



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Evaluation Committee – Thirty-First Session

Rome, 2 September 2002

COUNTRY PROGRAMME EVALUATION OF THE
UNITED REPUBLIC OF TANZANIA
A PROGRESS REPORT ON THE PROCESS



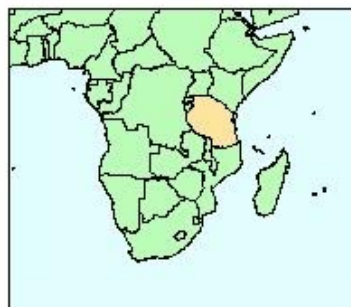
TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS	iii
MAP	iv
I. COUNTRY CONTEXT	1
II. THE COUNTRY PROGRAMME EVALUATION PROCESS	2
III. COUNTRY PROGRAMME DEVELOPMENT AND MANAGEMENT	4
IV. PERFORMANCE AND IMPACT	9
V. INSIGHTS AND RECOMMENDATIONS	14



ABBREVIATIONS AND ACRONYMS

ACP	Agreement at Completion Point
AEMP	Agricultural and Environmental Management Project
AMSDP	Agricultural Marketing Systems Development Programme
ASDS	Agricultural Sector Development Strategy
CLP	Core Learning Partnership
COSOP	Country Strategic Opportunities Paper
CPE	Country Programme Evaluation
CPR	Country Portfolio Review
CSR	Country Strategy Report
GDP	Gross Domestic Product
HBS	Household Budget Survey
MARA-FIP	Mara Region Farmers' Initiative Project
M&E	Monitoring and Evaluation
MTR	Mid-Term Review
NGO	Non-governmental Organization
OE	Office of Evaluation and Studies
PF	Eastern and Southern Africa Division
PIDP	Participatory Irrigation Development Programme
PMU	Project Management Unit
PPMS	Project and Portfolio Management System
PRSP	Poverty Reduction Strategy Paper
RDS	Rural Development Strategy
RFSP	Rural Financial Services Programme
SDPMA	Smallholder Development Project for Marginal Areas
SHERFSP	Southern Highlands Extension and Rural Financial Services Project
SOF	Special Operations Facility
SIDA	Swedish International Development Agency
UNDAF	United Nations Development Assistance Framework
UNOPS	United Nations Office for Project Services
WSHPMA	Water Supply and Health Project in Marginal Areas



UNITED REPUBLIC OF TANZANIA
COUNTRY PROGRAMME EVALUATION

IFAD Supported Projects by Districts



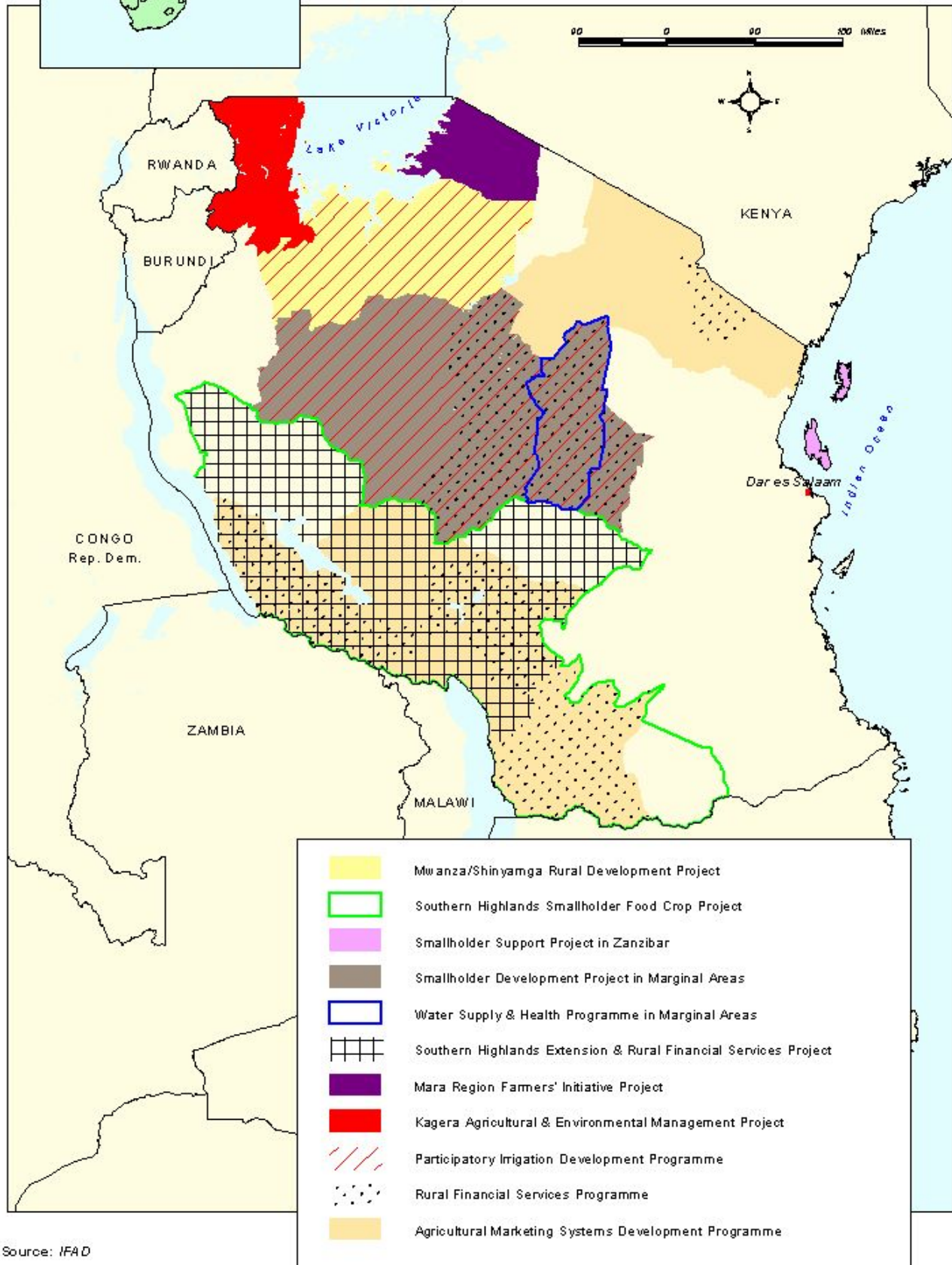
Source: IFAD

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.

UNITED REPUBLIC OF TANZANIA

COUNTRY PROGRAMME EVALUATION

IFAD-Supported Project Areas



Source: IFAD

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.



COUNTRY PROGRAMME EVALUATION OF THE UNITED REPUBLIC OF TANZANIA A PROGRESS REPORT ON THE PROCESS

I. COUNTRY CONTEXT

1. **Country features.** Tanzania's outstanding characteristics include its large size (945 000 square kilometres (km²)), low population density and vast agroecological diversity. Although income levels are low, the population for around 33 million people live in peace and enjoy an environment rich in natural resources.

2. **The macroeconomic framework.** With a per capita gross domestic product (GDP) of around USD 250, Tanzania ranks among the ten poorest countries in the world, and below the average for sub-Saharan Africa. Since the mid-1990s, the Government has implemented a number of reforms that have: (i) institutionalized more free markets for all products; (ii) provided incentives for the private sector, including direct foreign investments; (iii) improved fiscal discipline and granted relative autonomy to the central bank, the Bank of Tanzania; (iv) initiated a process of decentralization; and (v) established a free political system based on multi-party participation.

3. On the macroeconomic front, some results are impressive. The most recent figures indicate an annual inflation rate of 5%. Public finances have been balanced, and external debt service has been brought down from earlier levels of 70-80% to around 35% of exports. However, domestic revenue generation is low at 11-12% of GDP; gross domestic savings are only 6% of GDP; and investments remain at a modest 15%. Recent current account deficits have been in the range of 6-10% of GDP.

