

Working Paper 116

EUROPEAN AID FOR POVERTY REDUCTION IN TANZANIA

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December 1998

Overseas Development Institute
Portland House
Stag Place
London
SW1E 5DP

Published in collaboration with the
Institute of Development Studies (IDS), University of Helsinki, and
The Third World Centre (TWC), University of Nijmegen.

ISBN _____

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Acronyms

ACP	Africa, Caribbia and the Pacific	Danida	Danish Agency for International Development Assistance
AfDB	African Development Bank	DBSPE	District-Based Support to Primary Education (Programme)
AIETI	Asociación de Investigation y Especialización sobre Temas Ibero Americanos, Madrid	DEN	Denmark
APDF	African Project Development Facility	DEO	District Education Officer
BEL	Belgium	DFID	Department for International Development (of the Government of the UK)
BOP	Balance of Payment	DIAL	Développement des Investigations sur l'Adjustment à Long terme, Paris
CAS	Country Assistance Strategy	DIDC	Department for International Development Cooperation, MFAF.
CCM	Chama cha Mapinduzi (‘The Party of the Revolution’)	DIE	Deutsches Institut für Entwicklungspolitik, Berlin
CDR	Centre for Development Research, Copenhagen	DRDP	District Rural Development Programme
CEF	Community Education Fund	DSM	Dar es Salaam
CEM	Country Economic Memorandum	DUHP	DSM Urban Health Project
CeSPI	Centro Studidi Politica Internazionale, Rome	EC	European Commission
CG	Consultative Group	ECDPM	European Centre for Development Policy Management, Maastricht
CGAP	Consultative Group to Assist the Poorest	EIA	Environmental Impact Assessment
CGIAR	Consultative Group for International Agricultural Research	ERB	Economic Research Bureau (of the University of DSM)
CIDA	Canadian International Development Agency	ERP	Economic Recovery Programme
CMU	Coffee Management Unit	ESAF	Enhanced Structural Adjustment Facility
CORP	Community-Owned Resource Person	EU	European Union
CPM	Capability Poverty Measure	FAO	Food and Agricultural Organisation (of the UN)
CSRP	Civil Service Reform Programme		
DAC	Development Assistance Committee (of the OECD)		

FHP	Family Health Project	IDA	International Development Association (of the WB)
FIM	Finnish markka		
FIN	Finland		
Finnida	Finnish International Development Agency (the unofficial brand name of the Department for International Development Cooperation (DIDC), in the Ministry for Foreign Affairs of Finland (MFAF).	IDD	Iodine deficiency disorders
		IDDP	Iodine Deficiency Disorders Programme
		IDS-Helsinki	Institute of Development Studies, University of Helsinki
		IDS-Sussex	Institute of Development Studies, University of Sussex
FIAS	Foreign Investor Advisory Services	IFC	International Finance Corporation, World Bank
FR	France	IFI	International Financial Institution
FY	Financial year		
GATT	General Agreement on Trade and Tariffs	ILO	International Labour Organisation
GDI	Gender-related development index	IMF	International Monetary Fund
GDP	Gross Domestic Product	IRDP	Integrated Rural Development Programme
GEM	Gender empowerment measure	IRL	Ireland
GNP	Gross National Product	JICA	Japanese International Cooperation Agency
GOT	Government of Tanzania	KDRDP	Kilosa District Rural Development Programme
GTZ	Gesellschaft für Technische Zusammenarbeit (Germany)	KPEP	Kilosa Primary Education Project
HANDS	Health and Nutrition District Support (Project)	LGRP	Local Government Reform Programme
HDI	Human Development Index	LLDC	Least Developed Country
HDR	Human Development Report (of the UNDP)	LSMS	Living Standard Monitoring Survey
HESAWA	Health, Sanitation and Water (Project)	Logframe	Logical planning framework
HIMA	Hifadhi ya Mazingira (Soil and Water Conservation Programme)	MFAF	Ministry for Foreign Affairs of Finland.
HIPC	Highly-indebted poor country	MOEC	Ministry of Education and Culture (of the GOT)
HPI	Human Poverty Index	MOF	Ministry of Finance (of the GOT)
HRDS	Human Resources Development Survey	NGO	Non-governmental organisation
		NAI	Nordic Africa Institute, Uppsala

NL	The Netherlands	SSA	Sub-Saharan Africa
NOR	Norway	SSR	Social Sector Review
NORAD	Norwegian Aid Agency	SWA	Sector-wide approach
ODA	Official Development Assistance	SWI	Switzerland
ODI	Overseas Development Institute	TFNC	Tanzania Food and Nutrition Centre
OECD	Organisation for Economic Cooperation and Development	Tsh	Tanzanian shilling(s)
PA	Poverty Assessment	TSDDP	Tanga Smallholders Dairy Development Programme
PAYE	Pay-as-you-earn (tax)	TWC	Third World Centre, Catholic University of Nijmegen
PC	Planning Commission	UK	The United Kingdom
PER	Public Expenditure Review	UN	United Nations
PFP	Policy Framework Paper	UNDP	United Nations Development Programme
PHC	Primary Health Care	UNESCO	United Nations Educational and Scientific Organisation
PLA	Participatory Learning and Action, see also PRA.	UNHCR	United Nations High Commissioner for Refugees
PO	People's Organization	UNICEF	United Nations Children's Educational Fund
PPA	Participatory Poverty Assessment	UPE	Universal Primary Education
PR	Poverty reduction	URT	United Republic of Tanzania
PRA	Participatory Rural Appraisal, see also: PLA.	USAID	United States Agency for International Development
REO	Regional Education Officer	USD = US\$	United States' dollar(s)
REPOA	Research on Poverty Alleviation, DSM	VDP	Village Development Programme
RIPS	Rural Integrated Programme Support (Programme)	VPO	Vice-President's Office
SAP	Structural Adjustment Programme	WB	World Bank
SDC	Swiss Development Cooperation	WFP	World Food Programme (of the United Nations)
SIA	Social Impact Assessment	WHO	World Health Organisation
SIDA	Swedish International Development Agency	WID	Women in development
SIP	Sector investment programme	WTO	World Trade Organisation
SPA	Special Programme of Assistance for Africa		
SRP	Sector reform programme		

Foreword

This paper is one of a series on the experiences of European donors with the use of aid for poverty reduction and is the product of a major research programme involving ten European development research institutes. This programme breaks new ground in its intention to compare and to draw from the collective experience of donors of the European Union and also perhaps in the degree of collaboration involved by European development research centres. Each Institute is funding its own participation, with ODI playing a co-ordinating role. The institutes involved are:

Asociación de Investigación y Especialización sobre Temas Ibero Americanos (AIETI), (Madrid);

Centre for Development Research (CDR), Copenhagen;

Centro Studi di Politica Internazionale (CeSPI), Rome;

Deutsches Institut für Entwicklungspolitik/German Development Institute; Berlin;

Développement des Investigations sur l'Adjustment à Long terme (DIAL), Paris;

European Centre for Development Policy Management (ECDPM), Maastricht;

Institute of Development Studies (IDS), Helsinki;

Nordic Africa Institute (NAI), Uppsala;

Overseas Development Institute (ODI), London;

Third World Centre, Catholic University of Nijmegen.

The objective of the first stage of this research programme was to describe and assess each donor's goals as they relate to bringing the benefits of aid to poor people, and to review each donor's organisation and management to implement this objective. The ten donor agencies are those of Denmark, the European Commission, Finland, France, Germany, Italy, the Netherlands, Spain, Sweden and the UK. Most of these donor reports have also been published in this ODI series of discussion papers.

This report on Tanzania by Timo Viopio and Paul Hoebink is part of the second stage of the research, consisting of a series of seven in-country studies to examine the operations of the European donors in pursuit of poverty reduction in Bolivia, Burkina Faso, India, Nepal, Tanzania, Mozambique, Zambia and Zimbabwe. An important part of this work has been to evaluate the effectiveness of different types of poverty related donor interventions. Special attention has been paid to the nature of the processes involved. Collective and comparative experience of poverty reduction effectiveness has been explored, including any 'best practices', and the main determinants of effectiveness have been examined.

I am most grateful for the co-operation of each Institute in this endeavour and for the help of all those donor and recipient government officials and advisers as well as the intended beneficiaries in the recipient countries who have responded to enquiries and interviews by the collaborating researchers. I would like to acknowledge the financial support provided by the UK Overseas Development Administration which has made possible ODI's contribution to the programme. In the same vein I would wish to acknowledge the support of the Dutch and Finnish Ministries of Foreign Affairs to the research conducted for this study of Tanzania. However, neither the financiers nor any others who have assisted in this programme necessarily agree with the facts presented and the inferences drawn.

John Healey
Overseas Development Institute

Acknowledgements and Introduction

This report is the result of a study of the European donors' approaches to poverty reduction in Tanzania. It is based on four rounds of in-country research in Tanzania by the authors between December 1996 and March 1998, as well as on 17 smaller case studies designed by the authors and conducted in various parts of Tanzania by their one Dutch and six Tanzanian research partners under supervision of professor Joseph Semboja of REPOA.¹

Acknowledgements

We wish to thank all representatives of the European donors agencies as well as of the Government of Tanzania, the World Bank and the UNDP for the time and thoughts they gave for the purposes of this study. Very special thanks for logistical and moral support go to Mr. Sjef Ijzerman and Ms. Caren Kramer of the Dutch Embassy in Dar-es-Salaam, as well as to Ms. Riikka Laatu of the Finnish Embassy there. This report would not have been possible without the enjoyable co-operation with and the valuable research contributions by professor Semboja and his team of six excellent Tanzanian (and one Dutch) research partners, who were, in alphabetical order, Dr. Amon E. Chaligha, Dr. A.D. Kiwara, Dr. Godwin Mjema, Dr. Davis G. Mwamfupe, Dr. Longinus Rutasitara, Dr. Joseph Shitundu and Mr. Eelco Tinga. Also the REPOA-Secretariat as well as Ms. Annelies Haijink in Nijmegen and Ms. Minna Lamminpää and Ms. Susanna Nybom in Helsinki deserve to be credited for their support at various stages of work. We, of course, benefited enormously from the research framework and questions prepared by the joint team of researchers from ten European development research institutes, coordinated by Dr. John Healey of the Overseas Development Institute (ODI) of London. Dr. Healey, as well as Dr. Juhani Koponen of IDS-Helsinki also gave valuable comments during the editing phase.

The bulk of the financial support for this research project was provided by the Research Programme and the Poverty Bureau of the Ministry of Foreign Affairs of the Netherlands. Additional funding was obtained from the Finnish Ministry for Foreign Affairs. Thank you very much.

Introduction

The structure of the report is as follows: *Part-I* of the report describes the context against which the European aid agencies' efforts for poverty reduction in Tanzania have to be analysed. This part of the report consists of three chapters: *Chapter-1* first compares the depth and breadth of poverty in Tanzania to the situation in

¹ Professor Semboja is Director of REPOA (Research on Poverty Alleviation), which is a Tanzanian research institute specialising in research on poverty and poverty reduction. REPOA is mainly funded by the Government of the Netherlands.

other poor countries. The second chapter analyses the poverty reducing and/or enhancing policies and actions of the Government of Tanzania. *Chapter-3* provides an overview of foreign assistance received by Tanzania.

Part-II (Chapter-4) of the report identifies and analyses 6 different “narratives” on poverty and poverty reduction in Tanzania. These “narratives” are based on the thinking frameworks used by the various donors to analyse the characteristics and root causes of poverty and the most appropriate strategic approaches for the donors’ country assistance programmes in Tanzania.

Chapter-5 turns the attention away from the donors’ country programmes to individual poverty-oriented aid interventions. In spite of the recent shift in the focus of European donors’ country programmes towards institutional reform programmes (for instance in social sectors, fiscal management, civil service and local government), most of the European donors have conventionally operationalized their poverty reduction objective in Tanzania by implementing various types of individual projects. As we considered it still pre-mature (albeit important) to assess the poverty-reducing impacts of the recently initiated sector and institutional reform programmes we focused our more detailed inquiry on 16 European-funded projects and integrated area programmes. These interventions had been recommended to us by representatives of European donors, as interesting and potentially replicable “best practices” for poverty reducing aid in Tanzania. A case study of each intervention was conducted by one of our 6 Tanzanian (and one Dutch) research partners. *Chapter 5* summarises the key findings of these 16 intervention studies.²

We conducted a comprehensive round of interviews among the representatives of the European donors in Dar-es-Salaam and among Tanzanian civil servants and NGO-leaders frequently dealing with them. The interviewees were given a chance to give their anonymous subjective judgements about the poverty-orientation, the attitudes and the negotiation and decision-making procedures of the various European donors. *Chapter 6* gives the results. The final, 7th chapter summarises our main conclusions and recommendations.

Riihimäki/Nijmegen, September 1998.

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² Longer syntheses articles, written on the basis of the 16 intervention study reports, will be later published in a book to be edited by Voipio, Hoebink and Semboja, to be published by REPOA. Voipio, Hoebink and Semboja (forthcoming).

Part-I: Poverty, Policies And Aid

1. Poverty Situation in Tanzania – Causes and Trends

Whatever indicator is used, Tanzania is one of the poorest countries of the world. In Tanzania's case the choice of indicators, however, has a strong impact on the relative ranking of Tanzania among the poor countries. For development professionals from bilateral and multilateral development agencies, Tanzania has over the years been an arena for intellectual and ideological battles over the most appropriate measurements of progress in development.

Gross National Product (GNP) per capita

The internationally highly authoritative World Bank statistics, which rank countries according to the GNP/capita measure, have placed Tanzania among the bottom five countries year-by-year. According to the Bank's World Development Report 1997 only two countries, Mozambique and Ethiopia, ranked worse than Tanzania with her GNP per capita of US\$ 120.¹

Human Development Index (HDI)

On the other hand, the Human Development Index (HDI), a measure designed by the UNDP as a more people-centred alternative to the widely criticised single-dimensional money-metric GDP-measure, indicates that not only Mozambique and Ethiopia, but in fact as many as 26 countries lag behind Tanzania. Thus, if some of the most basic human welfare indicators, such as life expectancy and educational attainment are given a weight equal to that of GDP per capital, Tanzania's achievements seem somewhat more positive.²

Capability Poverty Measure (CPM)

Another approach to judging the relative poverty of nations is the Capability Poverty Measure (CPM), introduced by the UNDP in the 1996 Human Development Report. The CPM is based on the thinking of Amartya Sen,³ one of the world's leading development economists and poverty researchers. In Sen's thinking human development is defined by the expansion of capabilities. Unlike

¹ World Bank (1997b), Table 1. p. 214.

² UNDP (1997b), Table 1. p. 148. See also Technical note 2, p. 122.

³ Sen (1988), p. 15.

income, which is a means to improving people's lives, capabilities – such as capability to lead a life free of avoidable morbidity, or being informed, educated and well nourished – are ends.⁴

The capability poverty measure is a simple index composed of three proxy indicators that reflect the percentage of the population with capability shortfalls in terms of:

- (a) health/nourishment (under 5 children who are underweight) ;
- (b) safe reproduction (births unattended by trained health personnel);
- (c) educational attainments and gender equality (illiteracy among women).

The CPM differs from the HDI in that it focuses on people's lack of capabilities rather than on the average level of capabilities in a country. Using the capability poverty measure lifts Tanzania further up in the ranking list of world's nations: Tanzania leaves 43 countries behind along this scale. This shows that Tanzania has done relatively better in reducing the capability poverty of her poorest citizens than in raising the national average capabilities.

In another major statistical publication, *World Development Indicators 1997*,⁵ the World Bank has provided still further approaches to judging the poverty situation of world's countries:

Population below US\$ 1 a day

In order to be able to do cross-country comparisons the World Bank's *World Development Report 1990*, which had poverty as its special theme, introduced daily income of US\$ 1 (in 1985 international prices, and adjusted for purchasing power parity) as the international poverty line. According to the *World Development Indicators 1997*, in Tanzania 16.4 percent of citizens fell below the US\$ 1 per day poverty line. This figure is remarkably lower than the figures of many countries whom we have learned to consider substantially more prosperous than Tanzania, e.g. Zimbabwe (41%), Zambia (85%), Uganda (50%), Kenya (50%), South Africa (23%), Botswana (35%), Senegal (54%), Philippines (27%), India (52%), China (29%), Nepal (53%), Brazil (29%), Peru (49%), Nigeria (29%). A total of 32 countries ranked worse than Tanzania in this table.⁶

⁴ UNDP (1996), p. 109-112.

⁵ World Bank (1997c).

⁶ Ibid. Table 2.5, p. 50-53. In this table, data for many developing countries was lacking. Most likely also several of them would have ranked lower than Tanzania.

Poverty gap

The *World Development Indicators 1997* also provides comparative data on the *poverty gap*, which is the mean shortfall below the international poverty line (counting the non-poor as having zero shortfall) expressed as a percentage of the poverty line. This measure reflects the depth of poverty as well as its incidence. For Tanzania a poverty gap of 3.7 percent is given. Also this is considerably lower than in many other developing countries, e.g. Zimbabwe (14%), Zambia (54%), Uganda (15%), Kenya (22%), South Africa (7%), Botswana (13%), Senegal (25%), Philippines (7%), India (16%), China (9%), Nepal (17%), Brazil (12%), Peru (20%), Nigeria (12%). A total of 34 countries ranked worse than Tanzania.⁷

National poverty line

No official national poverty line has been determined for Tanzania. The situation is the same in most developing countries. Individual researchers and development institutions have developed and justified their own poverty lines. The World Bank uses in the *World Development Indicators 1997* the national poverty line determined for Tanzania by the ERB/Cornell survey of 1991.⁸ Compared to all other data in the same table,⁹ the column on *national poverty line* treats Tanzania less favourably: 51.1 percent of Tanzanians are indicated as falling below Tanzania's national poverty line. Only in eight other countries is the proportion of poor larger, according to the *World Development Indicators 1997*. These countries are Zambia (8%), Uganda (55%), Rwanda (51.2%), Philippines (54%), Peru (54%), Mauritania (57%), Haiti (65%) and the Gambia (64%).¹⁰

Poverty dynamics

Data availability and reliability is a real and long standing problem in the description and analyses of poverty in Tanzania. The recent discussion of the extent and temporal dynamics of poverty in Tanzania has been almost exclusively based on the ERB/Cornell study of 1991, which determined a nutritionally-based poverty line (daily incomes required for a daily caloric intake of 1900 kilocalories/person). On this basis authors close to the World Bank¹¹ have drawn conclusions about the positive pro-poor effects of the structural adjustment

⁷ See footnote 6. above.

