li>Low levels of organisational and financial management skills.</li> <li>Lack of facilities and equipment.</li> <li>Limited areas of operation and poorly diversified loan portfolios.</li> </ul>	<ul style="list-style-type: none"> <li>Conducive policy framework and capacity building supported by RFSP.</li> <li>Link between RFSP and AMSDP through warehouse receipt system.</li> <li>Requirement that SACCOS be intermediary for access to government funds.</li> </ul>	<ul style="list-style-type: none"> <li>Ad hoc political interference.</li> </ul>
<b>Commercial Banks</b>	<ul style="list-style-type: none"> <li>Large amount of liquidity.</li> <li>Increasing interest in expanding lending options, including to agriculture</li> </ul>	<ul style="list-style-type: none"> <li>Highly risk averse and high levels of public sector borrowing provides large, low-risk.</li> <li>Limited rural network.</li> <li>Slow administration with too much paper work.</li> </ul>	<ul style="list-style-type: none"> <li>Can be encouraged to support profitable agriculture value chains.</li> <li>Options of telephone banking (e.g. phone credits) can be further explored.</li> </ul>	<ul style="list-style-type: none"> <li>Encouraged by Tanzania Financial Sector Deepening Trust.</li> <li>Will need further work to convince them to take new risks, but an area of important potential for MSME development.</li> </ul>
<b>Produce-based associations</b>	<ul style="list-style-type: none"> <li>Specific focus.</li> <li>Represent larger players with extensive resources.</li> </ul>	<ul style="list-style-type: none"> <li>Membership very limited.</li> <li>Not seen as representative of the sector as a whole.</li> </ul>	<ul style="list-style-type: none"> <li>Could provide the basis for development of true sectoral representation.</li> <li>Could federate to provide the basis for a national association.</li> </ul>	
<b>Cooperative Unions/Primary Cooperative Societies</b>	<ul style="list-style-type: none"> <li>Wide presence in rural areas.</li> <li>Good knowledge of local producers.</li> <li>Existing physical facilities in many cases.</li> <li>Experience in marketing of inputs and certain crops.</li> </ul>	<ul style="list-style-type: none"> <li>Poor capital base.</li> <li>Failure to deliver the services to members.</li> <li>Decline in membership.</li> <li>Non-democratic management structure and low accountability.</li> <li>Low level of autonomy due to political interference.</li> </ul>	<ul style="list-style-type: none"> <li>Most immediately accessible base for rural producers.</li> <li>Viewed with suspicion by smallholders due to historic mismanagement.</li> </ul>	<ul style="list-style-type: none"> <li>Ad hoc political interference.</li> </ul>



Organization	Strengths	Weaknesses	Opportunities	Threats
<b>Research Agencies, Institutes and Universities</b>	<ul style="list-style-type: none"> <li>Local experience and international connections.</li> <li>High calibre of staff.</li> <li>Consultancy track record in some cases.</li> <li>Familiar with commercial practice.</li> </ul>	<ul style="list-style-type: none"> <li>Reliance on donor/soft funding.</li> <li>Academic approach.</li> <li>Staff availability limitations.</li> </ul>	<ul style="list-style-type: none"> <li>Geographical spread for local district coverage.</li> <li>Capable of contract management.</li> <li>May require board mandate to move from single crop/discipline focus.</li> </ul>	<ul style="list-style-type: none"> <li>Strong potential as ASPs and contractors.</li> </ul>
<b>NGOs (local)</b>	<ul style="list-style-type: none"> <li>Local presence and knowledge.</li> <li>Principal target/partners of international NGOs.</li> </ul>	<ul style="list-style-type: none"> <li>Lack of technical and managerial skills.</li> <li>Often lack sufficient resources for operations.</li> <li>Main sponsors may be civil servants in Ministry of Agriculture.</li> </ul>	<ul style="list-style-type: none"> <li>Could provide cost-effective services at grassroots level.</li> </ul>	<ul style="list-style-type: none"> <li>May be seen as competitors by cooperatives and other producer organizations.</li> </ul>