4. **The agricultural sector and policies.** Some 82% of the labour force work in agriculture (1997-98), which contributes around 50% of the gross national product. Crop production is the most prominent subsector, contributing 74% of the agricultural GDP. Food crops are most important – maize contributes some 23% of agricultural GDP and paddy 8%. Livestock accounts for 13%.

5. In October 2001, the Government issued its Poverty Reduction Strategy Paper (PRSP), which was prepared in the context of the enhanced Debt Initiative for Highly Indebted Poor Countries. The PRSP subsumed the two strategies most relevant to IFAD's lending: the agricultural sectors development strategy (ASDS) and the rural development strategy (RDS). The main priority areas in the ASDS are: (i) strengthening the institutional framework; (ii) creating an enabling environment for private-sector development; (iii) assigning public and private roles in improving support services; (iv) strengthening marketing efficiency for inputs and outputs; and (v) mainstreaming the planning for agricultural development in other sectors. The RDS emphasizes: (i) promoting widely shared growth (agriculture and livestock development, rural small and medium enterprise development, training and skills development, improved natural resource use, tourism, forestry, wildlife and fisheries development); (ii) increasing opportunities and access to services (education, health, rural water supply and sanitation, rural infrastructure, information, communications, technology, and energy); (iii) reducing risks and vulnerability; and (iv) promoting good governance (decentralization and empowerment, participatory district planning, security and justice).

6. **Rural poverty.** According to the 1991/92 household budget survey (HBS), rural poverty is estimated at 57%, while food poverty (inability to meet nutritional requirements) is about 32%. In rural areas, farmers are poorer than non-farmers; farmers with no cash crops are poorer and less food-secure than farmers growing cash crops; households with many members are poorer than households with fewer members; and households close to roads and markets are better off than other farmers. Disparities among households and also among regions are significant. The Gini coefficient is



estimated at 0.46, and the wealthiest 20% of the population have a level of expenditure nearly ten times that of the poorest 20%. Annual per capita income is above USD 600 in Dar-es-Salaam, while in several regions (e.g. Dodoma, Kagera and Kigoma) it is below USD 200.

7. Life expectancy at birth increased from 45 years in 1970 to 52 years in 1990. Recent estimates indicate a decline to 48 years largely because of HIV/AIDS, which is the leading killer in the 15-59 age group, where it accounts for 35% of deaths in the male population, and 44% of female deaths. The number of orphans is currently estimated at 680 000. Yet the population continues to grow at a high annual rate of about 2.8%.

8. **Gender aspects of rural poverty.** Women represent 51% of the population and head 14% of the households. Though a number of studies indicate that women are poorer than men, the 1991/92 HBS found a poverty incidence of 45% for woman-headed households and 49% for those headed by men.

9. **Other donor experience.** A number of donor agencies that have supported Tanzania's agriculture have had disappointing experiences due to (i) poor project design; (ii) a legal, institutional and policy environment not conducive to the achievement of results and impact; and (iii) failure to provide technically and commercially sound solutions. The country programme evaluation (CPE) reviewed the experiences of the World Bank, the Danish International Development Assistance (DANIDA), the Swedish International Development Cooperation Agency (SIDA) and some other donors. A 1998 World Bank country assistance evaluation of its support to agriculture-sector projects in Tanzania concluded that the first priority should be to identify constraints to growth in agricultural exports and investments in agriculture. It also recommended that approaches to the provision of agricultural extension services should emphasize cost sharing and the participation of farmers, non-governmental organizations (NGOs) and donors. A 1994 DANIDA evaluation of its agriculture-sector support found that impact had been limited by the great distance between producing areas and the main market; curative rather than preventive livestock research and education; and an emphasis only on low-input food-security farming systems (relevant in some areas) and neglect of the potential in other areas for more intensive surplus production systems. A recent SIDA/Overseas Development Institute evaluation asserts that Sweden's "failure to look strategically at the number-one task facing poverty reduction efforts in Tanzania, that of restoring growth in smallholder agriculture, is quite serious".¹ On the other hand, Sweden has been at the forefront in adjusting its development cooperation mechanisms, increasingly basing its assistance on sector-wide approaches within the framework of the technical assistance strategy and (more recently) the PRSP. The main objectives of this change of aid-delivery modalities include lowering transaction costs, enhancing national ownership, and improving aid accountability through integration with national budgets.

II. THE COUNTRY PROGRAMME EVALUATION PROCESS

10. **Rationale and objectives.** IFAD's Eastern and Southern Africa Division (PF) plans to prepare a new Country Strategic Opportunities Paper (COSOP) for Tanzania in 2002. In this regard, the Office of Evaluation and Studies (OE) undertook a CPE to assess overall cooperation between Tanzania and IFAD. The purpose of the CPE was to provide building blocks for updating the COSOP and, in particular, to: (i) analyse the impact and sustainability of IFAD's evolving strategy and operations in Tanzania; (ii) assess national strategies for inclusive development and the strategic role of IFAD in influencing policies and development strategies for sustainably improving the welfare of the rural poor and vulnerable in Tanzania; and (iii) based on the above, generate insights and

¹ Booth, D., Hanmer, L., Conway, T. and associates (2001), "Fighting Poverty Strategically? Lessons from Swedish Tanzanian Development Cooperation; 1997-2000". Stockholm: SIDA Evaluation Report 00/22, p.15.



recommendations for the design and implementation of new interventions, and identify areas that might be explored in further strategy and partnership development.

11. **The CPE process and methodology.** The CPE was undertaken in the last quarter of 2001. It followed IFAD's overall evaluation process, which includes the preparation of an approach paper at the outset of the activity. OE then undertook a reconnaissance mission to Tanzania in August 2001 to discuss the approach paper with a wide range of partners. In addition to in-depth discussions with key governmental and institutional partners, the mission had discussions with representatives of several multilateral and bilateral development organizations in Tanzania. It also met with project coordinators of the IFAD-supported Participatory Irrigation Development Programme (PIDP), Agricultural and Environmental Management Project (AEMP), and Water Supply and Health Project in Marginal Areas (WSHPMA). Furthermore, it discussed the approach paper with the Economic and Social Research Foundation, the University of Dar-es-Salaam, and Pride Tanzania, an NGO.

12. In accordance with IFAD's evaluation procedures, the approach paper was prepared in a participatory manner involving multiple stakeholders, while analysis and report writing was undertaken by the CPE team in a manner to ensure appropriate independence and impartiality. OE reviewed the report of the CPE team and solicited PF's comments on the initial draft. Any factual inaccuracies have been corrected, and as deemed appropriate by the lead evaluator, other comments provided by PF have also been incorporated in a new draft that has been shared with the Government and other partners for their review.

13. The CPE team comprised six consultants: three recruited through the Danish Trust Fund² and three locally-based Tanzanian nationals³ (two of whom are women). One Tanzanian consultant was closely involved in the formulation of the Tanzania PRSP, ASDS and RDS. In addition, upon the request of the Government, OE agreed to the full-time participation of a representative of the Ministry of Agriculture and Food Security⁴ in the CPE exercise. The government representative accompanied the CPE team throughout its fieldwork and in meetings with different partners at the local level and in Dar-es-Salaam. He was appreciative of the work of the CPE team and seconded the mission's overall assessments. The mission also benefited from the presence of the IFAD Executive Board director from Switzerland⁵, who participated in the CPE mission as a resource person.

14. As a key input towards the CPE exercise, the four ongoing IFAD-supported projects⁶ in Tanzania prepared self-evaluation reports before the arrival of the CPE mission. These reports were useful and were discussed with the projects separately during CPE fieldwork in each project area. In addition, a specific desk study was commissioned in the context of the CPE to review the design and performance of project monitoring and evaluation (M&E) systems.⁷

15. The CPE team examined more than 200 reports and studies prepared not only by IFAD but also by cooperating institutions, various projects and other partners. It consulted a wide range of Government documents, *inter alia*, the PRSP, ASDS, RDS and the United Nations Development Assistance Framework (UNDAF). In addition, the team made considerable efforts to take stock of the experiences of other donors (see paragraph 9).