⁸ Tinios *et al.* (1993).

⁹ World Bank (1997c), Table 2.5. p. 50-53.

¹⁰ *Ibid.* Here, too, data is lacking, however, for many countries that could be assumed to belong to the poorest, e.g. Chad, Ethiopia, Malawi, Mozambique, Sierra Leone, Niger, Burkina Faso etc.

¹¹ Sarris and Tinios (1994) and Ferreira (1994).

programmes since the latter half of 1980s. This conclusion has, however, been contested by other more critical researchers.¹²

A perhaps more accurate analysis is presented by Semboja¹³ and by a more recent World Bank document¹⁴ according to which the incidence of poverty in Tanzania declined between 1983 and 1993 but rose thereafter in 1993-1995.

For domestic politics, a more alarming trend, which all researchers seem to agree on, has been the clearly widening inequality gap between the better-off (mainly urban dwellers) and those (mainly rural people) who have remained poor. According to a recent World Bank study (1996)¹⁵ the richest quintile of Tanzanians controlled about 45 percent of total income, and spent about six times more per adult equivalent than those belonging to the poorest quintile, the latter found to control less than seven percent of total income in 1993. The ratio of the average income of the better-off to the hard-core poor rose between 1983 and 1991 from 8.1:1 to 29.6:1.¹⁶ The main emphasis of the World Bank sponsored studies in Tanzania¹⁷ has been on the inter-area and inter-household differences, whereas some others have drawn more attention to the intra-area and intra-household (gender and age group) differentiation in ownership of material assets (like land) and access to productive and social services (credit, inputs, water, health services and education).

Several expenditure-based surveys in Tanzania¹⁸ have witnessed against the widely held view according to which the female-headed households are among the poorest of the poor in Tanzania. The subjective wealth ranking methods used by the *Participatory Poverty Assessment* conducted by the World Bank in 1995,¹⁹ clarified the picture by indicating that due to their fewer capital assets (land, livestock etc.), less education and more dependants, the female-headed households have remained more vulnerable (and thus poor) than their male-headed counterparts at all income levels.

Social services

To some extent Tanzania has performed better in the basic social services (primary education, basic health care, drinking water and sanitation) than many countries in the same level of economic development. In recent years, however, the country has

¹² E.g. Raikes and Gibbon (1996), p. 284.

¹³ Semboja (1998).

¹⁴ World Bank (1996), p. 67.

¹⁵ World Bank (1996).

¹⁶ Raikes and Gibbon (1996), p. 284.

¹⁷ With the exception of the *Participatory Poverty Assessment* 1995. See Narayan (1997).

¹⁸ E.g. URT (1994b).

¹⁹ Narayan (1997).

lost some of its strengths in this area. The poor have suffered more from the decline of social services than the rich.

The Trends in Tanzania's Gross National Product (GNP) and other economic indicators

The standard set of economic indicators used by economists to assess the relative prosperity or poverty of a nation shows that at least in macro-economic terms Tanzania is one of the poorest countries of the world. The IMF statistics on Tanzania indicate a positive trend in the national economy of Tanzania during the 1990s, however. The real GDP growth rate exceeds the population growth rate²⁰ and is expected to do so in the years to come. In the financial year 1994/95 the change in real GDP (2.6%) was still at par with the population growth rate but has since then improved, reaching 4.1% in 1995/96, 3.9% in 1996/97 and was projected to reach 4.7% in 1997/98.²¹ The Enhanced Structural Adjustment Facility (ESAF) agreement between the IMF and the Government of Tanzania aims to raise the growth rate during the last years of the Millennium to at least 6 percent per year. Average inflation has dropped from 34.0% in 1994/95 to about 13 percent in 1997/98. The imports still exceed the exports by a factor of two, but in 1994/95 the factor was almost three, meaning a modest reduction in the negative current account balance. Also the real effective exchange rate, the interest rate, the general government balances as well its current savings have moderately improved. (See Table 1.1.) In IMF's judgement²² Tanzania has implemented the agreed macro-economic policies vigorously during the past few years, and has performed better than expected in the fiscal and external sectors.

²⁰ Various statistical sources estimate slightly different population growth rates for Tanzania. The estimates vary between 2.4% (UNDP 1997b - for years 1994-2000), 2.6% (World Bank 1997c - for years 1995-2010) and 3.0% (World Bank 1997b - for years 1990-1995).

²¹ IMF (1997).

²² IMF (1997).

Table 1.1. Tanzania: Selected Economic Indicators²³

Year	1994/95	1995/96	1996/97	Projection for 1997/98
	<i>Percentage change</i>			
Domestic economy				
Change in real GDP	2.6	4.1	3.9	4.7
Change in consumer prices (period average)	34.0	25.7	17.1	13.0
	<i>In millions of U.S. dollars 1/</i>			
External economy				
Exports, f.o.b.	593	696	794	845
Imports, f.o.b.	1,510	1,370	1,388	1,672
Current account balance (In percent of GDP)	-547 -11.0	-341 -6.0	-152 -2.2	363 -4.9
Capital account	324	171	171	327
Gross official reserves (In months of imports)	255 2	240 1	461 3	591 3
Debt service (including to the IMF) 2/	43	37	27	20
Change in real effective exchange rate (in percent) 3/	-3.8	22.2	14.2	n.a.
	<i>In percent of GDP</i>			
Financial variables				
General government balance	-3.9	-2.2	2.3	0.5
Government current savings	-2.7	-0.8	1.3	1.1
Change in broad money (in percent)	36.4	16.1	18.2	10.4
Interest rate (in percent) 4/	38.6	14.4	8.4	n.a.
<i>Sources:</i> Tanzanian authorities and IMF staff estimates.				
1/ Unless otherwise noted.				
2/ In percent of exports of goods and non-factor services.				
3/ (+) - appreciation.				
4/ Treasury bill rate, end of period.				

In summary, among the poorest countries of the world Tanzania ranks very low in terms of its national economic indicators. The trend is towards the better, however. In terms of the human welfare and capabilities of its citizens, Tanzania fares relatively better than many other countries with a healthier macro-economic situation. The widening inequality gap between the better and worse off Tanzanians is an alarming trend, however.

²³ Ibid.

2. Government Actions in Support of Poverty Reduction

Economic policies

The Government of Tanzania today regards poverty *'the single greatest scourge of the Tanzanian society'*.¹ The Government is committed to the national vision according to which absolute poverty will be halved in Tanzania by the year 2010 and totally eradicated by 2025.²

This commitment in no way deviates from the guiding principle of all Tanzanian governments since the Arusha Declaration in 1967. Already over 30 years ago Tanzania's charismatic leader and first President, Mwalimu Julius Nyerere declared war against the three main enemies hindering development in Tanzania. These were ignorance, disease and poverty. In the 1960s, 1970s and 1980s several national 5-year development plans were formulated and implemented aimed at eradicating the three enemies. The institutions of governance were carefully crafted to match with the vision of the day, the mono-party and centralised planning framework. Even the local government system was replaced by a de-concentration system. The countryside was to be organised into municipal (*ujamaa*) villages.

The international community was interestedly and enthusiastically supporting Tanzania's 'African socialist' experiment, based on a policy of distributing wealth, opposing social inequality, effective nationalisation and state control of the principal sources of production and of foreign aid. This policy was, however, combined with a systematic repression of alternative political opinions and rivals such as opposition parties, free labour unions, farmers' independent cooperatives and critical student movements.

As noted in the National Poverty Eradication Strategy of Tanzania's present Government,³ the Tanzanian post-independence leaders had inherited an economic structure which grossly neglected the social welfare of the local population and one which was sternly poised to serve external interests set up by the colonial regime. Employment opportunities were extremely limited. About 5 percent of the population was employed but mainly as labourers in foreign-owned plantation estates. Another 5 percent were employed in urban areas as clerks, nurses and housekeepers. The majority, about 90 percent of the population, worked on their own land as subsistence farmers. The manufacturing sector was small, foreign-owned and its products were mainly processed primary commodities for export. The health sector was under-developed and poorly served, and most government hospitals were urban-based. Education opportunities were limited; and only a few

¹ GOT (1997).

² GOT (1997) and Vice-President's Office (1998).

³ URT (1998), p. 7.

Tanzanians had a high, middle or even low level of technical education. The transport infrastructure was very weak.

Thus, soon after independence, dramatic state interventions were initiated to reduce economic and social inequalities in resource distribution and control. National campaigns '*Uhuru na Kazi*'⁴ and '*Uhuru ni Kazi*'⁵ were launched to extol the virtues of work as a basis for development and self dignity. It was also a strategy of enhancing employment opportunities. Also, the government implemented various policies in the social services sectors for promoting education, health and water supply services. These policies included *Universal Primary Education (UPE)*, *Education for Self-Reliance*, *Adult Literacy Education*, '*Mtu ni Afya*'⁶, *Primary Health Care for All*, *Water is Life*, *Water for All*, and others.

On the economic and social fronts Tanzania made noticeable progress up to mid-1970s. The GDP grew at an average rate of 4.7%, compared to the population growth of 3.3%. In education, several indicators showed that Tanzania had made tremendous progress in eradicating illiteracy. For example, over 90 percent of school-age children were able to enter Standard I in primary school and literacy rate of 90 percent was achieved. Success in the health sector included the increased numbers of rural and urban health centres, regional and district hospitals and training centres for medical and health staff. Access to other social services also improved substantially, leading to gains in the social and poverty indicators.⁷

However, the combined impact of restrictive and poor domestic policies – above all the neglect of the small-scale agricultural sector – and inexperienced management as well as unfavourable external shocks⁸ depleted the Government's budget and intensified the economic crisis in Tanzania. The exports and the GDP per capita declined rapidly. The governance and institutional arrangements opened room for heavy bureaucracy and corruption and led to severe shortages. The poor bore the brunt of the socio-economic and political decline.

In mid-1980s the Government of Tanzania was forced – under heavy pressure from the international donor community – to accept an agreement with the International Monetary Fund, (IMF). The Government committed itself to a major macro-economic structural adjustment programme, aimed at tightening the fiscal, monetary and exchange rate policies in order to restore the growth and dynamism of the national economy. Since the first Economic Recovery Programme (ERP) in

⁴ '*Uhuru na Kazi*' = '*Freedom and Work*' in Swahili.

⁵ '*Uhuru ni Kazi*' = '*Freedom is Work*' in Swahili.

⁶ '*Mtu ni Afya*' = '*A Human Person means Health*' in Swahili.

⁷ URT (1998), p. 7-8. See also Semboja (1998), p. 6-7.

⁸ Increased oil prices, the decline in the world market prices of Tanzanian raw material exports, long periods of drought, the expensive war against Uganda's dictator Idi Amin and the break-up of the East African Community.

1986 a series of similar structural adjustment programmes has followed up till today.

Although opinions vary greatly, it can be retrospectively concluded that the overall results of the tightened fiscal policies have been positive. With the exception of the tax evasion scandal of 1994 the track record of the Government of Tanzania has been relatively good.⁹ Revenue collection has picked up, and expenditures have grown considerably more slowly than revenues. Fiscal deficit to GDP has declined, reaching a small surplus in 1995.

In spite of these positive developments in Tanzania's macro-economic situation Tanzania still remains gravely aid-dependent. The important role the foreign assistance plays is underlined when it is compared to other resource flows (See Table 2.1.) The value of ODA as percentage of GNP more than doubled between 1975-1994. In 1994 ODA received by Tanzania equalled over 90 percent of Tanzania's gross domestic investment, almost half of Tanzania's imports and four fifths of Tanzania's exports. For two decades the foreign assistance has contributed between 50 and 75 percent of the government's development budget.

Table 2.1.

The importance of foreign aid in Tanzania's economy, selected years

Year	Total ODA (US\$ millions)	ODA per capita (US\$)	Aid dependency ratios			
			ODA as percentage of			
			GNP	Gross domestic investment	Imports of goods and services	Exports
1975	296	17	12	n.a.	39	81
1980	667	35	12	n.a.	55	132
1985	487	44	17	n.a.	49	170
1990	1,175	46	32	83	70	89
1994	969	34	30	91	48	80

Sources: World Bank (1997b, 1997c); Porvali *et al* (1995), p. 126; OECD, Geographical Distribution of Financial Flows to Developing Countries, various issues; URT: Economic Surveys, various years.

⁹ Tanzania has since then paid a heavy price for the unfortunate mistakes of the Tanzanian authorities in 1994. In relation to the recent World Bank/IMF HIPC-initiative, aimed at eliminating the unsustainable foreign debt burdens of *heavily indebted poor countries (HICP)*, the eligibility of the poor countries to the HIPC-scheme has been judged according to length of the 'track record', i.e. the period the countries have followed an adjustment programme agreed with the IMF. For eligibility to HIPC debt relief, IMF requires a track record of six years (two successive 3-year IMF-programmes). In the case of Tanzania, IMF has been highly inflexible in interpreting Tanzania's track record. Several observers, e.g. Oxfam International have estimated that since Tanzania has introduced far-reaching economic and political reforms and followed the adjustment programmes with good discipline and good results already since mid-1980s (with the exception of the tax evasion scandals in 1994), it has already proven eligible for HIPC and deserves to be rewarded for its good performance. See Oxfam (1998).

The macro-economic adjustment measures since mid 1980s have also influenced the redistribution of wealth and poverty in the country. As a result of the on-going privatisation process a larger share of the income tax burden has shifted to individuals, raising the level of inequality. On the other hand, the progressivity of the PAYE tax continues to be high in Tanzania. Consumption taxes are believed to be regressive, but since most of the food consumed in the country is locally produced and un-taxed, it is likely that consumption taxes in Tanzania are still today progressive and pro-poor. The declining indirect burden on agriculture must also have benefited the rural poor, particularly those producing cash crops.

On the expenditure side, the government has spent most of its resources to debt repayments and to the salaries of teachers and health staff. This has led to under-funding and under-utilisation of the essential social and infrastructural services, such as health, education, water and roads. Also productivity and aggregate output have thereby suffered. Allocations within education and health have not been equitably distributed among beneficiaries. The high income (non-poor) urban groups have benefited more than the rural poor from the relatively expensive secondary and tertiary education programmes and hospitals.¹⁰

In the context of poverty and income distribution the pricing and allocation of credit is a key element of monetary policy. Prior to the economic reforms both the pricing and allocation of credit were administratively determined. Interest rates were fixed artificially low and most credit was channelled to public institutions (including cooperatives) even when they were credit unworthy and defaulters. The result was declining savings and productivity. In 1991 the private sector received only 5% of the commercial bank credit. This share, however, began to rise in 1992 (to 37%) and further to 65% in 1994 and 1995. This change has definite productivity-increasing (especially in the long run) and poverty-reducing implications.

The official and parallel exchange rates were unified in Tanzania by early 1990s. The removal of the anti-export bias of trade policies has clearly favoured the rural agricultural sector, where four fifths of the work force are engaged. Since unemployment benefits and other instruments of social security are extremely weak in Tanzania, lack of livelihood (employment) is one of the central reasons of poverty in Tanzania. The public sector is still the largest formal sector employer, but the role of the private sector is rising. In the context of the Government's Civil Service Reform Programme (CSRP) some 63,000 civil servants had been retrenched by February 1998, and there were plans to retrench about 10,000 more.¹¹ Therefore, the potential for increased employment must come from the private sector. The question is, formal or informal? The informal sector still employs more people than the formal. Its development, and gradual integration

¹⁰ World Bank (1995 and 1996).

¹¹ HUKS (1998).

with the formal sector, largely depends on the accessibility of credit, product and input markets, provision of basic business skills, etc.

Democracy, decentralisation, participation and empowerment

Political pluralism was introduced in Tanzania in 1992, albeit with some pressure from the donor community. A number of political parties have emerged, but the former monopoly party CCM still holds a strong 2/3 majority of seats in the Parliament. Important mentality and institutional changes have, however, already taken place: The separation of powers between the ruling party, the legislature and the executive at all levels has proven, that change is possible and inevitable. The free press has emerged as the *de facto* strongest political opponent of the ruling party.

In Tanzania, the local authorities (district councils) are primarily responsible for the provision of primary education, primary health care, local roads and rural water supply. Over 80% of the district councils' expenditures are, however, financed by Central Government grants (largely with aid money) which are tied by sectors and activities. Although planning and decision-making ought in principle be participatory, in practice, top-down approach to planning has been more common. In the frameworks of the on-going Local Government Reform Programme (LGRP) and the sectoral reforms of education and health policies a new major effort has been taken to revive the democratic and participatory nature of district-level decision-making. The Government has decided to remove implementation responsibilities from the regional administrations (which were satellites of the Central Government) to the district councils. The reforms will make staff at the local authorities accountable to local councils. Local inhabitants will also be increasingly expected to provide self-help and user fees against Central Government matching grants. The mechanisms aimed at ensuring the geographical equality of such systems are currently being tested in several districts, with donor support.