### Key file 3: Complementary donor initiative/partnership potential

Donor/Agency	Programmes and projects	Status	Complementarity/ Synergy potential
World Bank (IDA)	<ul style="list-style-type: none"> <li>Financial Sector Support (\$15m, 2006)</li> <li>Private Sector/MSME Competitiveness (\$95m, 2006)</li> <li>Agricultural Sector Development (\$90m, 2006)</li> <li>Tanzania Social Action Fund (\$150m, 2005)</li> <li>Participatory Agricultural Development &amp; Empowerment (\$56.6m, 2003)</li> </ul>	IDA approved a new Country Strategy (2007-2010) in March 2007 which is Part IV of the Joint Assistance Strategy for Tanzania (JAST). The new strategy has aligned ongoing projects to the MKUKUTA/MKUZA clusters.	IFAD is a member of the Basket Fund for ASDP with IDA. In the design of IFAD ASSP/ASDP-L for the ASDP, consideration was taken of the 28 districts covered by PADEP and the need for complementarity. Stronger linkages will be established between IFAD's MUVI, AMSDP and RFSP and IDA's Financial Sector and Private Sector projects.
African Development Bank (AfDB)	<ul style="list-style-type: none"> <li>Agricultural Sector Development – Rural Infrastructure (UA40m, 2007)</li> </ul>	AfDB new strategy (2006-2010) is being finalized.	The project was approved by AfDB Board early 2007 but is being reappraised to fall in line with basket funding for ASDP.
European Union	<ul style="list-style-type: none"> <li>Agricultural Sector Development</li> </ul>	Ongoing	EU is a member of the basket fund for ASDP
DANIDA	<ul style="list-style-type: none"> <li>Small and Micro-enterprise Competitiveness Facility (SCF)</li> <li>Private Agricultural Sector Support (PASS)</li> </ul>	Ongoing	SCF supports quality improvement and trade-related SME development, and is potential source of technical advice for MUVI. PASS works with two commercial banks to provide SME credit, and could be source of funding for MUVI entrepreneurs.
Development Cooperation of Ireland	<ul style="list-style-type: none"> <li>Agricultural Sector Development</li> <li>EZCORE in eastern Zone districts</li> </ul>	Ongoing	The Irish are a member of the ASDP basket fund and cofinance IFAD's AMSDP and PIDP. EZCORE develops contracting methods for research and extension services.
JICA	<ul style="list-style-type: none"> <li>Agricultural Sector Development</li> </ul>	Ongoing	JICA is a member of the ASDP basket fund.
USAID	<ul style="list-style-type: none"> <li>DAI-PESA</li> <li>ACDI/VOCA (With Enterprise Works and Technoserve in selected regions)</li> </ul>	Ongoing	Source of experience in value chain analysis and development, ranging from work with local groups to focused advocacy on policy constraints. Useful for MUVI.
Multi-donor	<ul style="list-style-type: none"> <li>Business Environment Strengthening for Tanzania (BEST, 2005)</li> <li>Tanzania Financial Sector Deepening Trust (TFSDT, 2005)</li> </ul>	<p>Ongoing. SIDA, RNE, DFID, DANIDA</p> <p>Ongoing. DFID, RNE, CIDA, SIDA, World Bank</p>	BEST support for policy and legislation review, and private sector institution building will help MUVI. TFSDT support for credit to SMEs will also be helpful to MUVI and RFSP.

## Key file 4: Target group identification, priority issues and potential response

Typology	Poverty Level and Causes	Coping Actions	Priority Needs	Support from Other Initiatives	COSOP Response
<b>Economically active poor</b> – Smallholder farmers (crops and livestock)	<ul style="list-style-type: none"> <li>• Approximately US\$1/day</li> <li>• Low productivity</li> <li>• Outdated technologies</li> <li>• Weak market linkages</li> <li>• Limited access to financial services (investment and working capital)</li> <li>• Poor infrastructure (e.g. roads, storage) and mechanization</li> </ul>	<ul style="list-style-type: none"> <li>• Diversified production</li> <li>• Provision of services</li> <li>• Risk-averse practices: food-first</li> <li>• Early sale of crops</li> <li>• Diversification of income (off-farm)</li> </ul>	<ul style="list-style-type: none"> <li>• Improved technologies</li> <li>• Capacity for bargaining power</li> <li>• Market infrastructure</li> <li>• Access to financial services</li> </ul>	<ul style="list-style-type: none"> <li>• Donor-assisted projects on rural infrastructure (IDA, AfDB Provision of services</li> <li>• DAI-PESA (USAID) for value chain analysis support</li> </ul>	<ul style="list-style-type: none"> <li>• Through ASDP, technology development and dissemination, irrigation and mechanization.</li> <li>• Market information and linkages (AMSDP and MUVI.</li> <li>• Improve access to financial services through RFSP</li> </ul>
<b>Economically active poor</b> – Micro-entrepreneurs (non-farm)	<ul style="list-style-type: none"> <li>• Approximately US\$1/day</li> <li>• Low productivity</li> <li>• Limited technical and business skills</li> <li>• Weak market linkages</li> <li>• Limited access to financial services</li> <li>• Nuisance regulations and taxes, and enforcement.</li> <li>• Poor infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Selling to extended family</li> <li>• Provision of services</li> <li>• Diversification (horizontal)</li> <li>• Informal credit groups</li> <li>• Low profile against officials</li> </ul>	<ul style="list-style-type: none"> <li>• Profitable markets</li> <li>• Access to financial, business and technical services</li> <li>• More conducive business environment</li> </ul>	<ul style="list-style-type: none"> <li>• Donor-assisted BEST/FSDT for SME business environment and credit</li> <li>• DANIDA SCF and PASS for SME development</li> <li>• Presidential Fund for SMEs</li> </ul>	<ul style="list-style-type: none"> <li>• Through AMSDP and MUVI, information/linkage with markets, and business and technical skills</li> <li>• Through RFSP and follow on project, improve access to financial services</li> <li>• Through AMSDP and MUVI continue policy dialogue on business environment.</li> </ul>
<b>Vulnerable groups</b> – (women, women headed households, youths)	<ul style="list-style-type: none"> <li>• About US\$0.3/day</li> <li>• In addition to above poverty causes,</li> <li>• Poor or no access to productive assets (land).</li> <li>• Discrimination in access to formal financial services (in particular for women).</li> <li>• Limited time to engage in full-time economic activities house chores</li> </ul>	<ul style="list-style-type: none"> <li>• In addition to above strategies,</li> <li>• Emphasis on part-time income generating activities, with fewer barriers to entry.</li> <li>• Rural-urban migration for youths</li> </ul>	<ul style="list-style-type: none"> <li>• In addition to above,</li> <li>• Non-farm income earning opportunities</li> <li>• Targeted organizational capacity building</li> <li>• Access to microfinance</li> </ul>	<ul style="list-style-type: none"> <li>• World Bank project TASAF, for community coping actions</li> </ul>	<ul style="list-style-type: none"> <li>• As above, both as micro-entrepreneurs and smallholder farmers, plus:</li> <li>• Employment opportunities and job creation: casual, temporary and formal long-term.</li> </ul>