² Mr Jakob Grosen (team leader), Mr Jens Raunso (agriculture and natural resources management specialist) and Mr Peter Christensen (rural development specialist).

³ Professor Haidari Amani (development economics and poverty-alleviation specialist), Ms Joyce Nyoni (sociologist) and Ms Cecilia Rughimbana (gender issues specialist).

⁴ Mr Emmanuel Achayo, then senior economist and now director of programme planning in the Ministry of Agriculture and Food Security.

⁵ Mr Lothar Caviezel.

⁶ Projects that were ongoing at the time of evaluation were AEMP, the Mara Region Farmers' Initiative Project (Mara-FIP), PIDP and WSHPMA.

⁷ This study was conducted by Dr H. Bohela Lunogelo from Agrisystems, a Kenyan consulting firm.



16. The CPE is also based on numerous field observations, research, intense interaction with stakeholders and the Government, and discussions with a cross-section representative of international organizations in Tanzania. Apart from discussions with beneficiaries, both individually and in groups, the CPE team held a number of informal workshops at the project level to provide feedback to partners on their fieldwork and initial analyses. In fact, the CPE team covered extensive ground by visiting five regions with IFAD operations, including Dodoma, Iringa, Kagera, Mara and Mwanza. Six out of the 11 IFAD-supported projects were visited, including four ongoing and two closed projects⁸. The CPE team spent about 25 days in the field.

17. During a wrap-up meeting, held in Dar-es-Salaam on 10 October 2001 and attended by 35 stakeholders, the CPE team presented a comprehensive debriefing note of about 20 pages, which included the main mission main findings and recommendations. The key analysis, conclusions and recommendations of the CPE report are built on the core elements that appear in the debriefing note. The conclusions of the CPE were broadly endorsed by the chairman⁹ and participants at the wrap-up meeting. However, OE invited the participants to provide any additional comments in writing for the CPE team's consideration. Comments subsequently received from PIDP and the Mara Region Farmers' Initiative Project (Mara-FIP) were accordingly taken into consideration in the CPE analysis and report.

18. The lead CPE evaluator then travelled to Tanzania in May 2002 in order to: (i) hold discussions with stakeholders on the CPE; (ii) determine the next steps needed to finalize the process; (iii) and participate in the Tanzania portfolio assessment working group organized during the workshop on PF's regional strategy in Dar-es-Salaam. The working group held deliberations for nearly one full day. It is noteworthy that participants of the working group¹⁰ expressed broad consensus with the various insights and recommendations emerging from the CPE.

19. **Next steps.** A fundamental next step is to engage members of the core learning partnership (CLP) in a process of reflection and discussion on the insights and recommendations (see section VI) contained in the CPE report, leading up to the formulation of CPE agreement at completion point (ACP). For this purpose, OE in cooperation with members of the CLP has prepared an issues paper based on the CPE report. The issues paper will be discussed at a workshop of national stakeholders to be held in October 2002 in Tanzania. A summary of the issues paper will be provided to the Evaluation Committee during its thirty-first session in September 2002. The ACP will then serve as a critical input for the formulation of the Tanzania COSOP. It is anticipated that the CPE report, together with the ACP and related outputs (such as the evaluation profile and selected insights), will be finalized, published and disseminated to concerned partners before the end of 2002.

III. COUNTRY PROGRAMME DEVELOPMENT AND MANAGEMENT

20. **IFAD strategy.** The three principal documents articulating IFAD's strategy in Tanzania and providing the strategic considerations shaping the Fund's current portfolio in the country are the 1993 Country Strategy Report (CSR), the 1997 Country Portfolio Review (CPR) and the 1998 COSOP.

⁸ AEMP, Mara-FIP, PIDP and WSHPMA – ongoing; and the Smallholder Development Project for Marginal Areas (SDPMA) and Southern Highlands Extension and Rural Financial Services Project (SHERFSP) – closed.

⁹ Deputy Permanent Secretary of the Ministry of Finance, Mr G.S. Mgonja.

¹⁰ Included around 20 participants, such as the permanent secretaries from the Prime Minister's Office, Ministry of Finance, Ministry of Agriculture and Ministry of Home Affairs, representatives of the United Nations Office for Project Services (UNOPS), the World Food Programme, the Vice-President's Office for Poverty Reduction, IFAD country portfolio manager (CPM) and lead CPE evaluation officer, selected IFAD project directors and others.



21. The CSR took a three-pronged approach. The first was support for smallholders in the Southern Highlands and included (i) the provision of credit to ensure availability of inputs; (ii) support for marketing; and (iii) improvement of the research-extension system to make it client-oriented and demand-driven. The second was to increase the productivity and incomes of smallholders in marginal areas, emphasizing food crops, low-cost irrigation to produce rice, and livestock. The third included (i) strengthening the offices of the Ministry of Community Development, Women and Children; (ii) developing rural financial services based on stockists/traders and informal groups applying group liability; (iii) creating rural feeder roads; and (iv) designing measures to address the needs and time constraints of women, for example, wood lots and efficient cooking stoves, improved water supply and ploughing with oxen.

22. The CPR, produced four years later, recommended in particular that IFAD's support to Tanzania be oriented in the long term towards: (i) rural financial services; (ii) water-resource management in marginal areas; (iii) village water supply; (iv) primary health care; and (v) mixed farming in Zanzibar. Further, the CPR discussed two approaches that could be pursued for delivering support in these areas: a thematic approach for selected regions; and a sector/subsector approach, for example, in rural financial services and primary health.

23. The 1998 COSOP recommended that IFAD's medium-term lending priorities be in three areas, which it identified as being the main constraints to agricultural production: participatory irrigation, rural financial services and the development of agricultural markets and marketing systems. More specifically, the COSOP proposed a two-pronged approach: (i) addressing food insecurity at the household level (also in relatively better-off areas, such as Arusha, Kilimanjaro and the Southern Highlands) by increasing agricultural production and the intensity of natural resource management; and (ii) improving production incentives for farmers by integrating markets with production centres and removing impediments relating to the free play of market forces. The choice of investment options was consistent with these strategic thrusts. However, the CPE highlighted two concerns related to the COSOP that need to be factored into the future IFAD country strategy for Tanzania.

24. The first concern relates to the need to cater to the requirements of the subsistence sector, which mainly produces for household consumption. The technological choices and market options for these target groups and resource-poor regions are rather limited. They continue to need more 'traditional', narrowly targeted and area-based interventions, but they also need to exploit opportunities for market-propelled transformation of rainfed subsistence production systems through diversification into a higher-value crop mix. In this context, the projects developed and implemented based on the CSR have sometimes made a difference in marginal areas by improving water-supply access, basic health services, crop development and irrigation facilities. Interventions focusing on low-cost, low-tech activities based on commercially viable propositions have tended to be the most successful.

25. The second concern relates to the 'manageability' of the size and the multisectoral characteristics of the programmes included in the 1998 COSOP. The first project developed based on the 1998 COSOP only became effective in 2000, and although the other two have been approved, project implementation has yet to commence. Under these circumstances, it is not possible to comment on the impact of the COSOP on alleviating rural poverty. However, concern was expressed that it may not be appropriate and indeed even possible to balance an emphasis on growth with one on more-immediate benefits to the poorest. To some extent, this concern is part of a wider challenge that IFAD faces in aligning its operations to the PRSP strategic framework while retaining the specificity of its targeted interventions. Viewed positively, the programme approach underlying its recent operations could show a way forward to adoption of growth-oriented sector-wide approaches, once more experience is gained with the implementation of the current portfolio and the associated issues for policy dialogue are resolved.