Tanzania has since 1967 operated through administrative controls of resource, goods and services allocation and encouraged public sector led development at the expense of the private sector. This institutional system has provided favourable conditions for the development of bureaucracy and corruption. President William Mkapa appointed a Presidential Commission in January 1996 to study the causes and extent of corruption. The Commission's report (*the Warioba Report*) concurred with the President's view that corruption was widespread in practically all ministries and other public authorities at all levels of the country. The donor community is actively engaged in pressurising and supporting the Government to carry on with the follow-up of the Warioba report.

From the point of view of foreign investors, Tanzania is still a high risk and difficult country. Despite a decade of economic reforms the country's business environment continues to face a number of problems, such as a deficient legal environment, poor infrastructure, bureaucracy, corruption and inappropriate attitudes/culture.¹² Deficient legal environment raises the costs of doing business. The disadvantaged groups and the poor suffer the most from these weaknesses of the system. For example, the laws of inheritance and divorce in Tanzania are governed by customary, Islamic and statutory laws. In many parts of the country, customary law prevents women from inheriting assets (especially immovable assets such as land and houses) except through their children (sons). In practice, the few (mostly single/unmarried) women who have acquired land have done so through the slowly emerging land market. As a result, although the proportion of landless rural households is small, female-headed households are twice (4%) as likely as male-headed households (1.8%) to be landless. Furthermore, the average land size owned by male-headed households was 6.08 acres compared to 3.74 acres for female-headed households.¹³ Present efforts by the Government, e.g. re-visiting the land law policy, are aimed at resolving the legal problems. There is, however, a long way to go in this area.

The roles and contributions of the voluntary sector, which includes non-governmental organisations (NGOs) and people's organisations (POs) have varied over time in Tanzania. Prior to the announcement of the Arusha Declaration in 1967 the voluntary sector was an active partner of the Government in service provision, mainly in the neglected (mainly rural) areas. The independence Government then took over most of the NGO structures. In early 1980s the Government's economic capacity to finance the expensive social services diminished, however, and the Government again declared to welcome the voluntary sector as partners in provision of social services. The number of registered NGOs has grown to over 8000 from a bare 200 in the late 1980s.

Tanzania's infrastructural condition (transport, communications, water and electricity) is inadequate, unreliable and expensive. For instance, although the road network is wide (88,000 kilometres), poor maintenance has led to significant deterioration. Since 1990 the government has given high priority to roads rehabilitation and maintenance. The bulk of the efforts has, however, focused on the trunk roads. District and feeder roads which fall under the district council management have basically been ignored.

Several targeted and safety net programmes have been designed and implemented in Tanzania either jointly or separately by the Government, the donors and the NGOs (local and international) to reduce poverty. Many of these programmes have aimed at supporting income generating activities e.g. through youth training, credit

¹² Semboja (1998), p. 19.

¹³ Semboja (1998); World Bank (1996), p. 108-9.

schemes (mainly for women) and labour-intensive public works. The use of official minimum wage in all programmes, regardless of the type of work, location of work site, etc. and the lack of explicit policy to target the poorest have raised the costs of the Government-managed programmes, however, and failed to benefit the poorest who did not necessarily have the chance to participate.

The largest share of donor supported programmes targeting income generating activities for poverty reduction are multi-sectoral ‘integrated rural development programmes’ (IRDPs) in the regions or the districts. Most of these programmes cover many more areas (education, roads, forestry, water, health, capacity building of civil servants, etc.) besides credit schemes, business skills training, labour based rural roads contractor training, etc. The prominent donors involved in IRDPs are the Netherlands, Ireland, Finland, UNDP and Unicef. The NGO supported activities are naturally more area and activity specific and much smaller in scale than those of governmental donors.

The Government ‘narrative’ on poverty reduction in Tanzania

Until very recently, the Government of Tanzania did not have any universally internalised national strategy for poverty reduction. In follow-up of the commitments made in the Copenhagen Social Summit 1995, and with financial and moral support from the UNDP, the Government, however, established a small *Poverty Eradication Division* in the Vice-President’s Office in 1996, and asked it to draft a *National Poverty Eradication Strategy*. The Division has written and translated draft texts into Swahili and arranged for respectably wide participatory consultations all-over Tanzania. A final draft was presented to – and approved by – the Cabinet in January 1998. Now the Poverty Eradication Division is faced with the challenge of circulating the policy widely enough in Tanzania to make sure that it is widely read and universally internalised. But there is a long way to go...

In reality, a government of a poor country like Tanzania has to be opportunistic, and flexible in adapting its ‘strategies’ to the rhetorical tones favoured by its various donors. This is why one can hear the Tanzanian authorities sing different tunes, depending on the piper: The ESAF Policy Framework Paper¹⁴, which is the key agreement between the Government of Tanzania and the International Monetary Fund (IMF), negotiated by the Ministry of Finance, defines poverty and Tanzania’s poverty reduction strategies quite differently (much more narrowly) than the National Poverty Eradication Strategy document, which has a lot of UNDP-flavour in it. Therefore, it is also important to try to understand the political weights of the various documents and strategies. The ESAF-Policy Framework Paper is one of the ‘heaviest’ documents, since its implementation is continuously monitored by Tanzania’s external creditors, and ‘slippages’ are almost

¹⁴ IMF (1996).

automatically sanctioned by worse financial conditions in the next round of credit and debt rescheduling negotiations.

The ‘poverty-narrative’ of the ESAF-PFP is almost a replica of what we shall call (in chapter 4) the ‘Neoliberal narrative’¹⁵: *Higher economic growth is the first priority. Higher growth rate would generate additional revenues that would allow the government to target larger resources to improve the welfare of the poor. Liberalization has reduced the incidence of rural poverty, except during the past 2 years. Because poverty in Tanzania is primarily a rural problem, it can be addressed through liberalisation of markets, greater integration of the rural economy into the monetised economy through construction of feeder roads, better information for producers, and better rural infrastructure for communications and power. Women and children can benefit from well-targeted rural programs and market-oriented reforms that increase the returns on agricultural activities.*

Some Tanzanian civil servants and academic economists have during the past 15 years learned to write texts like this, so theoretically this text could have been written by Tanzanians. Most probably it is written in Washington D.C., however, and the Tanzanian ‘ownership’ of (or commitment to) it remains a real problem. A probably more typical Tanzanian view was expressed by the newly elected President of the Republic, Mr. Benjamin W. Mkapa, in an interview¹⁶ in November 1995:

‘If you could assure the Tanzanians clean water, education and basic health care, that would not raise the level of wealth but, certainly, it would reduce the level of poverty because the quality of life would be so much better, and that is more important than cash itself.’

President Mkapa – as many other Tanzanians – seems to find it difficult to regard market liberalisation and monetization of rural life as The Fundamental Pillars of Tanzania’s struggle against poverty. Instead, Mkapa has several times emphasised that the basic ideals of the 1967 Arusha Declaration¹⁷ are still valid. Mkapa said in 1995:

‘The kind of socialist values that are so clearly part of this manifesto (Arusha Declaration): African life history and African life tradition, the caring for each other, the caring for the aged, the caring for the children, the brotherhood, unity and so on. These are the values that really must remain with us because they are deeply rooted in our history... Now the pressure is to say that Government has no role.... To swing from one extreme of the pendulum to the other. That’s nonsense. I don’t accept that. There must be a role, but re-defined or moderated... But for me, the area we should have

¹⁵ See Table 4.1. and sub-chapter 4.2. of this report.

¹⁶ Martin, 1995.

¹⁷ The Arusha Declaration (Nyerere, 1968) declared a ‘war’ against the three main enemies of the newly independent Tanzania: poverty, disease and ignorance.

worked on more was this business of self-development, self-reliance...This was the message of the Arusha Declaration. Work and work. We have the land, we have the people, we have to work on it.'

The Tanzania National Poverty Eradication Strategy¹⁸ defines poverty as follows:

'Poverty at its broadest level can be conceived as a state of deprivation prohibitive of decent human life. This is caused by lack of resources and capabilities to acquire basic human needs as seen in many, but often mutually reinforcing parameters which include malnutrition, illiteracy, the prevalence of disease, squalid surroundings, high infant, child and maternal mortality, low life expectancy, low per capita income and expenditure, poor quality housing, inadequate clothing, low technological utilisation, environmental degradation, unemployment, rural-urban migration, and poor communications.'

The National Poverty Eradication Strategy document categorises the causes of poverty into two groups, internal and external. It then goes on to identify the key challenges and the existing opportunities in poverty reduction in Tanzania. On the basis of the situation analysis the Strategy document then defines:

The Overall Goal of the poverty reduction efforts of the Government of Tanzania, which is to eradicate 50 percent of abject poverty in Tanzania by the year 2010. This quantitative target was in a previous draft defined as total eradication of poverty by year 2005. However, to streamline the Poverty Eradication Strategy with the parallel overall development strategy of Tanzania (*Development Vision 2025 for Tanzania*), which had set the year 2025 as the target year, '*by which the Tanzanian society must have freed itself from abject poverty*'¹⁹ the ambition level was dropped to a more realistic level.

Summary

Poverty reduction has been a policy objective of the Government of Tanzania since the Declaration of Arusha in 1967, which set out a socialist course for development. National policy objectives such as redistribution of wealth to the poorer section of the population and the *ujamaa* villagization policy appeared pro-poor but resulted, in effect, in a systematic repression of alternative political opinions. Agriculture and especially small scale agriculture were in reality neglected. Economic pressures led to drastic budgetary cuts, especially in those areas which are more potentially favourable to the poor, e.g. basic health and primary education. Still today, the government's scarce resources tend to be skewed disproportionately toward the richest quintile which largely live in the

¹⁸ URT (1998), p. 1.

¹⁹ GOT (1997), p. 4.

towns and capture the more expensive subsidies like those for urban-based hospitals, universities and municipal water supply systems.

In mid-1980s Tanzania was forced to commit itself to a major macro-economic structural adjustment programme, with results that can retrospectively be assessed as positive. Also important institutional changes with potential pro-poor impacts have taken place. Political pluralism was introduced in Tanzania in 1992, leading to a separation of powers between the ruling party, the legislature and the executive. Taxation and many laws, e.g. on divorce and inheritance, however, still disempower the disadvantaged, e.g. the women. Bureaucracy and corruption are widespread. The poor suffer the most from these weaknesses of the system.

More recently the Government of Tanzania has approved a National Poverty Eradication Strategy which commits itself to halving absolute poverty by 2010 and to eradicating it totally by 2025. The on-going Local Government Reform is an attempt to revive the democratic and participatory nature of local level decision-making. Local inhabitants will also be increasingly expected to provide self-help and user fees against Central Government matching grants. The government is, however, yet to decide how to ensure equal access to basic services for those districts, communities and individuals who have lower capacity to contribute their shares of the costs.

3. Foreign Aid to Tanzania

It is widely believed in donor countries that Tanzania is the world's most generously treated and 'spoiled' aid-receiver. It is, however, only in terms of aid as a percentage of GNP that Tanzania comes high in the list of aid recipients. Looking at aid per capita figures, it is easy to see that they are not high in Tanzania compared to other African countries. Over the 1980-94 period the average per capita ODA¹ for Tanzania hovered around US\$ 27, well below such countries as Somalia (US\$36), Zambia (US\$48), Senegal (US\$51) and Botswana (US\$83). In 1992 Tanzania ranked 19th out of the 46 Sub-Saharan African countries with regard to the level of per capita ODA.²

During the years Sweden has been Tanzania's most generous donor, spending more than US\$ 1.7 billion during the last 25 years, which was over 12 percent of all aid flowing into Tanzania. (See Table 3.1.) Most recently Swedish aid to Tanzania has decreased rapidly: In 1994 it was just about one third of the volume of 1991. The Netherlands are at second place looking at the overall volume of aid to Tanzania between 1969 and 1995. Germany, Norway and Denmark, spending around US\$ 1.1 billion are ranked three to five. Behind this top five we find Japan, the United Kingdom and, surprisingly, Italy with an aid volume of around US\$ 800 million. Japan, a rather small donor in earlier years, steadily became Tanzania's most generous donor in 1994. British aid fluctuated during the years being at its lowest levels between 1984 and 1986, then reaching a peak in 1992 (being Tanzania's largest donor in that year), and being more than halved after that. A third group of donors consists of Canada, Finland and the USA (US\$ 500-600 million). The smaller European donors especially Ireland and Switzerland play a far more important role in poverty-oriented assistance than their small overall volumes of aid would indicate.³

The sectoral composition of aid to Tanzania has changed over time. In the 1960s most project assistance was directed to the agricultural and transport sectors. During the 1970s, emphasis shifted towards industry and energy. Transport emerged as an important aid recipient during the late 1980s and early 1990s.⁴ Statistics seem to contradict the widely shared perception that, particularly in the case of Tanzania, lots of donor money has been invested into rural development, education and health care projects. On the contrary, the predominant development strategy seems to have over-emphasised physical capital and neglected the role of agriculture and human capital. Falck⁵ suggests that the reason may be in the attractive job and export opportunities that project aid to large industrial projects

¹ ODA = Official Development Assistance.

² Wangwe (1997), p. 1.

³ See Annex 1. for the trends in multilateral and bilateral aid flows to Tanzania 1969-1994.

⁴ Wangwe (1997), p. 2. See also Porvali *et al.* (1995), p. 61-112 and Falck (1997), p. 16.

⁵ Falck (1997), p. 162.

offers to aid workers and exporting companies from the donor countries. Anyway, during the 1990s the proportion of the industrial sector in aid allocation has dramatically decreased and has been replaced by allocations to economic management and administration.

Table 3.1.
Tanzania's main donors, and their percentage shares of total net ODA (disbursements)

Donor	1970-79 (% of total)	1980-89 (% of total)	1990-92 (% of total)	Total (%)
Bilateral, total	74.2	79.3	67.5	74.2
Sweden	17.9	10.9	10.8	12.1
Netherlands	10.5	8.5	5.6	8.1
Germany	10.7	7.5	5.7	7.6
Norway	6.4	7.9	7.6	7.6
Denmark	8.2	6.6	7.3	7.1
UK	4.3	6.2	5.5	5.7
Italy	0.2	6.8	5.9	5.4
Japan	2.2	6.3	4.8	5.2
Canada	7.5	4.2	2.7	4.4
Finland	3.0	4.1	3.5	3.8
USA	7.1	2.4	2.8	3.4
Nordic countries; Total	35.5	29.5	29.3	30.5
Multilateral: Total	20.2	22.8	32.4	25.0
IDA	7.4	10.3	16.3	11.4
EC	3.5	4.8	5.4	4.8
UN system	5.5	4.3	4.4	4.4
OPEC countries	0.5	1.4	0.1	0.9

Source: Porvali *et al.* (1995), p. 124.

Table 3.2.
Ranking order of Tanzania's donors with regard to aid volume

1970	1975	1980	1985	1990	1993	1994
1. USA	1. Sweden	1. Netherl.	1. Sweden	1. Sweden	1. Sweden	1. Japan
2. Sweden	2. USA	2. Sweden	2. Norway	2. Italy	2. Japan	2. Denmark
3. Italy	3. Canada	3. Germany	3. Denmark	3. Norway	3. Denmark	3. Germany
4. Germany	4. Germany	4. UK	4. Netherl.	4. Netherl.	4. Germany	4. Netherl.
5. Denmark	5. Denmark	5. Norway	5. Italy	5. Denmark	5. Norway	5. Sweden
6. Switzerl.	6. Netherl.	6. Japan	6. Germany	6. Germany	6. Netherl	6. Norway
7. Canada	7. Norway	7. Denmark	7. Canada	7. Finland	7. UK	7. UK
8. Norway	8. Finland	8. USA	8. Japan	8. Japan	8. USA	8. USA
9. Netherl.	9. UK	9. Canada	9. UK	9. USA	9. Italy	9. Finland
10. Japan	10. Japan	10. Finland	10. USA	10. Canada	10. Belgium	10. Switzerl

Source: Calculations on basis of *Geographical distribution of financial flows to developing countries*, Paris, OECD, different years.

The largest share of aid has come to Tanzania in the form of project aid. This form of aid has two kinds of disadvantages for the recipient: First, Tanzania has had to contend with a large number of donors, each with their own specific approaches and administrative procedures. Second, as the donors have refused to pay other than the initial investment costs, the related local and recurrent costs of the projects have risen prohibitively high for Tanzania. This has resulted in enormous under-utilisation of the capacities of the factories established with aid money.

Three important changes in donor programmes in Tanzania since the mid-1980s are worth noting.⁶ First is the shift in emphasis from project to programme aid. The second change has involved a shift towards financing in the form of recurrent budget support. Third, the growing concern about aid effectiveness has enhanced donors' interest in Tanzania's macroeconomic policies and policy conditionality led by the International Financial Institutions and supported by most donors.

In 1993–4 the relationships between the Government of Tanzania (GOT) and its aid donors deteriorated seriously. Donors were deeply concerned with what they perceived as fiscal mismanagement, corruption, and inadequate attention to democratic processes in Tanzania. The difficulties originated with the long-standing failure of the GOT to collect, as had been agreed, all of the counterpart funds arising from donors' import support programmes. The relationships became even more strained in November 1994, when the newly introduced tax information systems revealed a major tax evasion. In the donors' view, the Government of Tanzania had lost its momentum and direction in the reform process, had little sense ownership of its major programmes, and was unable to exercise fiscal control because of declining administrative capacity and increasing corruption. After more

⁶ Ibid, p. 2.

than thirty years of support, the donors were disappointed with Tanzania's performance record. Having lost confidence in the GOT's administrative and budgetary controls, the donors had introduced control systems and independent projects of their own with the result that there was even less GOT ownership. Many donors accepted that they, too, were responsible, as long-standing partners, for Tanzania's failed projects and programmes.