26. In the five years between the CSR and the COSOP, a strategic shift took place. The CSR emphasized improving livelihoods and reducing vulnerability among the 'poorest of the poor' primarily in marginal areas, not only through agriculture interventions, but also through support for primary education, health, drinking water supply, environmental conservation, water harvesting and the development of self-help groups for promoting rural financial services. The COSOP instead takes as its point of departure the perception that rural poverty reduction depends largely upon agricultural growth and that many rural poor are in fact located in areas with a high potential for agriculture. Consequently, it emphasizes a growth-oriented approach. This strategic shift appears to have led to correspondingly less emphasis in the COSOP than in the CSR on the poorest and most marginalized areas, as well as on direct targeting of the poorest rural people.

27. Finally, the COSOP was not developed in a truly broad-based consultative process, because COSOPs were regarded primarily as internal documents at that time in IFAD. However, COSOPs have become an increasingly important instrument for IFAD, its partners at the country level and its governing bodies. Therefore, IFAD and its partners may wish to use the development of the new Tanzania COSOP as an opportunity to promote a participatory and inclusive process of policy dialogue with the concerned stakeholders.

28. **IFAD operations.** Since 1978, IFAD has approved ten project loans for Tanzania on highly concessional terms for a total of USD 145 million. In addition, approximately USD 86 million has been raised in cofinancing. IFAD has also provided some USD 1.5 million in grants, mainly for technical assistance and project start-up. Further, WSHPMA has benefited from a USD 8.6 million grant by the Belgium Survival Fund, which is managed by IFAD. The current portfolio includes five closed projects – the Mwanza/Shinyanga Rural Development Project, the Southern Highlands Smallholder Food Crop Project, the Smallholder Support Project in Zanzibar, Smallholder Development Project in Marginal Areas, and the Southern Highlands Extension and Rural Financial Services Project (SHERFSP); five ongoing projects: Mara-FIP, AEMP, PIDP, the Rural Financial Services Programme (RFSP) and WSHPMA; and one approved project that is still to become effective, the Agricultural Marketing Systems Development Programme (AMSDP). AEMP, Mara-FIP and SHERFSP were developed on the basis of the 1993 CSR, and the WSHPMA also emerged from this strategy report. AMSDP, PIDP and RFSP evolved from the 1998 COSOP.

29. **Project preparation and design.** A Tanzanian task force established for the 1997 CPR noted that "all projects have been adequately designed. However, Tanzanian experts were not closely involved at the planning and supervision stages." The CPE, while sharing these concerns, recognizes that most of these projects were designed according to the conventional approach, which divided the project cycle into discrete identification, preparation/formulation and appraisal phases. However, the design of projects approved since the 1998 COSOP are influenced by the approach emerging from IFAD's re-engineering exercise¹¹, which views project design as an iterative process, where the emphasis is on the process itself and on local ownership. However, the CPE notes that participation of donors, civic groups and NGOs in project design could be enhanced, leading to a broader understanding of project objectives and smoother implementation.

30. **Project management units (PMUs) and associated costs.** The PMUs in the two area-based multisectoral projects, Mara-FIP and AEMP, and in the WSHPMA were established to assist regional and district authorities in implementing project activities. Mara-FIP, in particular, has made an effort to base implementation on the new decentralized district-government structure. In the new portfolio, some PMUs are designed to take the lead in implementation. In particular in the RFSP, the PMU and

¹¹ The last three projects for Tanzania (relating to irrigation, microfinance and marketing) were formulated by the Investment Centre of the Food and Agriculture Organization of the United Nations (FAO) on behalf of the Government. For all practical purposes, these formulation reports were government documents and submitted to the Government directly by FAO.



the zonal management units will be the ‘lead implementers’ for most activities. This new role may partly be explained by a strategy to outsource service provision to private and civil-society organizations. However, the CPE questioned whether it would not have been better to help build central and local-government capacity to manage outsourcing, rather than creating such a capacity within the PMU.

31. One concern about PMU structures is their temporary nature, which may be more important when the PMU engages in activities that are not temporary, such as the management of credit/revolving funds. The SHERFSP completion report noted, for example, that the significant drop in loan repayment at the end of the project was partly due to “speculation by the beneficiaries that there would be no follow-up on loan repayment after project closure”.

32. Establishing PMU structures also appears to have been costly. Although an attempt was made in the Tanzania CPE to compare project management costs, difficulties arose because the sub-components included under project management (e.g. training, M&E, technical assistance, hardware and computer equipment) differed from project to project. The CPE observed that the estimated costs at loan approval of project management in Tanzania seemed in line with, and sometimes lower than, IFAD averages¹² for all regions. The review of disbursement figures, however, suggests that in some IFAD-supported projects in Tanzania there has been a fair amount of overspending¹³ as compared with appraisal estimates for project management. Overspending in this component naturally results in a reduction of resources available for other project components. It seems that (additional) project resources to finance management-related costs in Tanzania have been easy to mobilize. Therefore, PF may wish to investigate this topic further to ensure that the actual costs incurred for project management are maintained as closely as possible to costs intended for management purposes at the outset of implementation.

33. In light of the above, the CPE makes three suggestions regarding project management in the context of the IFAD programme in Tanzania: (i) a wider use should be made of government structures for project implementation purposes; (ii) the Government and IFAD should explore the feasibility of merging different project PMUs when parallel structures are needed; and (iii) inter-category transfers of loan allocations should be subjected to more stringent review by cooperating institutions and IFAD¹⁴ in order to limit the possibility of overspending the budgets for project management, facilitation and monitoring.

¹²During the last ten years, according to current data of the Project and Portfolio Management System (PPMS), Programme Management Department, average IFAD costs for project management in Tanzania (at loan approval) have been around 10% of total project costs, whereas in IFAD’s Western and Central Africa region the average has been around 15% and in the Eastern and Southern Africa region it has been approximately 13%).

¹³For example, in the case of the RFSP, which became effective at the end of 2001, 24% of the total budget is allocated for programme management and M&E. In WSHPM, with less than one year before closure, 191% of the budget for management and coordination has already been used, whereas the water and health components have only used 52% and 80% of their respective budgets. In AEMP, project management and facilitation costs accounted for 9% of the budget at loan approval, but as at December 2000, three years before closure, the budget line for project management and facilitation had been overspent by 46%. As a result, disbursements on project management and facilitation accounted for 31% of total disbursements. In Mara-FIP, expenditure on “salaries and allowances” had reached USD 1.3 million by July 2001, two years before closure, while the originally approved budget was only USD 488 000.

¹⁴PF explains that in some programmes overhead costs have increased for the following reasons: (i) the Government started revision of pay scales and streamlining of public services during 1998-2000. During this transition process, all donors, including IFAD, had to bear some additional costs in terms of increased salary and the number of staff under its payroll; but the services of these additional staff were gradually terminated with the completion of the work of the Service Reorganization Committee; (ii) a few projects had to be extended from one to three years, which increased management costs; and (iii) supervision and monitoring costs are generally underestimated, which accounts for a significant part of organization and management.



34. **Monitoring and evaluation (M&E).** All projects have an M&E unit, with systems to monitor and report implementation performance related to physical and financial achievements. The capturing of outcomes and impact is less systematic, and generally such information is not available. Although the more recent projects have developed good logical frameworks, the older projects did not benefit from such an instrument. This has contributed to difficulties in identifying key objectives and in defining progress and impact indicators, even though project staff have subsequently made efforts to develop a logical framework matrix with the involvement of various stakeholders. The desk review of the M&E systems of IFAD-supported projects in Tanzania carried out for the CPE noted that in the PIDP, beneficiaries were involved in the preparation of the logical framework and the definition of indicators. The CPE mission observed the use of the logical framework as a management tool in AEMP. Generally, there appears to be a positive trend in IFAD-supported projects in Tanzania towards making use of the logical-framework approach and ensuring that a proper foundation for impact monitoring and evaluation is developed from the start of a project. However, in the older projects visited by the CPE (the Smallholder Development Project for Marginal Areas (SDPMA), WSHPMA and SHERFSP), the definition of indicators jointly with beneficiaries and the preparation of baseline studies were not carried out in an effective and timely manner. The desk review noted the lack of adequate guidelines for establishing M&E systems, various delays in undertaking impact studies and inadequacy in terms of staff capacity to perform the M&E function appropriately. In sum, projects did not initially give sufficient emphasis to M&E, although the attitude towards the function has considerably improved in the new portfolio.

35. **Supervision activities.** Supervision reports (by UNOPS in Nairobi) are a satisfactory and cost-effective way to track project progress and understand implementation problems. However, the reports focus on the delivery of physical outputs, on administration and budget/disbursement issues, and on procurement. Also, the supervision reports and mid-term reviews (MTRs) often contain numerous¹⁵ and conflicting recommendations. The CPE identified a need to streamline the MTR and supervision processes to ensure that adoption of the emerging recommendations is facilitated, and that follow-up action is taken. Although acknowledging IFAD's budgetary constraints, the CPE recommended that supervision include a focus on implementation performance and project impact.

36. **Policy dialogue and in-country presence** are broader issues on which reflection is required within the Fund. The absence of a field presence in particular has been noted to limit IFAD's catalytic role. Partners with whom the CPE team met at every level in Tanzania raised this as a major concern in their interactions with IFAD.

37. The lack of a more permanent and constant presence at the country level has prevented IFAD from participating regularly and proactively in discussions with donors and other groups on key policy issues. It has also made building local strategic partnerships more difficult. Particularly relevant to IFAD are the joint Government-donor working groups for the formulation and implementation of Tanzania's PRSP, ASDS, RDS and UNDAF processes. These initiatives serve the Government's objectives of streamlining development cooperation and reducing the transaction costs of aid. They also ensure that donor-funded activities are in line with government policies and strategies and that the allocation of resources among sectors, regions and districts reflect government priorities. Because of its structural constraints, IFAD cannot participate on a permanent basis in such fora, thereby limiting its advocacy function and its ability to influence policy dialogue and resource allocation.

¹⁵ For example, the 1999 Mara-FIP MTR and UNOPS supervision report contained 91 and 50 recommendations respectively.



38. The absence of a field presence also hampers IFAD's efforts to provide implementation support and to take any follow-up action needed to ensure impact achievement and assessment. A more permanent field presence would, in sum, contribute to advancing IFAD's catalytic role, and it would allow the Fund to provide more implementation support and follow-up, strengthen M&E, undertake policy dialogue, build partnerships and cooperate more effectively in donor mechanisms in Tanzania.

IV. PERFORMANCE AND IMPACT

39. **Quantitative indicators of implementation performance.** An assessment of the performance of the Tanzania programme using conventional indicators of efficiency shows that it has performed better than the regional and IFAD-wide averages (see following table).

Quantitative Indicators of Implementation Performance
(Tanzania portfolio of ongoing projects)

Indicator	Tanzania	PF Region	IFAD
Time between Executive Board approval and loan effectiveness	7.1	12.9	13.1
Percentage of loan disbursed (mid-2001)	48%	35%	37%
Days of loan suspension due to arrears	0	74.0	11.4
Average financing ¹⁶ (USD million)	15.4	11.4	12.8

Source: IFAD PPMS 2001.

40. **Disbursements.** Total loan disbursements between 1978/79 and 2000/01 amounted to about USD 70 million, implying average annual loan disbursements of some USD 3.2 million of effective loans – an overall average annual disbursement rate of 54%. Annual loan disbursements increased during the 1990s, reaching levels of USD 4-5 million.

41. **Reducing procurement delays.** Enhanced operational capacity, simplification of procedures and substantive technical support at both formal and informal levels are necessary to improve performance in procurement. For instance, special operations facility (SOF) grants¹⁷ provided to three projects/programmes allowed the Government to prepare manuals, guidelines and procurement documents – resulting in a lead-time reduction in procurement from 18 months to about 6-8 months. However, SOF funding is limited, and it would be advisable for the relevant government staff to be trained to handle procurement matters more efficiently.

42. **Counterpart funding.** The lack of counterpart funds has been a persistent problem in the Tanzania programme. Generally, the Government has been unable to meet the financial commitments agreed upon during the project design process. This was also recognized as a key concern in the 1998 COSOP. Therefore, IFAD project formulation and appraisal missions need to be realistic when proposing the Government's share in the financing plans.

¹⁶ That is, IFAD loan amount.

¹⁷ SOF amounts ranged from USD 0.19 million for Mara-FIP to USD 0.09 million for AEMP and USD 0.08 million for PIDP.



43. **Targeting.** The CSR and COSOP provide broad approaches for targeting. Design documents for IFAD-supported projects include a definition and description of the target group, mostly comprising the poor, smallholders and households facing food insecurity, or a combination of some of these characteristics. Sometimes the non-poor are also included as indirect project beneficiaries. Appraisal documents also usually contain some indication of how targeting will take place. During implementation, projects in Tanzania have adopted specific guidelines for targeting in line with IFAD's mandate.

44. The 1993 CSR focused on a strategy uniquely relevant for smallholders. Several projects explicitly concentrated on marginal areas, most notably the WSHPMA, SDPMA and to some extent also Mara-FIP (especially the lakeshore area). They have made a difference in these areas by improving access to water supply, basic health services and irrigation facilities. Projects based on the 1998 COSOP, for example the RFSP and AMSDP, reflect the priority that the paper gives to "pro-poor growth strategies". In contrast to most of the earlier projects, these projects include fewer absolutely poor areas (e.g. Arusha, Kilimanjaro and the Southern Highlands) and offer potentially greater possibilities for rural people other than 'the poorest of the poor' to access their benefits. They aim at creating an environment conducive to further investments and growth rather than providing immediate benefits to the poorest. Cash and export crop farmers may benefit from these interventions, and indeed studies have shown that export crops have the most substantial multiplier effect for the wider economy.

45. Women are specifically targeted, and the COSOP states that all interventions should undertake detailed gender assessments and develop necessary targeting criteria to give preference to woman-headed households. In some cases, however, the CPE noted that benefits have gone to the less poor. For instance, in some projects eligibility has been limited to farmers with one hectare or less of land, causing farmers occasionally to make fictitious 'sales' to siblings and other relatives and friends in order to be included in project activities. Therefore, plot size may not be the best indicator of poverty, also because many farmers have other sources of income besides agriculture. Other targeting mechanisms that include a mandatory and often high beneficiary contribution *a priori*, either in terms of cash or labour, have sometimes excluded the poorest since they cannot provide the required contribution. Some of these activities have not been sustainable, raising the probability that some farmers may even become poorer. The effects of IFAD's promoting labour-intensive technologies aimed at raising productivity are even subtler. This approach may unintentionally have adverse consequences for labour-scarce households, in particular woman-headed households.

46. The CPE notes that poverty indicators for targeting need to be carefully developed to ensure that the poorest are consistently the main beneficiaries. Since actual targeting mechanisms have mainly been developed at implementation, they vary from project to project. The CPE recognizes that enforcing individual eligibility criteria is often managerially difficult and socially contentious and that to some extent the post-COSOP growth-oriented projects imply indirect rather than direct targeting of the poorest. Consequently, benefits have sometimes gone to the less poor. The CPE concludes that the emphasis should be on selecting the poorest areas and communities and introducing technologies and methodologies that are particularly relevant and attractive to the poorest members in the community. In future cooperation, IFAD and the Government may need to reflect on the balance between growth and more immediate benefits to the poorest. The CPE recognizes that pursuing both these objectives within the context of one COSOP may be difficult and that it may be more appropriate to develop strategies and interventions targeting specific social groups and geographical areas.

47. **Participation.** Up until about 1996, IFAD projects paid insufficient attention to beneficiary participation in project design and implementation. In fact, the 1998 COSOP states: "In earlier IFAD-designed projects the question of beneficiary ownership and the need for a participatory approach have not been considered as an instrument for project formulation, appraisal and implementation. While preparing these projects, the conventional method was followed, with a top-



down approach placing heavy reliance on the existing governmental machinery to plan and execute the entire activities of the project. As a result the beneficiaries could not identify themselves as an integral part of the development process and these projects could not adequately respond to their requests or demands. This has been a root cause of the failure of the Zanzibar and Marginal Areas projects.”