To bridge the apparent differences between the Government and its aid donors, an independent group of advisers (*'Helleiner Group'*) was appointed. After the successful 1995 general elections, the consolidation of the new Tanzania Government, headed by President Benjamin Mkapa, the successful high level 'partnership consultations' between Tanzania and the Nordic donors in September 1996, and the new agreement with the IMF (achieved in November 1996) the time was ripe for a concerted approach to tackle the issues raised by the *Helleiner report*.

A donor-Government workshop held in Dar es Salaam in January 1997 achieved a remarkable consensus on the common objectives in a *'new partnership'*, which would imply *'a radical change of rules and roles between the partners in development'*. The guiding principle would be that *'Tanzania takes the lead'* or: *'Tanzania sits on the driver's seat'* and that *'Tanzania fully owns the development cooperation programmes in terms of planning, design, implementation, monitoring and evaluation'*.⁷ As a result of this painful process Helleiner now dares to say⁸ that Tanzania and its aid donors are *'out in front'*, compared to most other developing countries, in efforts to implement the new principles of partnership, as emphasised by the donors in their common aid strategy for the 21st century.⁹

The most tangible transformation in the modalities of aid during 1997–8 has been the shift from individual projects ('owned' by individual donors) towards Sector Development Programmes (e.g. in education, health, roads, agriculture, etc. sectors), based on national Tanzanian strategies and supported by a coordinated consortia of donors as well as towards coordinated donor-support to the civil service and local government reforms and to the democratisation, human rights and anti-corruption processes.

At present, donor coordination takes place at different levels. At the highest level is the Consultative Group. There has been a strong consensus among the donors about policy measures required, especially in the area of macro-economic reform. At the country-level in between the CG-meetings, the coordination takes place at Joint Government - Donor meetings. In between, technical level meetings are held at about monthly intervals. In addition, the donors meet among themselves each

⁷ Helleiner (1997), p. 1.

⁸ Ibid, p. 2.

⁹ OECD-DAC (1996).

month as the DAC Donors' Groups. Furthermore, about 20 sectoral groups have been formed to coordinate activities in the most relevant sectors as well as for specific topics, like gender. (See Table 3.3. below) Recently, the Government of Tanzania representatives have been invited to become involved in these groups as co-chairs or even chairs.

Thus, the machinery for donor coordination and the GOT participation, or even lead in it, is in place. However, the efficiency of aid coordination is still far from satisfactory. The main reason to this on the recipient side is Tanzania's weak institutional capacity for aid administration and the absence of appropriate sectoral plans and public investment programmes. The major problems on the donor side include the diversity and complexity of donor procedures, and high priority given to domestic commercial and political interests. In sectors such as health and education, each donor has had its own approach as to how the activities should be planned and implemented. This most likely reflects the large differences between the 'models' each donor has in mind from 'back home' as to the most appropriate relative roles of the central and local governments and the private sector in the provision of these basic services.

Summary

Over the years, Tanzania has been one of the favourite partners of many donors. However, looking at aid per capita figures Tanzania has not received more foreign assistance than the Sub-Saharan African countries on average. Sweden has been Tanzania's most generous donor, followed by the Netherlands, Germany, Norway and Denmark. In the 1990s Japan has, however, taken the top position among Tanzania's donors in terms of volumes of aid. Contrary to what many people in Europe seem to think, only a marginal proportion of Tanzania's aid has been directed into pro-poor rural development or to basic education, health and drinking water projects. Most of the aid millions have been invested into the heavy transport, industry and energy sectors. Currently, a tangible transformation in the aid modalities seems to be taking place in Tanzania: The donors are shifting their resources away from individual projects ('owned' by individual donors) towards sector development programmes (e.g. in education, health, roads, agriculture, etc. sectors), based on national Tanzanian strategies and supported by a coordinated consortia of donors. The donors also seem to be keen to support institutional reforms (of the civil service, local government, fiscal management, democratisation, anti-corruption) that are expected to have pro-poor impacts.

Table 3.3. Sectoral Donor Coordination in Tanzania (status: July 1997)

Sector working group	Focal GOT institution	Donor members	Facilitating agency
(1) Macro-economic (1a) budget (1b) BOP support	Ministry of Finance	SDC, IRL, EU, BEL, FIN, USAID, NOR, UNDP, DFID, DEN, SIDA, NL, WB, CIDA, IMF, GER, FR.	WORLD BANK
(2) Environment and natural resources	Vice President's Office	IRL, EU, GTZ, SDC, USAID, NOR, UNDP,	Netherlands
(2a) Food	Ministry of Agriculture	FAO, DEN, SIDA, NL,	FAO
(2b) Agriculture	Ministry of Agriculture	CIDA, FIN, WFP,	
(2c) Forestry & natural resources	Vice President's Office	GER, UNHCR, BEL, FR, JICA, JAPAN	Netherlands
(3) Education	Ministry of Education and Culture	IRL, GTZ, NOR, UNDP, DFID, DEN, SIDA, NL, CIDA, FIN, EU, UNICEF, JICA, UNESCO	Netherlands
(4) Private sector development and parastatal reforms	President's Office, Civil Service Dept.	EU, GTZ, SDC, NOR, USAID, UNDP, DFID, DEN, SIDA, NL, WB, CIDA, FR, FAO, ILO	USAID
(4a) Employment and income generation			
(5) Governance	Planning Commission	EU, GER, NOR, FIN,	UNDP
(5a) Civil Service Reform	President's Office, Civil Service Dept.	USAID, UNDP, DFID, DEN, SIDA, NL, CIDA, WB, IRL, SDC, FR	
(5b) Democratisation	President's Office, Civil Service Dept.		
(6) Infrastructure	Ministry of Works	IRL, EU, GTZ, WB, USAID, UNDP, DEN, CIDA, WFP, GEER, SDC, BEL, SIDA, NOR, FIN, JICA	
(6a) Roads			World Bank/SDC
(6b) Railways			
(6c) Power			NORAD/Finland
(7) Gender and Development	Ministry of Community Development, Women Affairs & Children	IRL, UNHCR, SDC, NOR, USAID, UNDP, FAO, DEN, SIDA, NL, CIDA, UNICEF, JICA	Rotating
(8) Population, health and nutrition	Ministry of Health	SDC, IRL, GTZ, DEN, UNHCR, NOR, USAID, UNDP, DFID, WHO, NL, UNFPA, CIDA, UNICEF, WB, FR, UNESCO, EU, JICA, SIDA	USAID/WHO
(9) Humanitarian issues and development	Ministry of Home Affairs	EU, UNHCR, NOR, CIDA, USAID, FAO, SIDA, NL, DEN, UNDP, UNICEF, WFP	UNDP

Source: DAC Donor Secretariat, c/o UNDP

Part-II: How To Assess Poverty And Reach The Poor

4. Strategic Donor Approaches at the Country Programming Level

Tanzania has a very strong, peculiar image and reputation internationally. For many European countries' bilateral aid programs Tanzania has already for 30 years been the (or one of the) largest single recipient(s). This is both a cause and a consequence for the image¹ of Tanzania in many European minds as the ideal-typical example of '*a poor-but-happy African nation*'. On the other hand, for the presently ruling generation of internationally oriented Western European intellectuals, Nyerere's Tanzania once was an inspiring example of how to turn equalitarian and communitarian societal ideals into real pro-poor politics and action.

In the interviews conducted for this study² several of the European donor representatives felt uncomfortable when they were asked to identify which components of their country programme in Tanzania could be categorised as poverty-focused. They felt that the objective of poverty reduction is the fundamental '*raison d'être*' underlying their whole country programmes. Poverty is simply the main reason why the Europeans are in Tanzania. According to this thinking all Tanzanians, as well as the Tanzanian Government, are poor, and consequently any aid to Tanzania reduces poverty.

Not all donors think in this way, however. Some European diplomats, notably the French, and a bit less openly the Spanish and the Italians did not even pretend to be in Tanzania in order to reach the poor and to reduce their poverty. They told us that they are in Tanzania for the same simple reasons why governments send diplomats to any other capital of the world: to promote the public image (in some cases the language) of their home country as well as the commercial interests of their companies. The rest of the donors present in Dar es Salaam claim to regard poverty reduction as the (or as one of the) main purpose(s) of their presence and activities in Tanzania. They take part, together with the Government of Tanzania, the World Bank, the UNDP and the research community in the fairly active national level

¹ This image has certainly been strengthened by the thousands of photos and films that have been circulated by European NGOs and governmental development agencies in Europe for fund-raising purposes.

² Interviews were conducted in the Dar es Salaam offices of 13 European bilateral donors. Two of them, Norway and Switzerland, are not members of the EU, but very active and influential members of the European donor community in Tanzania. In addition, representatives of the European Commission delegation, the World Bank, the UNDP and the Japanese JICA were interviewed. Four EU members, Greece, Portugal, Luxemburg and Austria have hardly any aid activities in Tanzania, and were therefore not covered by this enquiry.

dialogue about the root causes of poverty and about the best approaches for donors and the Government to intervene.

Some of the donors feel a need to reach to a direct encounter with the poor. They have realised that most of their past aid has been absorbed by the several layers of Government bureaucrats, and that the small funds that have reached to the villages have benefited only the more well-off population groups within the villages – probably reinforcing the inequalizing tendencies within the Tanzanian society. These donors therefore require very specific target group identification and strategic thinking to avoid ‘leakage’ of aid funds to the less needy Tanzanians, or worse still: to the Government’s bureaucratic machinery. On the basis of our interviews at least some activities of the World Bank, the UNDP, the Germans, the Dutch, the Irish, the British, the Swiss and the Finns seem to be motivated by this kind of thinking.

Other donors – e.g. the Norwegians and the Swedes – were more or less of the opinion that ‘targeting’ is useless waste of energy in Tanzania – even for the most poverty oriented donors – since all population groups are poor, anyway. Instead of targeting, they aim at helping the whole nation back onto its feet again. This cannot be sustainably done as long as Tanzania is so dependent on its donors. Also, a mismanaged economy is as detrimental – if not more detrimental – to the poor as it is to the more well-to-do Tanzanians. Therefore the main objectives now are to get the macro-economic imbalances corrected and to build capacities – and accountability – within the Government. The poor will – one day – be reached, indirectly, by the more effective, affordable and accountable Tanzanian Government system.

The differences between these rather opposite strategic choices of the donors can partly be explained by the ideological differences in the various donors’ trust on the potential of the government to become a central pro-poor institution of a society. In other words, some donors hope to be able to reduce poverty inspite of the government, whereas others cannot conceive a societal transformation towards a post-poverty welfare society to take place without an effective and accountable government. On the other hand, the donors’ different approaches also reflect their different attitudes towards what can be called contextual and non-contextual methods of poverty analysis.

Booth et al.³ suggest that we should distinguish methods of data collection (‘How we gain our knowledge?’) on a continuum from ‘*contextual*’ to ‘*non-contextual*’, while the more common distinction between ‘*qualitative*’ and ‘*quantitative*’ should be reserved for types of data (‘What sorts of things we know?’). Targeted poverty reduction programmes often rely on poverty assessment methods which are *contextual*. They, in other words, attempt to capture a social phenomenon (in this

³ Booth *et al.* (1997).

case: poverty) within its local social, economic and cultural context, including obviously ethnographies and *participatory rural appraisals (PRAs)*, but also survey-based longitudinal studies of single villages.

The donors who say that “everyone is poor in Tanzania, anyhow” mostly rely either on their own intuitive judgements or on the results of national level poverty assessments which are normally based on large-scale household surveys, for example of the *Living Standards Monitoring Survey (LSMS)* type, which lie at the non-contextual end of this spectrum in that the sampling, the interview schedule, the training of the enumerators and other aspects of best-practice technique are designed precisely to collect information that is untainted by the particularities of the context in which they are collected.

In our view the distinction between *contextual* and *non-contextual* approaches seems more useful than the often used distinction between *participatory* and *non-participatory* in explaining the major differences in the strategies chosen by European donors for their aid for poverty reduction in Tanzania. Sweden, for instance, is the major supporter of the Central Statistics Bureau of Tanzania, the leading authority responsible for the national ‘non-contextual’ living standard surveys, the results of which seem to satisfy Sida’s knowledge interests about poverty in Tanzania. Some field-level programmes supported by the Irish Aid, Finnida and the UNDP have, on the other hand, made their strategic operational decisions on the basis of the highly contextual knowledge, gained through PRAs and other contextual methods in the particular Tanzanian localities where they operate. Such methods have often revealed surprisingly large variations in the locally specific characteristics, root causes and dynamics of poverty – leading also to differentiated approaches to poverty reduction efforts in the specific communities concerned.

The differences in the various donors’ thinking are seldom so clear and extreme in reality, and there is a great variety of donor positions somewhere between these extremes. For analytical purposes we have, however, categorised the frames of thinking we encountered in our interviews into six different ‘*narratives*’ about poverty and poverty reduction in Tanzania. We call the six narratives by the following names: (1) The Government narrative; (2) The ‘Tanzania in the driver’s seat’ narrative; (3) The Neoliberal narrative; (4) The Participation narrative; (5) The Social capital narrative; and (6) The Trade and debt relief narrative.

The Government narrative was already presented in chapter 2. The remaining five narratives will be presented in this chapter. Table 4.1., however, first presents all the six narratives in a summary form. It must be understood, that such typologies rarely do full justice to the reality: There is a large degree of complementarity between the different donors’ approaches. An argument underlined by a certain narrative may also be supported by others, albeit with less emphasis. However, as

the donors' financial and intellectual resources are always bound to be limited, there is inevitably also some degree of competition between these narratives. Long and Long⁴ have called it 'a battlefield of knowledge'.

⁴ Long and Long (1992).

Table 4.1. Six frames of thinking about poverty and poverty reduction in the Tanzanian context⁵

Narrative/ Dimension	1 The Government narrative	2 The 'Tanzania in the driver's seat' narrative	3 The Neoliberal narrative	4 The Participation narrative	5 The Social capital narrative	6 The Trade and debt relief narrative
Motto	Economic growth is the key	Reform the Government	Liberalise the economy and reform the social sectors	Build capacities and accountability from bottom-up	Rely on and invest in local social capital. Do not let economic growth and donor interventions undermine Tanzania's strong social capital	Reduce Tanzania's debt burden and help Tanzania take full advantage from global markets to allow Tanzania to reduce its poverty independently
Characteristics of poverty	<ul style="list-style-type: none"> • deprivation; • lack of capability ; • poor social indicators; • gender inequality. 	Mentality of aid dependency is Tanzania's main problem.	<ul style="list-style-type: none"> • low income; • poor social indicators. 	<p>Poverty is multidimensional:</p> <ul style="list-style-type: none"> • low income; • poor social indicators; • social exclusion; <p>Donors (and economists) too often impose their definitions of poverty on Tanzanians who perceive and experience it differently.</p>	<p>Characteristics of poverty are location-specific, e.g. landlessness, poor farming tools, no cattle, food shortages, no access to social services, powerlessness, dependency, physical disability, women, female-headed households (lack of capital assets), social isolation.</p>	<ul style="list-style-type: none"> • the debt trap undermines Tanzania's own efforts to reduce poverty; • too limited and undiversified supply base to participate in international trade; • weak capacity to adjust to the new multilateral trading system; • liberalisation of imports will kill national production capacity; • erosion of Lomé preferences.

⁵ Borrowed and further developed from Maxwell (1997).

Narrative/ Dimension	1 The Government narrative	2 The 'Tanzania in the driver's seat' narrative	3 The Neoliberal narrative	4 The Participation narrative	5 The Social capital narrative	6 The Trade and debt relief narrative
Causes	<p>a) Internal:</p> <ul style="list-style-type: none"> poor policy; laziness & irresponsibility; <p>b) External:</p> <ul style="list-style-type: none"> debt burden; unequal exchange; cost of holding refugees (Great Lakes). 	<ul style="list-style-type: none"> too many donors; too many projects; too weak Tanzanian ownership; too much corruption; too weak political accountability; debt burden; access to export markets. 	<ul style="list-style-type: none"> bad macro-economic policies; inequities exist mainly inter-regionally ; semi-arid and isolated areas the most disadvantaged lack of access to cash crop; economy. 	<ul style="list-style-type: none"> vulnerability (to drought, macro-econ. shocks etc.) is the key dimension; different kinds of poverty, different reasons: <ul style="list-style-type: none"> chronic or transitory? constant or seasonal? inequity within agro-ecological zones (regions/districts) is an important feature; resource-poor households (land, livest.) particularly at risk; female-headed households suffer from traditional laws and culture (but differences between patri- and matrilineal areas). 	<ul style="list-style-type: none"> inequality is increasing and marginalisation of the poorest is becoming more serious in the midst of the overall growth; erosion of social capital correlates strongly with increasing poverty; major causes of poverty as perceived by village groups: <ol style="list-style-type: none"> farming problems (lack of land inputs, implements, markets); health problems (disease, disability, old age); social problems (drinking, laziness, selfishness); lack of education . 	<ul style="list-style-type: none"> debt service obligations take 35-40% of Government resources, and thus deprive Tanzania of resources badly needed for pro-poor basic services: Tanzania pays to debt servicing 9 times as much as to basic health and 4 times as much as to primary education; international terms of trade; limited and undiversified supply base; new WTO obligations; liberalisation of imports leads to deindustrialization in Tanzania; erosion of preferential tariff margins for Tanzanian exports.
Dynamics	<p>Noticeable progress in poverty reduction up to mid-1970s. Thereafter setbacks. A new serious effort now in a more enabling environment.</p>	<ul style="list-style-type: none"> economic and political reforms and anti-corruption efforts are creating a more promising and enabling environment; inequality growing between regions, between men and women, between the well-off and the poor 50% of population. 	<p>Poverty fell in 1980s and 1990s, as a result of SAP (liberalisation of input and crop marketing).</p>	<p>Liberalisation has improved incentives and incomes for some, but not all: income distribution has worsened since early 1980s.</p>	<ul style="list-style-type: none"> the rich expected to do better in the future, the poor expected to be worse off; trends for basic household needs, food, shelter, clothing, education and roads generally improving; trends in transport, health, farming inputs and implements and energy requirements getting worse. 	<ul style="list-style-type: none"> debt repayments drain all the surpluses that could be invested to sustainable poverty reduction; without serious donor support for debt relief and for improving Tanzania's supply capacity the WTO adjustment period is likely to elapse without any transformation in Tanzania's production structures and institutional capacity, leading to permanent marginalisation and poverty.