48. More recently, IFAD projects have sought to promote beneficiary participation by: (i) involving beneficiaries in the setting of priorities that respond to their perceived needs and preferences; (ii) promoting, in the current situation of budgetary stringency, cost-sharing devices (such as service charges) and assigning maintenance responsibilities for rural infrastructure; and (iii) organizing beneficiaries into institutional frameworks such as user or solidarity groups, to further effective participation in project activities and to improve management of common property resources such as water resources or community assets.

49. Despite the progress made, the CPE raised two specific considerations related to participation. First, IFAD-supported activities in Tanzania need to emphasize the quality of processes that empower people at the grass-roots level (e.g. skills enhancement, training and the overall functioning and management of groups) as much as, if not more than, the achievement of pre-established physical and financial targets and outputs (e.g. number of groups established). This would contribute to building ownership and sustainability of interventions and would also increase the probability of achieving the desired developmental results. Second, a more flexible approach to implementation may prove to be more effective. For instance, the CPE notes that if authorities rigidly apply the targets outlined at appraisal, they are unlikely to internalize adequately the evolving requirements of the rural poor in their annual project workplans and budgets.

50. **Gender.** The CPE noted that projects are generally aware of gender issues and make an effort to include women in project activities, sometimes struggling against cultural norms. Several projects specifically provide for the establishment of women’s groups and for women’s participation in user associations. Overall, the CPE found that the role of women is sufficiently emphasized at the design stage and that women have taken up activities that are generally of a self-selected nature. However, not much information is available on gender mainstreaming. PF is making efforts to improve the gender focus of its activities in Tanzania (at the time of the CPE mission, Mara-FIP and AEMP had just received a grant of USD 60 000 for gender-mainstreaming activities). Based on the CPE’s observations, the following are areas that deserve further consideration in IFAD-supported programmes in Tanzania: (i) women in mixed-sex groups and management committees need more training and capacity-building to developing the knowledge and confidence required to speak up and influence the decision process; (ii) to be sustainable, women’s groups need more training, and their informal status should be formalized; (iii) baseline surveys and M&E systems need to include gender-specific indicators; (iv) the introduction of agricultural methods and technology should always be subject to an analysis of how this will impact on women’s time; and (v) gender issues related to land-use rights need to be carefully analysed.

51. **Subsidies and cost-sharing.** The CPE noted that subsidies can undermine sustainability when provided for a recurrent activity that is supposed to be commercially viable and sustainable even after the project closes and the subsidy is discontinued. This occurred in Mara-FIP and AEMP where subsidies were given for seed multiplication purposes or for the maintenance of bunds in irrigation pilots. Subsidies have also tended to favour the less poor, who can access such support more easily than poorer community members. Groups are occasionally formed for the purpose of receiving a subsidy, and individuals have been known to engage in an activity not because of its long-term financial attractiveness but for the sake of the subsidy. When the project and the subsidy come to an end, so too often does the activity.



52. On the other hand, PF conveyed that subsidies that promote critical short-term objectives may be sometimes unavoidable. For example, subsidies were provided for seed multiplication in Mara and Kagera after cassava and banana-planting materials had been destroyed by cassava mulybug and panama diseases. The subsidies helped to counter the situation of food insecurity that had developed in the regions. Once these problems were addressed and the seed production and distribution system had been privatized, the subsidies were discontinued.

53. In the Tanzania country programme, in addition to making use of direct subsidies, IFAD has promoted cost-sharing arrangements with the rural poor, for instance, for the development and maintenance of irrigation schemes. In such cases, the rural poor are mobilized through water users' associations and contribute in labour or cash to the development and operations and maintenance of the schemes. In addition, in PIDP and Mara where irrigation schemes were initiated as group activities to ensure their long-term sustainability, beneficiaries are obliged to pay up to 10% of the capital and part of the maintenance costs. In both Mara and PIDP, beneficiaries are providing construction materials and labour as a part of their contributions to costs. However, at times the rural poor participate in cost-sharing schemes without entirely appreciating the consequences. One such example is the cash contribution of 1 200 000 Tanzanian Shillings (approximately USD 1 500) that communities in the WSHPMa had to deposit for water borehole development. There are examples of poor farmers who have contributed to various schemes without fully recognizing the subsequent financial and labour obligations, which they are unable to meet.

54. More thought needs to be given to the choice of financing modalities. The CPE could not determine why different projects chose to deliver a good on commercial loan terms, fully subsidized, or under different Government-beneficiary cost-sharing arrangements. In Mara-FIP, for example, few poor coffee farmers receive free coffee seedlings, while a farmer producing cassava cuttings is paid to weed. In AEMP, a farmer with a banana demonstration plot received manure without clear repayment conditions, while in the WSHPMa a poor community has to cover a significant amount of the capital costs and is responsible for all operation and maintenance of a drinking water scheme. Agricultural inputs were provided in kind on loan terms and apparently at prices above market prices in the SHERFSP, whereas an integrated pest management (IPM)/integrated plant nutrition (IPN) group in AEMP received free water tanks for initiating a commercial livestock activity.

55. **Agricultural production.** An important objective underlying a number of projects in the country programme is to reverse the decline of agricultural production, both of staple and cash crops. The projects have made progress in achieving this objective. Mara-FIP has assisted farmers in distributing 544 tonnes (t) of cassava cuttings (more than twice the planned 200 t) and 1.7 million coffee seedlings (out of a planned 2 million), and in sourcing seeds to plant 1 500 hectares (ha) of farmland (as against 2 010 ha planned). Thanks to the project's sisal pilot scheme, beneficiaries have sold 2 640 t of sisal to commercial processors. Under AEMP, 6 000 farmers organized into IPM/IPN groups have benefited from improved seeds and extension. Consequently, banana production has increased on average from 5 to 40 kg per bunch for local varieties (15 to 65 kg for exotic varieties), maize production is up from 1.0 t/ha to 3.0 t/ha and beans from 600 kg/ha to 2.0 t/ha.

56. With regard to agricultural production, the CPE expressed concern that: (i) the increase in the production of cassava and bananas has led to a collapse in local prices, depressing the incomes of farmers who depend on these crops for cash; and (ii) the use of subsidies needs to be rationalized among projects and in principle subsidies should be phased out as soon as possible in the interests of establishing proper parameters for the sustainability of benefits. The CPE recommends that IFAD engage the Government in a policy dialogue on the possibility of: (i) increasing support for marketing development and storage facilities; (ii) relaxing marketing restrictions on the export of food crops in neighbouring-country markets; (iii) promoting high-value export crops in the smallholder sector; and (iv) for this purpose, making further efforts to promote a commercial and sustainable seed production system based on smallholders.



57. **Irrigation development.** Cost-efficient small-scale irrigation rehabilitation and development is a difficult strategy to pursue, but one that is crucial to agriculture growth and production diversification and intensification. The CPE found, for instance, that investments in water resources in Mara-FIP may benefit more households than envisaged at appraisal. The user demand for these investments is strong, as evidenced by the considerable up-front contributions and long waiting lists. Despite some problems of participation, equity, management and technology, the CPE concluded that users do obtain important benefits from the financed irrigation schemes, such as shallow wells, medium-deep wells, and earth dams for the collection of water for livestock and human consumption. These schemes have helped beneficiaries obtain two rather than one crop per year and increased yields from 1 to 4 t while reducing the average production cost per hectare from USD 1 650 to 740.