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Narrative/ Dimension	1 The Government narrative	2 The 'Tanzania in the driver's seat' narrative	3 The Neoliberal narrative	4 The Participation narrative	5 The Social capital narrative	6 The Trade and debt relief narrative
Strategies of poverty reduction	Rapid and accelerating economic growth (from 4% p.a. to 10% p.a. by 2010) will eliminate poverty by 2010.	<ul style="list-style-type: none"> • THE GOVERNMENT WILL DO IT! • the donors to stay out, and give (lots of) money to core functions identified by GOT; • money to flow through the Tanzanian budget and system (Treasury, Ministry, district ..); • Tanzanian (rather than expatriate) experts and staff to be responsible for planning and implementation. 	<ul style="list-style-type: none"> • economic growth, esp. agricultural productivity cash crops, Liberalisation of markets; • monetisation of rural economy; • reform of social services to better target the poor, and to avoid leakages. 	Tanzania cannot hope to eliminate poverty by 2025 but it can increase incomes and reduce vulnerability (= increase livelihood security), i.e. the poor to achieve greater control over their own lives (choices).	<ul style="list-style-type: none"> • use participatory poverty assessments to ensure that the voice of the poor is taken into account in developing policy and programmes; • create rural savings and credit institutions; • improve rural access (for input supplies, marketing, credit, extension, health emergencies); • target education and health services for the poor; • differentiate by gender; Rely on, invest in – but do not undermine – local social capital. 	<ul style="list-style-type: none"> • expand and diversify the export production base; • adjust GOT foreign trade policy to international trade policy trends; • donors: give substantial debt relief, and grant more differential and preferential treatment and flexible rules of origin for Tanzanian (and other LLDC) exports; • establish a fund for compensating the losses which Tanzania (and other LLDCs) suffer due to Uruguay round; • attract more investments from abroad; especially EU should devise incentives for EU investors. Arrange twinning between EU and Tanzanian industrialists.
Sectoral priorities for GOT and donors	Agriculture (intensi-fication)	<ul style="list-style-type: none"> • macro policy Democratisation & Anti-corruptionSector development;program mes in education and health • civil Service & Local Government Reform 	<ul style="list-style-type: none"> • infra-structure; • social sector; • (cost-sharing arrange-ments within fiscal limits). 	<ul style="list-style-type: none"> • concentrate on programmes that empower the poor households and communities in their own livelihood security strategies, incl. access to resources & relevant, decent quality (not necessarily free) health and education. 	<ul style="list-style-type: none"> • savings and credit; • rural roads; • basic education and health; • women's rights; • necognise existing local institutions and build capacity in group management. 	<ul style="list-style-type: none"> • debt relief – savings to be invested into basic education and health. • expand and diversify export production base; • develop a pro-active trade policy; • donors: compensate for adjustment costs of local producers; • attract investments and twinning partners from abroad, e.g. EU;

Narrative/ Dimension	1 The Government narrative	2 The 'Tanzania in the driver's seat' narrative	3 The Neoliberal narrative	4 The Participation narrative	5 The Social capital narrative	6 The Trade and debt relief narrative
Social security	State-provided food security, basic health services etc. for the most vulnerable groups. Identification?	No clear opinion on social security or safety nets	Safety nets to be largely based on private initiatives	State-provided safety nets are essential because of the anti-poor impacts of the SAPs. Livelihood security much more important for the poor than profit-maximising.	Pay careful attention to existing local institutions to understand their strengths and weaknesses, avoid destroying what is valuable or reducing their value by 'mining' local social capital in decentralised service delivery arrangements.	<ul style="list-style-type: none"> donors' long-term strategy should be to enable Tanzania stand on her own feet in future; in the short term, preferential treatment and compensatory mechanisms are necessary.
Growth	Growth (from 4 to 10% p.a.) is essential, but cash crop sectors and areas should manage without subsidies.	Essential	If growth can stay at 6% p.a. gross, or 3% per capita p.a. poverty can be reduced to 10% by 2010.	Difficult to imagine economic growth in Tanzania without the poor majority increasing their own production as well as consumption of goods and services. This they will dare only if their livelihood risks can be reduced. While their incomes and standard of living improve their capacity to maintain the social services also increases.	<ul style="list-style-type: none"> the effect of social capital (trust, unity and the spirit of participation) on incomes of all villagers is impressive: a one standard deviation increase in village social capital increases household expenditures per person by at least 20 to 30%, i.e. much more than e.g. additional 3 years of schooling for all villagers; villagers see social problems as a main cause of rural poverty. Once the social fabric is ruptured, economic development cannot proceed. 	<ul style="list-style-type: none"> in the context of globalisation and Tanzania's heavy debt burden, strong growth of the export economy is essential; debt relief necessary to release Tanzanian surpluses for Tanzania's own benefit.

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Narrative/ Dimension	1 The Government narrative	2 The 'Tanzania in the driver's seat' narrative	3 The Neoliberal narrative	4 The Participation narrative	5 The Social capital narrative	6 The Trade and debt relief narrative
Targeting	Participation of the poor crucial, but how? - Local Government Reform.	<ul style="list-style-type: none"> everybody is poor in Tanzania - no poverty assessments needed; targeting is a waste of time, since all Tanzanians are poor; more important to 'target' support to institutional development and capacity building within the Government system, in order to get the Government back into the 'driver's seat'. 	<ul style="list-style-type: none"> targeting on the basis of relative wealth of the region or district; focus social services to the primary level, cut spending to tertiary level; demand-led targeting to schools etc. through matching grants (But what if the poor can not pay?). 	Important to understand local wealth stratification, gender differences and the dynamics caused by aid interventions. Participatory methods can be used to target the most needy.	<ul style="list-style-type: none"> credit: focus initially more on savings than on credit; roads: contract local communities to maintain; education: school fees likely to reduce the number of poor girls attending school: fee relief must be targeted for the poorest families. Communities can agree who are poor; health: fee relief possible for poorest families, but problems of transport costs and inadequate medical supplies need to be addressed separately; differentiate all data and services by gender; recognise the positive returns from investments in social capital. 	<ul style="list-style-type: none"> fiscal management mechanisms have to be improved to ensure that savings from debt relief will be spent on basic social services; involve Tanzanian lawyers, economists, commerce/trade experts, bankers, industrialists, agriculture experts, businessmen, parliamentarians etc. in a national task force to study Uruguay round provisions and their implications for Tanzania; donors to contribute to the establishment of a fund for compensatory financing of short-run losses due to coming into force of the Uruguay round agreements.; arrange twinning between EU and Tanzanian industrialists to solve three problems: market penetration, up-to-date technologies, forex.
Main donors supporting the narrative	GOT (Cabinet)	Norad, Sida, (Danida), (Finnida)	World Bank, IMF, (DFID)	Irish Aid, UNDP, SDC, the Dutch IRDPs, Finnida (RIPS), GTZ, (Danida/HIMA). - Also the Poverty Eradication Division/VPO.	The Participatory Poverty Assessment (PPA) was carried out by the World Bank but its impacts on the Bank's own activities in Tanzania are yet to be seen.	<ul style="list-style-type: none"> the Nordics, the Swiss, the Dutch and the British have already turned (almost) all of their credits to grants; Germany, Japan, Italy, France, Spain most negative about debt relief; EU/STABEX supports trade capacity development.

4.1. 'Tanzania back into the Driver's Seat' – narrative (The Nordic countries)

Generally, the strong Nordic donors (Sweden, Norway, Denmark, and to a lesser extent Finland) feel it as their historical responsibility to get the Tanzanian Government 'back to the driver's seat'⁶. In their view there are too many donors and too many projects in Tanzania for the Government to cope. The mentality of aid dependency has paralysed the Government's capacity to take the lead. Therefore the Nordics in Tanzania strongly support – and use the SPA-framework to promote – the philosophy of 'single-country-strategies', as conceived in the OECD-DAC.⁷

The problems of the past and better modalities of the future aid relationship between Tanzania and the Nordic donors have been thoroughly discussed in 1995–1998 in the framework of the so called *Nordic-Tanzanian Partnership Initiative*. A key contribution to that process was the so called '*Helleiner Report*'⁸ The report recommended – and the partners have since committed themselves to – a radical change of rules and roles between the partners along the following lines:⁹

- a) Tanzania takes the lead in strengthening ... capacities in formulating visions, policies, programmes and projects. The guiding principle is that Tanzania fully owns the development cooperation programmes...
- b) Tanzania ultimately takes full responsibility and accountability for the programmes and resources provided, and their results.
- c) The participating partners always maintain an open, mutual and transparent dialogue on all cooperation.
- d) All activities agreed upon should be implemented on the basis of shared financing where the Tanzanian share successively increases over time...The non-Tanzanian partners should be willing to make long-term commitments.
- e) The partnership ... implies a willingness to move as quickly as possible towards providing budget support to sector investment programmes, based upon clear and consolidated Tanzanian sector policies and plans.
- f) The development partnership should only comprise activities which are given priority by Tanzania and which are included in the development plans ... and reflected in the development budget...The development partnership should be demand-based and not driven by external partners.

⁶ Agreed notes from the High-level Meeting on the Nordic-Tanzania Development Partnership, Dar es Salaam, 12-13 September, 1996. See also Helleiner (1997), Appendix. - Some commentators have felt that the metaphor '*Tanzania on the driver's seat - of a car*' is extremely inappropriate in the Tanzanian reality, and suggested that it would be (ecologically, economically and historically) more realistic to talk of handing over the reins of the oxcart back to the Government of Tanzania.

⁷ OECD-DAC (1996).

⁸ Helleiner *et al.* (1995).

⁹ Helleiner (1997), Appendix, p. 8.

Among our interviewees the Norwegians were most aggressively against the ‘targeting the poor’ thinking, arguing that there should be no reason for the donors to get engaged in anthropological field-level enquiries about community-level equality or stratification. Such things should be solved through the Tanzanian democratic processes, and instead of the donor-controlled parallel channels, the donors’ money should reach the poor people through a transparent Tanzanian budget and a non-corrupt Tanzanian administration. Democratisation, anti-corruption, fiscal management reform, civil service reform, local government reform etc. are historical processes that can, and should, of course, be supported by the donors. But once a national policy has been established and the donors have expressed their support for it, the donors should stay out from the field-level encounters with the poor. The Norwegians really try to live up to their conviction: They have scaled down the number of Norwegian experts (technical assistance) in Tanzania from about 90 in late 1980s down to only one in 1998, and channelled nearly all of their support through Tanzania’s own budget and administration.

The Danish Danida and the Swedish Sida have already for a longer time carried the burden of some on the Government’s basic national-level functions in Tanzania, the Danes especially in the health sector, and the Swedes in education. The Danish support to the national immunisation programme¹⁰, the national medicine supply programme¹¹ and to the design and implementation of the Government’s strategy for primary health care have made Denmark Tanzania’s largest donor in the health sector.¹² The Danes have also been very instrumental in the education sector, e.g. through the national school maintenance programme and through their involvement the 1990s in initiating a joint, well-coordinated education sector development programme, where all donors would work, coordinated by the Government of Tanzania, in support of a nationally conceived and ‘owned’ education sector strategy¹³.

Sweden – Tanzania’s single most generous donor over the years¹⁴ – seems to have taken the international criticism against Tanzania’s economic policies during Nyerere’s era very seriously – and ‘personally’. One gets the impression that a

¹⁰ EPI = Extended programme of immunization.

¹¹ EDP = Essential drugs programme

¹² Danida, 1996b.

¹³ Ibid. There are plans that Danida will pull out from the Tanzanian education sector totally by the year 2000. The Danish informants took pains to explain that this decision is not a protest against anything that has happened in the education sector in Tanzania, but rather the outcome of a decision made in Denmark on the political level, according to which Danida will in the future concentrate her aid in each partner country to no more than four sectors, aiming to accumulate sufficient financial and intellectual resources for those few sectors in order to legitimize an active and influential role at least in those sectors. Some of the Tanzanians interviewed by Mjema (p. 11) expressed their dissatisfaction about the Danish stubbornness in aid negotiations: They were viewed by some respondents as participating in the negotiations as a routine procedure only. In the end of burdensome negotiations, however, the respondents felt that the Danes had had their own pre-made plans and that it was the Danish plans that in most cases ended up being executed.

¹⁴ Sweden has provided about 12 per cent of the total official development assistance received by Tanzania during the 1970s, 1980s and 1990s (OECD, various years).

collective determined decision has been made in Sweden in the late 1980s and early 1990s, that never more will the Swedes need to listen to such derogatory remarks from the macro-economists in Washington D.C. as they were forced to listen in mid-1980. During the 1990s the Swedish attention in Tanzania has focused primarily on the macro-economics – and on good governance. In a very determined manner – sometimes testing the limits of diplomatic decency – the Swedish diplomats have forced their Tanzanian counterparts to take tangible action against un-budgeted spending, non-transparent decision-making, irregularities in revenue collection and public accounting etc. According to our Swedish interviewees the Swedish contribution to the 1994 tax evasion scandal – the strict non-acceptance of the corrupt behaviour by some highly-ranking Tanzanian politicians – has probably been Sweden's most important poverty reducing intervention in Tanzania during the 1990s.

National sector development programmes – with a poverty focus – seem to be emerging as the new main modality of Nordic development assistance to Tanzania. In addition, the Nordics have committed their strong support for the Civil Service Reform Programme (CSRP), the Local Government Reform Programme (LGRP) and other good governance/anti-corruption programmes of the Government of Tanzania.

As a response to pressures from the Nordic donors the GOT has in 1997 designed a high level development policy paper '*Development Vision 2025 for Tanzania*'.¹⁵ The document should please the Nordic donors, since it is almost a replica of the OECD-DAC development strategy '*Shaping the 21st Century*'.¹⁶

4.2. The Neoliberal narrative (The World Bank and the IMF)

The World Bank and – in a narrower sense – the IMF are the clear intellectual leaders among Tanzania's donors in terms of the depth and breadth of the analysis of the interlinkages between Tanzania's poverty situation and the various on-going and planned reforms of the macro-economic and social policies and the public expenditure and revenue systems. The cornerstone of the World Bank's and the IMF's narrative is a firm belief in the superiority of neo-liberal macro-economic policies, but especially the World Bank has complemented the macro-economic recipe with exceptionally thorough analyses of the social sectors, tax administration as well as the geographical and gender equality considerations. The main dimensions of these analyses will be introduced here under the five different sub-headings of the 'Neo-liberal narrative'.

¹⁵ GOT (1997).

¹⁶ OECD-DAC (1996).

- 4.2. a) Liberalisation and Public Expenditure Reform;
- 4.2. b) Promoting a pro-poor reform of the social sectors;
- 4.2. c) Pro-poor tax reform?
- 4.2. d) How to promote geographical equality?
- 4.2. e) How to promote gender equality?

The fact that these policy issues are discussed under the World Bank/IMF ‘Neo-liberal narrative’ in this report does not mean that the other donors – or the Government of Tanzania – would not have strong views and opinions about these fundamentally important issues. Quite the contrary, they are on the top of the agendas of all donors and the GOT. But in reality, most bilateral donors – and also the GOT – are highly dependent on the Bank’s analytical capacities – and influenced by its ‘social liberal’ stance – on these issues. The SPA-framework¹⁷ has recently given opportunities for the bilateral donors to be active and to have influence on the agenda of the Bank’s analytical and advisory work.

4.2 a) Liberalisation and Public Expenditure Reform

The World Bank’s and the IMF’s overarching recipe is that in order to reduce poverty the Government of Tanzania needs to do three things¹⁸: a) to liberalise and deregulate the economy to create an enabling environment for private sector development; b) to focus public expenditures on pro-poor economic and social infrastructure; c) to leave the rest to the private sector.

In order to provide the right macro-economic environment¹⁹, the Government has for about a decade now pursued a program to reform the regime of restrictive state controls which, together with a series of external shocks, had led to economic stagnation and a sharp deterioration of living conditions between the 1970s and early 1980s. The economic reforms were accompanied by major political reforms (multi-party elections) in the mid-1990s. In the World Bank’s opinion, Tanzania has made commendable progress in liberalising her economy²⁰. The World Bank systematically reports, that the resumption of economic growth since adjustment

¹⁷ SPA = Special Programme of Assistance for Africa is a joint working process of 17 bilateral donor agencies plus the World Bank and the African Development Bank, AfDB.

¹⁸ World Bank (1994).

¹⁹ World Bank (1996).

²⁰ For example, controls on agricultural input and output markets and prices have been abolished, and farmers’ incentives have been restored. Restrictions on traditional exports and on the retention of export receipts have been removed. Quantitative import controls have been lifted and taxes have been simplified. Official exchange rate controls have been phased out as well as the interest rate controls and restrictions on private banking. Investment policies have been liberalized and numerous parastatal companies have been privatized... According to the World Bank’s judgment in the spring of 1996 much, however, still remained to be done, especially in fiscal management and macro-economic stability, the state-owned banks, the non-financial parastatal sector and public administration. World Bank (1996), p. i. Considerable efforts have been taken by the GOT also in these areas since the spring of 1996 (author’s note).

began in 1984, has substantially improved the lot of the poor in Tanzania²¹. This opinion has been contested by several authors²², however, who maintain that the SAPs have severely increased poverty in Tanzania.

Foreign aid and public expenditure policies are very strongly interrelated in Tanzania, since a large share of the Government's expenditures are aid-financed²³. The World Bank initiated Public Expenditure Review (PER-1994)²⁴ found that the main public expenditure problem is the extremely low effectiveness of Government expenditures. The Government was involved in a wide array of activities and spread its scarce resources too thinly over these activities. As a result, it under-funded all of them. This spreading thin of Government resources resulted in expenditures that had low productivity and quality, and had little impact on poverty reduction.

The World Bank PER-1994 advised the Government of Tanzania to reconsider the role and functions of the Government in each sector, and then to define precisely the core functions which the Government expenditures will be focused on. Given an already high aid dependency, and the large burden of debt servicing (both internal and external), the Bank saw no other options for the Government than to increase revenues and to severely curtail expenditures²⁵. Given the under-funding of most activities, the only way for expenditure to be reduced further would be by reducing the number of activities the Government is involved in, instead of trying to cut the costs of existing activities.

“only projects in priority areas would remain in a ‘core investment programme’ that would receive the bulk of the Government’s counterpart funds...; that the number and cost of such projects be limited so that the necessary counterpart funds are fully budgeted; and that in the event of a shortfall in the availability of counterpart funds, absolute priority will be given to projects in the ‘core’ Public Investment Programme.”

²¹ World Bank 1995, p. xiv-xvi.

²² E.g. according to Wangwe (1995) the effectiveness of the growth performance on poverty alleviation is being put to question. Concern is raised about the adequacy of the level and quality of growth. There are concerns that the growth itself may not be sufficiently broad-based, and may not be accompanied by economic transformation. While living conditions have improved generally there is no clear evidence that the incidence of poverty declined with reforms. About half of the population still lives in poverty, the majority of them in the rural areas. According to Wangwe it is imperative to understand better the poverty profile if the poverty problem is to be addressed adequately. Raikes and Gibbon (1996) suggest that World Bank's optimistic reports about the poverty trends neglect the fundamental issue of the numbers and statuses of individuals within the Tanzanian households who are contributing to the raising incomes: Increasing amount of work for appallingly low returns by household members, especially girls and women, who in an earlier period may either have been at school, or retired.

²³ In 1993/94 donors funded over 80 per cent of Tanzania's development expenditures, and almost one-third of the recurrent expenditures (including debt amortization) through loans and grants for balance of payments support. (World Bank 1994, p. x).

²⁴ World Bank (1994).

²⁵ Ibid, p. iii.

While analysing the public expenditure figures the World Bank experts found that the activities that had declined most had been agriculture, including forestry and fishing, and industry, comprising mining and manufacturing. The World Bank reminded that the decline in spending on industry was consistent with the liberalisation of industrial policies and parastatal reforms, which warrant less government role. The needs of Tanzania's infrastructure sector had largely been addressed by the US\$ 3 billion invested and budgeted for this sector in the 1990s. The PER-team concluded that – in view of reaching the very poor – special emphasis needed to be given to the social sectors in the latter half of 1990s, since these sectors were found to suffer most from a scarcity of resources and to be in need of urgent attention.

4.2 b) Promoting a pro-poor reform of the social sectors

The World Bank led PER-team of 1994 recommended that the entire amount of potential savings (at least during FY95–FY97) should be allocated to the social sectors. They also urged Tanzania's donors to discontinue their preference for funding capital expenditures only and, in the short run at least, to adopt a more programme-oriented approach and fund slices of 'development programmes' based on sector strategies, irrespective of whether the expenditures required were recurrent or capital in nature. In addition, the PER-team recommended that the donors' aid should be provided, to the extent possible, in the form of balance of payments support, to improve the efficiency of this aid²⁶.

As a logical follow-up, the World Bank and the Government of Tanzania decided to conduct a review of the social sectors in Tanzania. The outcome, the Social Sector Review (SSR-1995)²⁷ is an extremely interesting, carefully crafted, and self-critical document. Its approach reflects the Bank's economists' contemporary philosophy – and jargon – according to which the fundamental reason for taking the crisis in the social sectors seriously is the imminent threat it poses on the country's future economic development. An economy cannot prosper without adequate stocks of human capital: The purpose of the social sectors is to generate and regenerate those stocks.

The SSR-1995 found Tanzania's system of social service delivery, once a model envied by other countries, to be ill suited to today's budget constraints and growing demands. On the other hand it concluded, that the investments made by the World Bank into the social sectors of Tanzania since the Independence (1961) had yielded minimal results and had had an undetectable impact on the stocks of human capital available for the country. According to the SSR-1995 the Government of Tanzania and the World Bank had made a commitment to change.

²⁶ World Bank (1994), p. x.

²⁷ World Bank (1995).

Investing in human capital – ensuring that the next generation of Tanzanian children would be healthier and better educated – had risen to the top of the government's – and the Bank's – agenda in the country.

Table 4.2. Distribution of Benefits of Social Sector Expenditures by Sector (Recurrent and Development Budgets) by Expenditure Quintile. FY 93/94.

	Poorest	<<<	Quintile	>>>	Richest
	1	2	3	4	5
1. Education					
2. Primary	19	22	21	20	18
3. Secondary	8	14	17	24	36
4. University	0	0	0	0	100
5. Overall	14	16	16	17	38
6. Health					
7. Preventive	20	20	20	20	20
8. Health Centre/ Dispensary	19	27	18	18	19
9. Hospital	16	16	15	20	34
10. Overall	17	21	16	19	27
11. Water	11	11	15	23	41
12. Total for Social Sectors	15	18	16	17	34

(Figures may not add up because of rounding)

(Source: World Bank, 1994.)

The SSR-1995 estimated for the first time the distribution of benefits in Tanzania from public spending in the social sectors (Table 4.2.). The estimates were derived from households' utilisation patterns for social services²⁸, plus total government and donor expenditures for each type of government service. Since a large proportion of the donors' support to the social sectors is channelled through the Government this assessment of the allocation of benefits should be highly interesting also for the donors. For each row in Table 4.2., if benefits were distributed equally, each quintile would receive a 20 percent share.

Table 4.2. shows, in summary, that the Government's scarce resources are targeted disproportionately to the richest quintile. Donors improve the distribution in health but worsen it in education and water. Achieving an even distribution of subsidies, 20 percent to each quintile, would be an improvement over the current system, although the main problem is at the top and bottom of the distribution rather than in the middle. That could be accomplished by leaving the system as it stands and adding new resources to basic services in education, health, and rural water. But skewing the distribution toward the poor would even be more in line with

²⁸ The primary source of data on household characteristics, use of social services, and spending in the SSR-1996 was the Human Resources Development Survey 1993/94 (HRDS). The HRDS was a nationally-representative survey of 5000 households based on a National Master Sample created by the Bureau of statistics in the Planning Commission.

government policies. That could be achieved by increasing resources at the lower levels, plus moving resources from the upper levels to the lower levels of the system, either through reallocations or charging user fees in the more expensive parts of the systems (hospitals and the university). This is exactly what the Bank has advised the Government of Tanzania to do, and at least on paper this is what the Government plans to do.

According to the SSR-1995 improving equity in the distribution of benefits also improves the efficiency of the system. Using the earlier example, moving a shilling from university education to primary education increases the rate of return by 23 percent. It also increases the likelihood that the shilling will be captured by a poor household. If these figures are correct, the message should be taken seriously by all donors who are dedicated to poverty reduction. At the moment the donors fund about 14 percent of all Government expenditures in education, 29 percent in health, and 2 percent in water and sanitation. In education, only 43 percent of external assistance is devoted to primary education, however.

At least in Tanzania the World Bank's focus is today very much on the economic – and other – benefits of human capital.²⁹ It is now clear there are very high private rates of return to investments in schooling and health. The private internal rate of return to schooling in Sub-Saharan Africa is estimated to be 41 to primary, 27 to secondary and 28 percent to higher education.³⁰ For *countries*, the social rate of return to schooling in Sub-Saharan Africa is estimated to be 24, 18, and 1 percent to primary, secondary, and higher education, respectively. Thus, there are few investments that governments or parents could make to compete with the high returns from primary and secondary schooling.

Table 4.3., which is also from the Bank³¹, illustrates what we know about the beneficial cross effects of various human capital related investments. It shows social services down the left side and human capital outcomes across the column headings. Additional education, for example, increases the ability of couples to space their children optimally, which invariably results in lower total fertility. Education also imparts benefits in improved health, better nutrition, and ability to take advantage of better water and sewerage services to create more healthful living conditions. Thus each of these cells is shaded in the Education row. Similar cross effects are generated by other social sector services.

²⁹ World Bank, 1995, p. xvii.

³⁰ Cf. rates of return estimated for measures strengthening local level social capital in Chapter 4.5. of this report.

³¹ Ibid.

Table 4.3.
Interactions among Social Sector Investments and Human Capital Outcomes

INPUTS FROM SOCIAL SERVICES	IMPACTS ON HUMAN CAPITAL FORMATION				
	Knowledge	Family Size and 'Child Quality'	Health Status	Nutritional Status	Healthful Living Conditions
Education		+	+	+	+
Family Planning			+	+	
Health	+	+		+	+
Nutrition	+		+		
Water and Sanitation			+	+	

Note: The strongest cross-sector effects are shaded. The two cells surrounded by heavy lines with no shading indicate high potential for carefully targeted interventions. All of the diagonal cells could be shaded, of course, but in this table only cross-effects are considered.

(Source: World Bank, 1995)

As Table 4.3. shows, education is the key producer of cross benefits. It has large impacts across the board for the individual receiving the investment, in terms of higher earnings potential, cross effects in generating additional human capital investments, and improved welfare for the individual. Health is the major 'user' of cross benefits. Almost all of the other sectors have strong impacts on improved health outcomes because better health is the result of many different inputs. The Bank concludes: Human capital investments targeted to the poor and to women stay with them and provide a stream of returns for them – and with their children – for their whole lives even if they do not own other property. In fact, human capital is often the only asset the poor and women own. It cannot be sold or stolen from them once they get it.

Although often criticised, at least in Tanzania the World Bank has done commendable – and theoretically highly interesting – work to find feasible means to target the really needy, and to avoid the 'leakage' of Government- or donor-funded subsidies to those less in need. Unyieldingly, the Bank has sought ways and criteria that could be used to ensure that aid money – and state budget money – really reaches the poorest in Tanzania. As we shall see in Chapter 4.5. there are other reasons to criticise the internal contradictions of the Bank's analytical work – and policies – in Tanzania: Above all, its failure take into account – and to optimise – the human development potentials of early and substantial enough debt relief.

4.2 c) Pro-poor tax reform?

The World Bank's main conclusion in the Country Economic Memorandum on Tanzania in May 1996 was that the Government's fiscal situation cannot support

expansion under existing circumstances.³² The challenge, therefore, was to (1) raise revenues and tighten aggregate spending, (2) reduce government spending and focus it on selected activities, (3) permit private delivery of services to the extent feasible and (4) restructure the expenditure programme to provide adequate financing for critical development activities.

On revenue mobilisation, the World Bank Country Economic Memorandum 1996 emphasised the need of a tax reform in Tanzania. The objectives of tax reforms would be to improve revenue yield by simplifying the system and broadening the base; to correct the effect of tax distortions on production and consumption by rationalising fiscal incentives; to simplify tax administration; and to ensure equity among income groups. However, the principal objective of the suggested tax reform is the same as that of the expenditure reforms: to ensure sufficient revenues to finance critical development activities.

Effective income tax rates have been regressive, i.e. anti-poor in Tanzania. According to the Income Tax Act of 1973, all incomes received from employment are subject to income tax. However, most fringe benefits and allowances received by the civil servants, parastatal staff, and private employees are not taxed in practice.³³ The fringe benefits include: transport, fuel, entertainment, responsibility and housing allowances; free electricity and water, and paid telephone. Past income tax reforms – required and encouraged by the IMF and the World Bank – have mainly focused on reducing rates for the upper income groups and broadening the base, while neglecting personal allowances and inflation adjustments, thereby negatively affecting the lowest income groups the most. Now the Bank has, however, proposed that the income tax base should be expanded to cover all types of remunerations, including all allowances and other fringe benefits.

4.2 d) *How to promote geographical equality?*

According to most sources³⁴, poverty in Tanzania is mainly a rural phenomenon, with 59 percent of the rural population being poor compared to 39 percent in the urban areas excluding Dar es Salaam and 9 percent in Dar es Salaam. This means that 85 percent of all the poor and 90 percent of all the very poor (*'hard-core poor'*) live in the rural areas³⁵. People whose main source of income is their farm,

³² World Bank, 1996, p. 43 and 49.

³³ Estimates based on a sample from one parastatal show that the tax paid by a top cadre with base salary TSh 42.150 is 21 percent; but if fringe benefits were included, the total earning rose to TSh 345.520, resulting in an effective tax payment of 2.6 percent. A middle level employee with a base salary of TSh 32.270 paid a nominal tax of 18.6 percent on the tax base salary, but 2.4 percent on a total of Tsh 241.986, including fringe benefits. The low cadre, on the other hand, paid a nominal rate of 16.8 percent on a base salary of TSh 12.280; but the actual income tax payment was 7.5 percent, based on a total of TSh 27.760, including fringe benefits.

³⁴ E.g. Cooksey, 1994; World Bank, 1993; Mutagwaba, 1996; Wangwe, 1995; Lugalla, 1993; Tinios et. al, 1993; Booth, 1993; Jazairy et. al., 1992; World Bank, 1996; URT, 1995.

³⁵ World Bank, 1993; Wangwe, 1995.

are five times more likely to be poor in Tanzania than those who receive a wage from the public or private sector.³⁶

To target aid to a *poor area* of a poor country like Tanzania seems to have been a safe strategy for many donors who have wanted to operationalize their overall goal of poverty reduction. Donor representatives often take poverty as an existential characteristic of the poor communities, a distinctive factor for comparing '*the developed*' and the '*poor masses*' of the '*developing*' or '*underdeveloped*' society (or the urban elite and the poor rural masses). In other words, the poor are considered a *homogenous poor mass*, and the sensitivity to recognise or to understand the welfare and power stratification – and the dynamics and inequalities causing such stratification – among the members of the poor communities seems to be very low within most donor agencies.

Nowadays, when many donors have decided to promote recipient government ownership and to give preference to the national sector development programmes, the donors (and the developing country governments) face the challenge of regional/location equality: State subsidies to education, health and water sector development are often distributed on *matching grant* basis, where districts, villages and communities receive as much state (donor) subsidy as they can collect from among their own community. Here, some districts and communities start from a disadvantaged position compared to others, however, and the government (plus donors) have to create some mechanisms to target specially preferable subsidies to the more disadvantaged districts and communities.

Table 4.4. shows interesting differences in the results of three attempts (by Cooksey³⁷, the World Bank³⁸ and the UNDP³⁹, respectively) to construct a Regional Wealth/Welfare/Poverty Index to indicate the relative distribution of wealth/poverty among Tanzania's regions. The World Bank's index is based on several non-monetary indicators of welfare, such as infant mortality, under-five mortality, stunting and wasting indicators, household size, population per doctor and per nurse, illiteracy, educational attainment, access to water, and nutritional status. Greater wealth is indicated by a higher score. This index should be used with caution since it is based on a very small sample.⁴⁰ The demand for such regional ranking lists is, however, very high. The World Bank has already used its Regional Wealth Index for deciding which regions of Tanzania should be eligible for a specially preferential subsidy when the state subsidies (with World Bank loan money) are to be allocated to Tanzanian primary schools through the Community

³⁶ World Bank, 1995b; Mutagwaba, 1996.

³⁷ Cooksey, 1994, p. 67. Data adopted from Bureau of Statistics, Demographic and Health Survey 1991/92, p. 109.

³⁸ World Bank, 1993; See also: Ministry of Education and Culture, 1996; Mutagwaba, 1996.

³⁹ Sakamoto/UNDP (1998).

⁴⁰ Mutagwaba, 1996.

Education Fund *matching grand* testing pilot.⁴¹ On the basis of World Bank's index, Kigoma, Lindi, Mtwara, Rukwa, and Ruvuma could all be classified as especially poor regions. The incidence of poverty in these regions seems to be associated with low productivity in agriculture⁴². The poor regions are characterised by low rainfall, poor soils, long distance from markets and minimal infrastructure. With the exception of Lindi and Mtwara (which are the main cashew-nut producing areas of Tanzania) these poor regions do not produce any of the traditional export crops. They also have very poor roads, poor communication and, poor social services.

Table 4.4.

Comparison of the rankings of Tanzania's regions in three regional poverty/welfare indices for Tanzania (Cooksey's Index of Children's Malnutrition, the World Bank Regional Wealth Index and the UNDP Human Poverty Index for Tanzania.)

Region	A Cooksey: Weight- for-age (1991/92)	B World Bank: Regional Wealth Index (1993)	C UNDP: Human Poverty Index (1998)	D Total score A + B + C	E Ranking based on combining A + B + C
Dar es Salaam	2	1	2	5	1
Mara	1	2	7	10	2
Kilimanjaro	8	5	1	14	3
Mwanza	4	4	9	17	4
Arusha	11	3	8	22	5
Mbeya	6	7	10	23	6
Shinyanga	3	11	13	27	7
Tanga	12	13	3	28	8
Coast region	17	8	18	43	9
Singida	14	6	14	34	10
Ruvuma	13	16	5	34	10
Tabora	5	12	17	34	10
Iringa	19	10	6	35	13
Rukwa	7	17	12	36	14
Kagera	9	14	16	39	15
Morogoro	15	15	11	41	16
Dodoma	18	9	15	42	17
Mtwara	20	19	4	43	18
Lindi	10	18	20	48	19
Kigoma	16	20	19	55	20

The unreliability of statistical data makes the use of multi-variable indices very questionable in many developing countries, also in Tanzania. Since inadequate nutrition has often been chosen as the one single criterion for defining poverty, and

⁴¹ World Bank, 1996b.