58. It is too early to assess the performance of irrigation structures to be financed under the PIDP, although reservations have been expressed about the appropriateness of water harvesting from seasonal sources using diversion-scheme technology, as it is considered to be a high-risk and technically complex intervention. The technical constraints to, and opportunities for, water harvesting in drought- and flood-prone areas may need to be studied more carefully during implementation. The Irrigation Section of the Ministry of Agriculture and Food Security is preparing an irrigation design manual to guide technical staff in the design of water-harvesting irrigation schemes. The manual should take into account problems faced in schemes constructed some years ago, such as those under the SDPMA.¹⁸

59. The CPE noted that irrigation systems need to be expanded and improved in marginal areas with low rainfall. It also felt that the rural poor would be better served by irrigation systems that require limited labour and capital input. The poor could, for one, participate more easily in the development and operation and maintenance of such schemes. The CPE noted that the area coverage of irrigation work by IFAD in the Tanzania portfolio is very wide, making implementation difficult. The choice of technology (for instance, in terms of promoting diversion schemes using seasonal rivers as against primarily using dams) also requires further consideration.

60. **Rural financial services.** The various savings and credit cooperative organizations, and savings and credit cooperative associations established under the SHERFSP have succeeded in increasing savings by 40%. On the other hand, in the CPE's view, the performance of the credit revolving fund and input distribution components of Mara-FIP and AEMP have been mixed. The RFSP is testing approaches in the provision of microfinance services to rural areas, under IFAD's flexible lending mechanism. Any assessment of its progress is still premature. One of the programme's salient features is to establish direct linkages between the rural microfinance institutions and the commercial and community banks. This ensures that the former can act as financial intermediaries for the latter, enabling them to extend their financial services and products to rural areas. With careful follow-up and monitoring, IFAD's RFSP could become a pioneer in the complex area of rural microfinance, which is needed to fuel the process of agricultural commercialization in Tanzania.

61. **Marketing development.** IFAD's first major intervention in marketing development, AMSDP, has a budget of USD 42.3 million and covers seven regions and 35 local governments, with a combined area of 255 000 km². It involves: (i) development of agricultural marketing policies through studies, establishment of new policy committees at national and district levels, and institutional support for the Ministry of Cooperatives and Marketing, the prime minister's office and district councils (35); (ii) capacity-building of trader/processor groups and associations, and support for their market access; (iii) market information systems; (iv) business advisory services; (v) financial services for traders and processors; (vi) roads, including building district capacity to construct and maintain

¹⁸ Sixteen out of the 18 schemes constructed under SDPMA required rehabilitation under PIDP.



roads; and (vii) village markets and storage facilities. CPE reservations at this early stage of the project concern its wide geographic coverage and ambitious scope. However, it must be recognized that in the context of Tanzania's rural poverty-reduction strategy, this type of intervention has a strong rationale as part of efforts to shift a largely subsistence agriculture to production for the market. The project also represents an excellent vehicle for IFAD, along with other donors, to engage in a dialogue with the Government. Among the constraints that, in the CPE's view, the project needs to address are: (i) poor rural infrastructure with limited coverage; (ii) the dearth of appropriate storage facilities for harvested crops in rural areas; (iii) lack of communications, preventing farmers from accessing market intelligence and compromising their ability to negotiate meaningfully in buying and selling; (iv) inadequacy of the crop boards (replacing the marketing board), which do not appear to provide identifiable benefits to either producers or businesses engaged in the marketing and processing of agricultural goods; and (v) current tax structures, which significantly reduce returns to agriculture and other activities thereby impacting negatively on economic activity in rural areas.

V. INSIGHTS AND RECOMMENDATIONS

62. **The need for more concentration and a longer timeframe.** With the recent approval of the AMSDP, the IFAD-supported programme in Tanzania will cover 14 regions and 56 districts, and will have an area of approximately 430 519 km² hosting a population of nearly 16.4 million. (This only includes the four most recent projects and does not consider the older projects in the portfolio, which included a project in Zanzibar.) By 2002, IFAD will have provided support for many different subsectors and activities, including agriculture production (e.g. research and extension, livestock development and agriculture technology), rural finance, social development (health, education, housing and drinking water supply), irrigation, marketing, institutional and grass-roots capacity-building and development of rural infrastructure. The average annual disbursement over the entire period of cooperation between IFAD and Tanzania is around USD 3.2 million, although in the 1990s this figure rose to about USD 5 million. Even where projects covered only one region (the case of AEMP and Mara-FIP), project staff and implementing agencies emphasized challenges faced in implementation because of the enormous distances.

63. Although in a large country like Tanzania distances are bound to be vast, it is also true that IFAD has experience in supporting varying activities in different, often distant, geographic areas. Given such wide geographic and thematic coverage and the considerable annual averages of disbursement, there is a risk that the impact of the interventions under the present cooperation configuration may be diluted resulting in inadequate benefits for the rural poor. In this context, IFAD needs to pilot innovative approaches since in each region and subsector it is confronted with different agroecological conditions and different institutional and infrastructure capabilities. Coverage of different regions and subsectors also requires considerable human resources and funds for project supervision and effective M&E; and it might prevent the Fund from building a comparative advantage in a given subsector or geographic area that would enable it to engage with authority in policy dialogue processes with the Government and other partners. In sum, it appears that IFAD's resources are spread thinly over large areas and many activities, making implementation, communication and supervision difficult and expensive in view of the infrastructure-related and institutional limitations in the country.

64. What are the options? On the one hand, the Fund may continue its operations as in the past in line with its mandate and government priorities for rural poverty alleviation. The opportunities for and constraints to pursuing such an approach have been covered in the CPE. On the other hand, IFAD could consider a different approach, entailing a greater concentration of its support in Tanzania. It could, for instance, take a sector-wide approach (rather than a project-by-project approach) and build on the established national strategies and systems of delivery and financing of support. It could concentrate its efforts within a selected subsector or theme. This cooperation could well have nationwide coverage, or a more definite programme area could be targeted in the medium term. The



selection of the programme area could be determined by the choice of subsector involvement, for instance, supporting the development and processing of a particular export crop. Another possibility would be for IFAD to assist from five to ten selected core districts in developing and implementing their district administration plan. The priorities and composition of the support would then largely be determined by the people and their elected representatives in annual workplans and budgets. Finally, the CPE suggests that IFAD could consider applying a longer-term (8-10 years) perspective with respect to subsector and geographical concentration, adjusting approaches and methods with evolutions in policy, legal and institutional frameworks.

65. **Let the poor decide.** The CPE recommends that targets at design may at best be considered as indicative guide-posts that need to be adjusted to local realities during implementation, according to the evolving preferences, priorities and demands of the rural poor. For example, IFAD has experimented with community development funds, which are effective instruments for capturing the actual requirements of the poor during implementation. In addition, the Fund may consider the broader use of the flexible lending mechanism in Tanzania, as this instrument allows for adjustments to targets and activities at various stages during implementation. Finally, it may be useful to develop specific indicators to monitor qualitative aspects of empowerment and capacity-building, for example in areas related to group formation and beneficiary participation in project activities. This will allow implementation staff to monitor the involvement of the rural poor in crucial project processes related to decision-making and resource allocation.

66. **Participation as an equitable partnership.** The CPE observed that participation was interpreted differently by different people at different levels. The challenge that lies ahead is to develop a consistent notion of participation in Tanzania. Participatory development should be seen as an equitable partnership among different actors, where the rural poor and their communities become active agents of change. In other words, the rural poor should be seen as strategic partners and not mere participants. Participation should be an underlying operational principle that underpins all activities. The overall goal of participation is empowering people, supporting them so that they can acquire the skills, knowledge and experience needed to take greater responsibility and ownership for their own development. Sufficient time should be made available at the beginning of the project to analyse the factors that could influence the participation process. There should be adequate information dissemination and community consultation. Projects should work through established institutions, including traditional structures, whenever appropriate, and the creation of new, parallel structures for participation should be limited. Where institutions are not sufficiently oriented to promoting participatory approaches, staff training should be encouraged, specifically in interpersonal skills such as empathy, communication, group dynamics and facilitation, and motivational leadership. Finally, participation processes need to be monitored.