⁴² Wangwe, 1995.

since the children's growth monitoring cards (introduced initially by the Unicef) are among the most reliable sources of statistical social development data in many countries, it might be a good idea to try to use children's growth statistics as an indicator of poverty. Cooksey's index of the ranking of Tanzania's regions in terms of the level of malnutrition among children under five years of age therefore provides an interesting point of comparison to World Bank's multi-variable regional wealth index.

Different methods produce strikingly different results. This is evidenced, for instance by the ranking of the southernmost region of Tanzania, Mtwara, in the indices of Cooksey and the World Bank, on the one hand (where Mtwara ranks close to the bottom among Tanzanian regions), and on the other hand in a more recent Tanzania Human Poverty Index (HPI),⁴³ where Mtwara ranks fourth from the top. The Tanzania HPI is a 'tanzanianized' version of the HPI introduced by the UNDP in its Human Development Report 1997.⁴⁴ The Tanzanian HPI was developed by the Vice-President's Office (VPO) with assistance from the UNDP.⁴⁵ The Planning Commission has since then selected this method of analysis to be incorporated in the national planning guidelines. Efforts are also underway to link this poverty database with the food security database developed for Tanzania by the WFP.⁴⁶ The WFP database has an in-built mapping system which can be used to visualise the regional/district rankings.

4.2 e) Promoting Gender Equality

The World Bank literature on poverty and development is characterised by two peculiar assumptions: First: for the Bank the household is normally the smallest relevant unit of observations. Second: the Household is expected to behave rationally, rationality for the Bank meaning: seeking to maximise one's own economic benefit. Real-life evidence often attracts one to question the applicability of these assumptions. The second assumption will be challenged in the next section, and the first here:

Rwebangira⁴⁷ shows very convincingly, that intra-household inequality is common in Tanzania: On average, women in Tanzania are poorer than men. Women have

⁴³ Sakamoto/UNDP (1998).

⁴⁴ The HPI, as introduced in the HDR 1997, was considered too complicated to be used as an indicator to measure poverty within Tanzania. Furthermore, with the unreliable data base at regional and district levels, the method of calculation and the use of limited indicators might end up overemphasizing the dimension which could have had a statistical error at the level of data collection.

⁴⁵ The HPI, as introduced in the HDR 1997, was considered too complicated to be used as an indicator to measure poverty within Tanzania. Furthermore, with the unreliable data base at regional and district levels, the method of calculation and the use of limited indicators might end up overemphasizing the dimension which could have had a statistical error at the level of data collection.

⁴⁶ WFP = World Food Programme of the United Nations.

⁴⁷ Rwebangira, 1995.

had less access to formal education at all levels particularly in secondary schools and higher learning institutions. A particularly heavy burden of poverty is evident to women in rural areas: women account for 75 percent of the active population engaged in agriculture and produce 90 percent of the food requirements of the country. Poverty and status of women are influenced by the prevalent attitudes and cultural practices of both women and men. Social structures, norms and attitudes discriminating women have gone as far as to affect such matters like eating habits. For instance, in choices of who is to be fed in times of hunger, in many Tanzanian communities, chances are that boys and men would be fed rather than girls and women. An ILO report⁴⁸ indicated that women and children may suffer from under-nourishment because of maldistribution of food, even in families with higher income, well above poverty line.

Fertility control is one of the key factors affecting women's economic status. It has a bearing on access to education, women's career development and labour productivity. Yet contraception remains low at 10 percent as of 1992; in practice unmarried young women remain excluded from family planning services due to religious and moral perceptions of both the family planning providers and community at large. Insufficient information and communication network is another obstacle towards improving women's status.

The main focus of the women's civil rights movement in Tanzania in the few recent years has been on the discriminatory marriage and inheritance laws and/or practices of courts and other law enforcement institutions which expropriate women's economic contribution in the family. Despite Tanzania's well known record of promoting equality between citizens, nations and equalitarian principles generally since independence, very few laws promoting women's rights have been actually enacted in the last twenty years. Although there is a big number of NGOs dealing with women's rights in one way or the other, and therefore one could say there is a women's constituency in Tanzania, this constituency is weak.

The World Bank's narrative on the status on women in Tanzania⁴⁹ is surprisingly much more optimistic: According to the Bank, Tanzania has made significant progress in women's education and in advancement of the legal rights and status of women in general. The Bank emphasises, that female-headed households in Tanzania – unlike many other sub-Saharan African countries, are less likely to be poor than male-headed households. The relative success of female-headed households seems to be linked to their role in small-scale enterprises; women in general frequently rely on '*miradi*' – micro-businesses – to supplement household income. Loyally to its optimistic tone, the Bank underlines here, that the Government efforts to *liberalise the market* and expand the opportunities for trading enterprises should, therefore, increase income in the hands of women.

⁴⁸ ILO, 1981.

⁴⁹ World Bank, 1996, p. 105-112.

The interpretation of these developments really strongly depends on the attitude of the observer. The evaluators of Finland's long-term cooperation⁵⁰ with Tanzania interpreted the increasing dynamics of the 'small-scale' or 'micro' enterprises as follows:

“At worst, this represents ‘merely’ an extension of the processes of commoditisation (spread of market oriented activity) and diversification of household economies that emerged as people’s ‘survival strategies’ in the 1970s and 1980s....Market rationality assumes that people will automatically ‘switch’ their labour from one productive activity to another... Women cannot simply leave food crop production to switch to cash crops in the same vein as children cannot be uprooted like crops.”

While the World Bank is also very optimistic about the potential of the on-going social sector reforms to strengthen the status and opportunities of Tanzanian women, the less optimistic observer⁵¹ sees risks in the ideology of 'cost-sharing' and 'cost-efficiency', which is the driving force behind the reforms:

“Women are affected by cuts in health spending which consume female labour time as women have to spend more time in hospitals or carry children further to hospitals. Hence, cost efficiency makes the approach palatable to the government, but shifts the costs from the government to individuals, especially women.”

4.3. The Participation Narrative on Poverty and Poverty Reduction in Tanzania

The advocates of the 'participation narrative' stress that poverty is a multi-dimensional phenomenon, in which not only low income and poor social indicators but also social exclusion all play a part.⁵² Vulnerability, for instance to drought or social or macro-economic shocks, is a key dimension of poverty. Therefore, in order to be able to reduce their poverty the poor people need to be able to enhance the security of their livelihoods on a sustainable basis.

Sustainable livelihoods comprise people's capabilities to adapt to and live in a changing society, environment and economy. Therefore, the advocates of participatory approaches often stress the need to understand better the locally and historically specific contexts where poor people seek to reduce the insecurity of

⁵⁰ Porvali et. al., 1995. P. 116 and 39.

⁵¹ Ibid.

⁵² This section draws from Greeley and Maxwell (1997), Gaventa (1996), RIPS (1997), UNDP (1997) and Swantz (1997).

their livelihoods. Poverty needs to be understood as both chronic and transitory, including the impact of seasonal hardship. In Tanzania, income inequality within agro-ecological zones is an important feature, which the donors (particularly the World Bank) have often been too insensitive to, in the opinion of the advocates of the participatory approaches. This means that there are poor people in both high and low potential areas of Tanzania.

The advocates of participatory approaches agree that economic growth is necessary in a poor country such as Tanzania, to lift the average income and to enable social services to be provided. However, cash crop sectors and areas should largely provide their own finance. The main potential for aggregate national level economic growth in Tanzania is in the multiplier effect at work when millions of poor Tanzanians succeed in lifting their own personal incomes. To be able to do so, they need to dare to take risks and to invest their resources in more productive ways. The concentration of Government and donor funding should, therefore, be on programmes that empower and support the livelihood strategies of poor households and communities, including by helping the poor to improve their health and educational status. Central and local government provided safety nets are essential to supplement private provision.

Most of Tanzania's donors have tried PRAs⁵³ and other participatory modes of working at least in some open-ended project identification or appraisal processes. The Irish, the Dutch, the Swiss, the Finns and the UNDP have been perhaps the most active advocates of participatory approaches. The Irish have, more systematically than any of the others, conducted participatory poverty assessments – leading to locally specific poverty profiles – in the districts supported by Irish Aid. The Finnish-funded rural development programme RIPS in Mtwara and Lindi regions has been instrumental in building networks between advocates of participatory approaches in the various corners of Tanzania. UNDP has helped the Government of Tanzania to establish the participatory approach as one of the cornerstones of the National Poverty Eradication Strategy.

Replication, scaling-up and institutionalisation are the main unresolved challenges of the participation narrative. Encouraging success stories are being told in Tanzania about participatory processes that have made a real difference on the village, district and even regional levels. This, however, is not enough. Participatory facilitation is very labour-intensive. Neither the donors nor the GOT can ever afford to send competent expatriate PRA-facilitators to all districts and villages of Tanzania. The joint difficult challenge for all donors who advocate participation is how to institutionalise the participatory approaches, i.e. how to turn them into regular systems and working attitudes within local Tanzanian communities and administration. This is why most of the participatory interventions have ended up focusing much of their time and energies on the

⁵³ PRA = Participatory Rural Appraisal

Tanzanian civil servants, seeking ways to encourage them to change their attitudes towards the villagers, to see themselves as facilitators of bottom-up participatory problem-solving processes rather than as top-down managers, commanders and controllers.

The on-going local government reform process seems like a great opportunity for institutionalising and scaling up the participatory approaches. No wonder, that the Dutch, the Irish, the Swiss, the Finns and the UNDP are also active supporters of the on-going decentralisation process which is expected to shift the planning, decision-making and implementation powers (but also responsibilities) for most of public action from the central and regional levels to the district level, and to levels below it.

The great, still unresolved joint challenge of the Government of Tanzania and its donors is, how to combine the virtues of the '*Tanzania on the driver's seat – narrative*' and the '*participation narrative*'. The former, in essence, advocates enhanced participation – and ownership – of the Government of Tanzania in planning, managing and coordinating all developmental action in Tanzania. In reality it is, however, only the Treasury and the key officers in the sectoral ministries of the Central Government who are put into the 'driver's seat'. They are to be responsible for the design of national strategies and sector development programmes, which the donors promise to co-finance. The end result from the point of view of democracy and poverty reduction depends, however, too strongly on the integrity of these few key persons in the ministries. How will the donors be able to ensure that these few civil servants – 'empowered' by the substantial donor resources they now can control – will be able to resist the temptation to re-centralise power and to 'leak' aid resources to their own private purposes and to the members of their new patronage networks down the administrative chain? The donors can, of course, try to require transparent and disciplined management systems and stringent reporting procedures, but honestly speaking, the loopholes and excuses are too many for donors to be able to perform the 'strict auditor's' role, especially for the donors whose aid management systems are highly centralised to the headquarters. The advocates of the participatory approaches believe that the only viable way to build real accountability and democratic control into the use of donors' aid funds (and the government's tax revenues) is to create participatory and transparent planning, decision-making and monitoring processes from bottom up, from the village level up to the level of the '*Bunge*', the national Parliament.

The 'driver's seat' approach and the sector development programmes are participatory in the sense that they involve and empower (at least some) national level authorities, but it is hard to believe that they could be viable in Tanzania without a strong link to simultaneous donor support to participatory and democracy enhancing processes on the community and district levels. In a country

characterised by enormous diversity of local situations as well as by great distances and communication problems between the centre and the periphery, it would be irresponsible for the donors to put all eggs to the ‘driver’s seat’ and ‘sector programme’ baskets without considering how to make sure that also the local, context-specific experiences and views will be fed into the design of national sector development strategies and that the local communities and their elected councillors will be able to influence and monitor the operationalization of national programmes in the locally specific contexts. The Dutch, Danes, Finns and the Irish seem to have found a sensible way in their support to the education sector development programme of Tanzania to balance between the virtues of national level ownership and local participation. They have divided their education sector support to two components: One component finances the Education Sector Fund managed by the central Ministry of Education and Culture (MOEC), but the other component is reserved for the so called “*District-Based Support to Primary Education Programme*”, which is intended to empower the district level authorities and community-level school management committees to suggest and to create locally specific arrangements tailored to local needs and existing opportunities. Such a dual strategy will also help the donors (and MOEC-planners) in the future to keep themselves informed about the diverse local realities in the various parts of the country, and to correct the national policies and procedures on the basis of lessons drawn from these local situations.

4.4. The ‘Social Capital Narrative’: Combining the contextual and nation-wide methods⁵⁴

Until recently, the donor representatives and academic analysts of poverty reduction policies and aid approaches in Tanzania have been divided into two methodological ‘camps’: Those analysing poverty trends and the impacts of various policies and aid interventions on the basis of large household surveys ‘against’ those who think they know better on the evidence of more contextual studies.

Booth et al.⁵⁵ advocate convincingly the added value and the new insights to be derived from the wider adoption of what they call “*participatory and combined approaches and methods*” in poverty-assessment. The Tanzania Participatory Poverty Assessment (PPA) and the associated work of Deepa Narayan and her collaborators⁵⁶ is singled out by Booth et al. as “*the major contribution in this breakthrough*”. Thus, it is not only a key resource for understanding the nature of

⁵⁴ This section is based mainly on four sources: World Bank (1996), Narayan (1997), Narayan and Pritchett (1997) plus Booth et al. (1997).

⁵⁵ Booth et al. (1997).

⁵⁶ Narayan (1997), Narayan and Pritchett (1997).

poverty in Mainland Tanzania⁵⁷, but also an excellent illustration of some of the most important methodological issues of poverty assessment work in any country.

The PPA was initially designed as one of the contributions to the World Bank Poverty Assessment (PA) for Tanzania.⁵⁸ What is distinctive about the PPA is that – in addition to gaining highly interesting results through a wide and rigorous participatory⁵⁹ PRA-process – it also matched these results with household income data of the same villages and same households from an earlier HRDS survey.⁶⁰

An interesting illustration of the of the many valuable findings was, that the two different research components of the PPA, i.e. the participatory (qualitative) PRA-type wealth-rankings and the quantitative Human Resources Development Survey (HDRS) provided completely different views about the relative deprivation and vulnerability of female-headed households. The PRA-type wealth rankings concluded that female-headed households were worse off at every income level, and especially among the very poor. The HRDS data, on the other hand, indicated no overall differences between the two types of household, and indeed suggested that in urban areas female-headed households were better off at every level.⁶¹ Pursuing this apparent discrepancy with the help of the focus-group enquiries, the PPA found out that the conflicting results reflect an important reality: that women – probably in general but notably those who head households – have been successful in undertaking casual labour or petty enterprises in the liberalised economy to the point where, in income terms, they match or even exceed men. On the other hand, they do so with fewer obvious assets, as confirmed by the HRDS data. In the PRA-type wealth-rankings, when asked to rank their peers by qualities such as ‘rich’, ‘not-so-rich’, ‘poor’, villagers clearly valued stocks and assets over flows of income. Also in focus-group discussions both men and women emphasised that the relative lack of such assets as land and livestock of female household heads makes them over-dependent on the market and hence more vulnerable than the asset-owning men.

Another aspect of the Tanzania PPA that Booth et al. celebrate as “*a significant breakthrough in poverty assessment work*” is the central place it gives to the concept of social capital – measured in terms of the density of associational life at the level of the rural community. Taking this concept of social capital from Coleman⁶² and Putnam⁶³, the PPA evaluated its applicability to local social contexts by means of participatory enquiries into trust, participation and membership of organisations of various types. It then used the special household

⁵⁷ The Tanzania-PPA did not attempt to cover Zanzibar and the other islands.

⁵⁸ World Bank (1996).

⁵⁹ Though still incompletely participatory, as the report is still not circulating widely in Tanzania.

⁶⁰ URT (1994b)

⁶¹ Narayan (1997), p. 18-19.

⁶² Coleman (1990).

⁶³ Putman (1993).

survey – 1376 households in the 87 village sites – to collect quantifiable data on memberships in associations, which were then weighted in favour of associations with a mixed kinship basis. This produced an index of village associational life, which was taken as a proxy for social capital at the village level.

These results were then matched with household income data from the HDR survey from the same villages. With the aid of econometric modelling, the hypothesis was tested that social capital a) is capital (that is, an asset that raises incomes) and b) is social (in that a household's income is affected by the density of associational life *in the community*, not by its own memberships).

The conclusions from this work are quite striking: After controlling for a range of other variables that might be expected to explain away the relationship, and giving due consideration to the possibility of reverse causality, Narayan et al.⁶⁴ conclude that village-level social capital is a powerful determinant of levels of individual income. The quantitative effect is, moreover, large: a one standard deviation increase in village social capital is associated with a 20–30 per cent increase in expenditure per village inhabitant. This is equivalent to tripling either the level of education, or the stock of non-farming physical assets.

The policy implications of this finding are important. The authors of the PPA are inclined to emphasise taking more care not to destroy the social capital that the poor already have, as opposed to attempting to build it up from the outside (e.g. by decentralising government). They argue that more attention needs to be given in development policy making to not unwittingly destroying or 'mining' social capital – e.g. through the adoption of an unduly technical and bureaucratic approaches by sectoral ministries. There may also be, the authors of the Tanzania PPA say, a need to look again at the arguments against a demand-led approach within poverty-oriented Social Funds. The demand-led approach may be bad for targeting the poorest,⁶⁵ in that it is the well-organised communities that submit the projects, but it may be good for building social capital.⁶⁶ And social capital is a public good from which the poorest also benefit – so long as they live in one of those communities.