67. **Approaches to rural poverty alleviation.** There are implicit differences between the approaches to poverty alleviation underlying the 1993 CSR and the 1998 COSOP. The CSR was based on a perceived preference for interventions aimed more directly at improving livelihoods and reducing the vulnerability of the poorest households. It stressed not only agriculture interventions, but also support for primary education, health, drinking water supply, environmental conservation, water harvesting, and the development of self-help groups for promoting rural financial services. The COSOP, while maintaining the same basic objective of poverty alleviation, adopted a more broad-based growth-oriented approach, based on a perception that, in the long run, poverty reduction is best achieved through dynamic processes of structural changes, where successful farmers expand their surplus and income, while marginal and unsuccessful farmers gradually leave for other sectors or for wage-employment in agriculture. Focus should be on the rural 'smallholder sector', comprising farmers with a potential for growth and production of a commercial surplus, and on the specific production constraints facing these farmers. Thus, the two strategies have resulted in different types of interventions and different geographical coverage. The implementation by IFAD of two different strategies to rural poverty alleviation in Tanzania merits further analysis and debate in the light of



IFAD's evolving strategy. In addition, a close monitoring and review of the outcomes of the approach to rural poverty alleviation promoted by the 1998 COSOP would be useful, in that it could provide additional inputs for developing specific strategies and support interventions targeting different social groups and geographical areas in Tanzania.

68. **Policy dialogue.** Tanzania receives considerable attention from both multilateral and bilateral aid agencies. Since the mid-1990s, many development cooperation institutions have decentralized their operations to the country levels where major decisions related to development and resource allocations are now taken. Within the framework of the PRSP, the Government and donors are engaging in a continuous dialogue at the country level to define sector and subsector strategies and decide on investment programmes and resource envelopes. Budget support and support for joint programmes are becoming increasingly important. Specifically relevant to IFAD are the joint Government-donor working groups for the formulation and implementation of Tanzania's agriculture sector and rural development strategies.

69. The CPE sustained that IFAD can and should intensify its participation in relevant policy dialogue fora in Tanzania. A number of donor working groups, such as the food and agriculture-sector working group, offer possibilities for building strategic partnerships and mobilizing resources. Greater participation would also allow IFAD to engage other institutions working in agriculture and rural development in Tanzania in priority-setting and resource allocation.

70. The forthcoming development of the new Tanzania COSOP provides the Fund with a concrete opportunity to involve a wide range of partners in a process of consultation and dialogue aimed at developing a new cooperation strategy. The CPE identified a number of areas (e.g. the role of subsidies, strategic choices of future IFAD interventions, the need to lift restrictions on food crop exports to neighbouring countries) that, among others, could form the basis for policy dialogue in the short term.

71. **IFAD field presence and implementation support.** The need for a more permanent IFAD field presence in countries with a critical mass of IFAD-supported activities such as Tanzania is a topic that deserves serious attention by IFAD and its governing bodies. One possibility for the Fund is to include Tanzania, together with a few other selected countries, in a pilot programme to test alternative arrangements for enhancing the Fund's field presence. This pilot programme could then be evaluated after a number of years and, if results are positive, be given further consideration.

72. A good design is a necessary but not a sufficient condition for achieving the desired impact. Limited backstopping and technical assistance during the implementation phase has often been cited as a constraint to smooth implementation and the attainment of outcomes. The Tanzania country programme, like others, has experienced this situation, which is partly due to IFAD's limited human and financial resources for project follow-up and support. Similarly, the supervision process has effectively supported implementation, but because of resource constraints, it is limited in terms of frequency and technical areas of coverage. Above all, closer monitoring is needed of the implementation of the recommendations made by supervision missions, mid-term reviews, evaluation activities, and other technical assistance missions by concerned parties including IFAD, UNOPS and the Government.

73. **Project management units.** Based on the CPE's analysis, the following suggestions deserve reflection and attention: (i) a project management function should be incorporated within established government structures in order to promote sustainability after the project period. Thus, mainstreaming would assure continued management support after donors are no longer involved; (ii) concerted efforts should be made to transfer some of the responsibilities of PMUs to civil-society organizations, thereby building capacity at the grass-roots level while releasing government from the need to provide services; and (iii) decentralization has considerably shifted the implementation function to the district



and sub-district levels. Therefore, to ensure smooth project management and implementation, IFAD must continue to support management capacity-building efforts at the lower administrative levels in Tanzania, and at the same time ensure that the project-management functions are more firmly integrated in the local-level administrative and institutional structures.

74. **Subsidies and cost-sharing arrangements.** The CPE considered that, compared with temporary subsidies for recurrent activities, sharing costs of capital investments may involve less risk and be more effective in the long run. Cost-sharing arrangements are likely to improve ownership and sustainability of an intervention. IFAD could therefore consider promoting such approaches more widely in the Tanzania country programme. However, cost-sharing arrangements are useful when: (i) beneficiaries are treated as equal partners and informed of all financial implications; (ii) the investment is viable and able to generate enough returns to finance depreciation and operation and maintenance; and (iii) the beneficiary group develops sufficient capacity for managing the investment. In addition, cost-sharing arrangements should in some cases involve more parties than beneficiaries and the project authorities. For example, in the support for the rehabilitation of farm-to-market roads (AEMP and Mara-FIP), it may be worthwhile to consider allocating the maintenance responsibility not just to direct beneficiaries but also to district governments, as it is unlikely that village road committees could maintain the roads without support from local governments.

75. In addition, it would be useful for IFAD to support the Government in developing a policy that would provide guidance on the type of financing modalities to apply for different investments/activities. Currently, alternative financing choices are used in different projects, sometimes even for similar activities across projects. This policy should be consistent with governmental capacity and priorities for cost-sharing (subsidizing) specific project activities, and it should carefully consider the implications for sustainability of the different modalities. For example, while the Government generally shares the investment/rehabilitation costs of social service structures, such as health centres and drinking water supply schemes, it is doubtful that it should undertake to subsidize investments in rehabilitation of privately or group-owned cattle dips, which have prospects of commercial viability. More immediately, it is recommended that AEMP study the cost-sharing arrangements in Mara-FIP and PIDP, which have gone further than AEMP in enforcing user contributions and have a somewhat clearer approach to cost-sharing.

76. **Targeting.** On the whole, the COSOP and the CSR have provided broad approaches for targeting, without going into details about target group characteristics and targeting mechanisms. In practice, therefore, targeting has been operationalized at project level, and consequently targeting methods have differed on a case-by-case basis with varying results. Therefore, the methodology and poverty indicators for targeting need to be carefully developed to ensure that the main beneficiaries are the poorest. In addition, it would be worthwhile to develop, during implementation, a methodology for monitoring the inclusion of identifiable groups of the poor in project activities. Apart from using cost-effective participatory approaches such as wealth-ranking, the methodology could include sample surveys at the beginning, mid-point and conclusion of a project for assessing target group involvement and the corresponding poverty impacts.

77. **Monitoring and evaluation.** The IFAD-supported projects in Tanzania could benefit from IFAD's new *Practical Guide on Monitoring and Evaluation of Rural Development Projects*, completed and launched in 2002. In fact, to introduce and operationalize the guide at the project level, OE has already begun to customize the guide for IFAD's Asia and Pacific and Western and Central Africa regions. A similar effort will be initiated in close cooperation with PF in the Eastern and Southern Africa region starting in 2003. IFAD-supported activities in Tanzania will also be included in the process.



78. In the meantime, based on the review of current M&E systems, the following are some specific suggestions that could enhance M&E operations in Tanzania: (i) training-needs assessments, with a focus on M&E skills, should be among the early capacity-building exercises in all projects. The emphasis of training should be on both ‘know-how’ and ‘do-how’ aspects; (ii) the language used in the participatory M&E tools such as the logical framework, the programme implementation manual, the participatory impact assessment and the participatory rural appraisal should be simplified and also translated into Kiswahili to facilitate easy understanding by stakeholders below the district level; and (iii) the M&E system should define roles and responsibilities for M&E and strengthen capacity in the Ministry of Finance, other line ministries and district administrations to fulfil this role.