These theoretical considerations have also intimate links to the choices the aid agencies – and the Government of Tanzania – have to make about the approaches to be applied in the public expenditure reform and social sector development programmes, that are today the corner stones of the Government's and the donors'

⁶⁴ Narayan (1997). See also Narayan and Pritchett (1997).

⁶⁵ This is, for instance, one of the roots of Nordic and Dutch criticism against the (demand-led) 'matching grant' principle in the Community Education Fund (for primary education) which has been strongly advocated in Tanzania by the World Bank.

⁶⁶ Swantz' findings from village-level experiences in one of the remote corners of Tanzania, Lindi and Mtwara regions, give evidence in support of the social capital gains of the matching grant approach. See Swantz (1996 and 1997).

poverty reduction strategies in Tanzania. In the education sector, for instance, the World Bank has been strongly promoting a ‘matching grant’ approach (Community Education Fund, CEF), whereby the levels of central government subsidies to individual primary schools would be determined by the achievements of the school communities (parents, village governments and school enterprises) in raising their own funds.

There have been strong disagreements between the various actors about the viability of such arrangements in terms of the right balance between economic efficiency on the one hand, and poverty focus and social equality on the other hand. A recent study by Tanzanian social scientists⁶⁷ in Kibaha district warned strongly – on the basis of their evidence from the pilot schools – that an insistence on national replication of the CEF matching grant approach would most likely lead to higher school drop-out rates, especially for schools in the poorer areas and girls in particular. This is to say the CEF scheme would exacerbate disparities in primary education across areas and social groups.

A parallel World Bank Staff Appraisal conducted more or less in the same villages in Kibaha district reached just about opposite conclusions: The World Bank appraisal report⁶⁸ praised the results of the CEF pilot schemes saying:

*“The project will make an important contribution towards improving the coverage and quality of basic education services...(It) is also important in terms of poverty reduction. The project...will benefit the poor disproportionately since children from poor households have a higher proportion of family members in the primary school age group.”*⁶⁹

It is difficult for individual donors to decide how best to contribute to poverty reduction through their assistance to national sector development policies and programmes. One of the difficulties is that ideological and political differences clearly influence the way that various actors interpret the evidence from the ‘contextual’ field tests and how they emphasise the roles and virtues of nationally regulated equality on the one hand and locally ‘liberated’ social capital on the other hand. The World Bank Staff Appraisal report celebrated the CEF pilot as:

*“a fundamental departure from education management in Tanzania because it gave communities and schools the flexibility to influence educational decisions. Indeed, it was the first time...that teachers and parents were required to work together on these tasks...Teachers and school committees are enthusiastic about the project in the districts.”*⁷⁰

⁶⁷ Mpango and Mushi (1997), p. 30-32.

⁶⁸ World Bank (1997).

⁶⁹ Ibid., p. 53.

⁷⁰ Ibid. p. 36, 39.

On the other hand, Mpango and Mushi report that they found

“no clear evidence of increasing enrolment in the schools participating in the CEF project...It was also clear that schools in poorer areas had lower enrolment than schools in relatively richer areas...The parents have no more control over school affairs than before the introduction of the scheme...We recommend that this scheme should be limited to the selected pilot districts only, at least for a minimum of five years so as to be able to take stock of its achievements and failures...Nation-wide implementation should only be considered after making adjustments to guarantee free access to quality primary education by all Tanzanians.”⁷¹

In the primary education sector, some of the important European donors have been rather sceptical about the poverty reducing potential of the World Bank-initiated ‘matching grant’ approach, which largely aims at focusing all aid as directly as possible to the schools, even at the risk of by-passing the central and local government structures. For instance the Danes and the Dutch have, more than the World Bank, emphasised the need to integrate local level school development efforts to an overall strengthening of local (district) government structures and capacities. The Danes and the Dutch (and more recently the Finns and the Irish) have focused most of their support to education sector development in Tanzania to the so called “*District Based Support to Primary Education*” programme.⁷² In other words, the differences of opinion between the various donors are not so much about the value of *social capital* than about the level (school, village, district, nation) at which that social capital should be strengthened and how it could be institutionalised to reach sustainable results in the long run.

4.5. The forgotten narrative: Debt Relief and Trade Capacity Promotion for Poverty Reduction

In addition to the narratives on poverty and poverty reduction discussed above there is still another way to analyse the constraints and opportunities of a poor country like Tanzania to reduce its (and its poorest citizens’) poverty. Contrary to the other narratives, which combine ‘scientific’ analysis of the ‘hard facts’ with value-based (or ideological) considerations about what is the morally appropriate level of societal equality between Tanzanians (men and women, landholding and landless, living in different parts of the country, etc.), this final ‘forgotten’ narrative is essentially based on moral judgements about the appropriate degree of

⁷¹ Mpango and Mushi (1997), p. 30-32.

⁷² District Based Support to Primary Education (1997). See also: Sarvi *et.al.* (1998).

equality between Tanzanians, on the one hand, and the citizens, states and corporations of the countries richer than Tanzania, on the other hand.

Debt

It is one of the hard facts, that foreign debt problems have been a major factor behind Tanzania's poor and deteriorating human development performance. In effect, external debt servicing has been 'crowding out' priority social investments, diverting the limited revenues available away from the Government to overseas creditors. The effect has been to exclude the poor from opportunities to benefit from, and to contribute to the process of economic growth. In the financial year 1996/97, spending on debt servicing absorbed one third of the entire GOT budget.

In 1997, Tanzania's external debt totalled to US\$ 7.8bn. Multilateral creditors account for almost 40% of this total, but the multilateral debt stock is expected to increase to over three quarters of total stock by 2000, World Bank (IDA) dominating.⁷³ In descending order, the main bilateral creditors of Tanzania are Japan (28%), Russia, the UK (10%) and Italy (6%). Table 4.5. summarises the distribution of debt stock between multilateral and bilateral creditors.

Table 4.5. Tanzania's External Debt Stock and Creditors 1997⁷⁴

	% of total debt stock	US\$ (million)
Bilateral Paris Club creditors	46	3588
Bilateral Non Paris Club creditors	10	780
Commercial creditors and export credits	7	546
Multilateral creditors	37	2886
Total	100	7800

Tanzania's debt service payments falling due in 1997 amounted to US\$ 275 – equivalent to around 35 per cent of export earnings. During the first half of the 1990s the Government's actual debt payments averaged between 40–70 per cent of scheduled payments, but the present Government has indicated its intention to meet these payments in full in an effort to secure a reduction in debt stock from the Paris Club and entry to the HIPC framework⁷⁵ (see below). However, meeting this target will impose an enormous strain on public finances. The debt servicing

⁷³ Repayments to the IMF are disproportionately high in relation to the Fund's share of Tanzania's debt stock as a result of the less concessional nature of its lending by comparison with the IDA or the World Bank. thus, while the Fund holds only 6 per cent of multilateral debt, it absorbs 20 per cent of multilateral debt servicing, or US\$37 million in 1997/98.

⁷⁴ Ibid.

⁷⁵ HIPC = Highly Indebted Poor Country. HIPC-Initiative is a major debt reduction initiative by the World Bank and the IMF, aimed at relieving the poorest and most severely indebted countries from unsustainable debt.

demands threaten to undermine investment, limit Tanzania's import and investment capacity and erode its long-term competitiveness. A related problem is the emergence of a domestic debt problem, with repayments in this area absorbing a further 14 per cent of government revenues. The end result is that the scope for public investment in pro-poor social and economic priority needs such as primary education, basic health, water and rural roads is now minimal, with debt and wages absorbing over two thirds of the budget. In 1997/1998 the Tanzanian Government is spending US\$ 9 per capita on debt repayments. This is:

- Nine times as much as on basic health care
- Four times as much as on primary education.

In spite of their concern for these very same pro-poor social and economic priority needs, the aid agencies have been rather unwilling to consider debt relief as one of the potential instruments of poverty reduction in poor countries like Tanzania. One of the main reasons for this is that in the division of labour between the donor governments' various authorities debt relief negotiations have normally fallen outside the mandates of the aid agencies. The Ministries of Finance and/or the central banks normally represent the donor governments in the Paris Club, and in the boards of the IMF and the World Bank, where most international negotiations about the terms of debt relief for the poorest countries take place. The aid agencies may be afraid that if they took a high profile in advocating debt relief for their poorest and most highly indebted partners in the South, their governments might make debt relief charge on their aid budgets and not on the central contingency reserves of the donor governments.

Some of the vocal, politically influential and moral-driven non-governmental organisations (NGOs) of the donor countries have, however, been less afraid to speak out what they know about the poverty enhancing and maintaining impacts of the unsustainable debt burdens in the poorest countries. Especially in the past few years a wide international network of NGOs have launched a major campaign lobbying their governments and the international financial institutions (IFIs) to grant large and sustainable debt relief for countries like Tanzania. One of the major achievements of the NGOs' advocacy work was the so called HIPC-Initiative, proposed by the Presidents of the World Bank and the IMF in 1996.

In theory, the HIPC framework is aimed at helping poor countries like Tanzania on a course for debt sustainability by providing comprehensive and integrated debt reduction. The problem for Tanzania is that it has little prospect of achieving debt relief under the HIPC framework until 2002, or beyond. This is because of IMF's selective and arbitrary interpretation of the country's past track record of well-disciplined macro-economic policies, and because of the failure of the creditor

community to implement the HIPC framework with a sense of resolve and political purpose.⁷⁶

One of the main ideas of the HIPC initiative has been to seek debt sustainability. This means that the debt service obligations should be kept at such a low level that they would not limit the indebted country's capacity to save, import, make productive and growth enhancing investments, and to invest in its own social and economic infrastructure, including its human capital (i.e. the health and skills of its people). The HIPC framework has three main criteria for assessing a country's debt sustainability. As illustrated by Table 4.6., Tanzania's debt burden is currently unsustainable on each count:

Table 4.6.
HIPC Debt Sustainability Criteria and Tanzania's Debt Situation⁷⁷

	HIPC debt sustainability criteria	Tanzania's present situation
Ratio of NPV debt stock to exports	200-250	406
Ratio of debt servicing to exports	20-25	35
Ratio of NPV debt stock to budget revenues	280	673

The Tanzanian case highlights the problems in the design of the HIPC framework. In particular, the focus on export-related debt sustainability criteria has obscured the damaging impact of debt on domestic budgets and social sector investments. Debt repayments have in fact the effect of hindering Tanzania's progress towards the very poverty reduction targets adopted by the World Bank and the EU/OECD donor countries in their development policies. For this reason one of the influential NGOs, Oxfam International, has suggested that the debt sustainability indicators in HIPC should be widened to include a human development dimension.⁷⁸

The failure of the Government to negotiate substantial debt relief from the IMF, the World Bank and the rest of the donor community to compensate the sacrifices made by Tanzanian people during the past decade, is increasingly being used by the opposition parties as a political weapon against President Benjamin Mkapa and

⁷⁶ The reasons for IMF's decision to defer Tanzania's HIPC Decision Point (i.e. the timing of a decision on HIPC debt reduction) until 1999, and the Completion Point (when debt relief would be provided) until 2002 can be traced to 'Tax evasion scandal' in 1994 that led to the 'Helleiner process' between the Government and the donors (see Chapter 4.1.) IMF has now taken the inauguration of the new IMF/Tanzania programme in November 1996 as the starting point for Tanzania's HIPC track record, giving no credit to Tanzania's past performance: disciplined adherence to IMF agreements between 1986-1992 and again in 1996-1998. On a less inflexible interpretation, as suggested for instance by Oxfam, Tanzania's track record would amount to between seven and eight years. As Oxfam says: "Unless the aim is to use delayed debt relief either as an instrument for punishing a previous government, or as a mechanism for reintroducing donor influence, it is difficult to understand the case for a 2002 Completion Point". See Oxfam International (1998).

⁷⁷ Oxfam-International (1998).

⁷⁸ Oxfam International (1998).

his Government. It is no wonder, therefore, that the inflexibility associated with the HIPC initiative – together with the large unexpected costs caused by drought and floods during the past two years – have prompted President Mkapa and his Government to request the donors⁷⁹ to support a US\$ 320 million Multilateral Debt Relief Fund to cover multilateral debt servicing during the next three years. In the absence of such a fund, the public finances would be stretched to a breaking point. The Government of Tanzania has indicated that it will prioritise the transfer of these savings to social sector ministries.

According to the World Bank, the Government of Tanzania would need to increase its education budget by about 76 per cent in order to finance the investments needed to achieve universal primary education. Under present budgetary circumstances such an increase is inconceivable, in spite of the large interest of several donors to support the Government's new Education Sector Development Programme. Yet, if current debt service levels were reduced by half, and the savings allocated to primary education, the target could be achieved. In the health sector the World Bank estimates that spending of US\$ 12 per capita is required to finance a basic health care system. Meeting this target would require a four-fold increase in Tanzanian health spending, representing US\$ 9 per capita – a sum equivalent to present per capita spending on debt. Such facts point to the high social opportunity costs of debt repayment. But they also illustrate the potential benefits of converting debt servicing into social investments.

From the point of view of the poverty-oriented aid agencies a major problem is that it is difficult to ensure that the public resources saved through debt relief will really be spent on the pro-poor social priority investments. But it should not be impossible to design and to agree on ways to monitor this in the framework of the regular public expenditure reviews (PERs) which the donors are anyway involved in. A sustainable solution to the debt problem would, anyway, be in the direct interests of the aid agencies, too, since it would enhance aid effectiveness. Presently, the large debt repayments undermine the development assistance budgets in two ways: First, aid is being diverted away from poverty reduction initiatives into debt refinancing. In 1996, debt servicing absorbed 31 per cent of all development assistance funds provided to Tanzania. The second way in which debt repayments are damaging aid effectiveness is in reducing disbursement rates. As a result of having to transfer budget resources to external creditors, the Tanzanian Government has been unable to generate the local counterpart funds required to draw on aid transfers made to sectoral and various other development programmes (aid can only be released when the Government releases 'counterpart' funds as their contribution to the programme). In consequence, a large proportion of aid is left unutilised in foreign exchange accounts, instead of being converted into programme and project interventions which could reduce poverty. During the first

⁷⁹ In the Consultative Group meeting in December 1997.

half of 1997, for instance, aid disbursements were equivalent to only 57 per cent of the targets set.

Many international NGOs believe that debt relief could, indeed, be one of the most effective instruments in poverty reduction in Tanzania. Oxfam International has, therefore recently proposed that (a) the HIPC Decision and Completion Points for Tanzania should be brought forward, (b) that The Government of Tanzania should prepare an integrated strategy for converting debt savings into poverty focused social investment, including education and health, and that (c) the donor community should respond positively to the GOT's request for a Multilateral Debt Relief Fund to provide immediate assistance in meeting payments to multilateral creditors;

Of Tanzania's bilateral donors the Netherlands, Norway – and with some reservations – the UK, Sweden and Finland have indicated that they are prepared to support Tanzania's Multilateral Debt Facility. Germany, Belgium and Italy – all of which have large outstanding claims from Tanzania – have replied negatively.

Trade

Trade relations with the EU-members is very important for Tanzania, ranging between 50–60 percent of Tanzania's total foreign trade, and conducted under special preferential arrangements. The main concern for Tanzania at the moment is the erosion of preferential tariff margins after the GATT Uruguay agreement 1994. This erosion reduces the competitiveness of Tanzanian exports to the EU.

Mbogoro (1996)⁸⁰ is one of the very few recent texts discussing Tanzania's potential to increase her benefits from participation in the global marketplace. In Mbogoro's conclusion the promise of brighter future built in into the Final Act of the Uruguay Round is not without worries to the least developed countries (LLDCs), including Tanzania, because:

- a) Tanzania has a limited and undiversified supply base to be able to participate effectively and gainfully in the new multilateral trade system;
- b) for quite a number of obligations which have been assumed by joining the WTO, Tanzania and the other LLDCs have been allowed a substantial amount of time to carry out the necessary adjustments so that they are able to conform to the new multilateral trading system. The question is, whether Tanzania will be able to make the best use of this adjustment period to catch up and stand level with other countries of the world. Without serious planning and substantial financial and technical support, the grace period is

⁸⁰ Mbogoro, 1996.

likely to elapse without seeing any transformation either in the institutional capability or in the production structures of Tanzania.

c) for quite a number of obligations which Tanzania has assumed by joining the WTO, there are financial costs in the short-run: for example, the liberalization of trade in agriculture is likely to make Tanzania and other net food-importing countries pay more for food imports. This is a real burden for countries which are already poor;

d) tariff reductions under the multilateral trade arrangements have introduced a serious erosion of the preferential tariff margins for Tanzania and other African LDCs (members of ACP). The competitive edge of Tanzanian exports has, thus, been reduced especially in the EU, which means that Tanzania must succeed in raising productivity of her export producing firms in order to increase their competitive edge or else they will be marginalized in the EU and the rest of the multilateral trade system.

e) the Uruguay Round Agreements have reduced the attractiveness of regional integration schemes – long considered as a potential saviour of many LDCs – in as far as trade is concerned by reducing the differentials in the tariff margins between members and non-members.

In view of Tanzania's relations with the EU member states Mbogoro reminds that the trade arrangements under the Lomé Convention have been the best that has been available in the global markets for a poor country like Tanzania. Nevertheless, Tanzania has not been able to take full advantage of this 'generous' market particularly for manufactured export products, mainly due to the weak industrial base in Tanzania and partly due to overt and covert non-tariff barriers and inadequate knowledge about the potential markets. In order that foreign trade with the EU and other parts of the world could be used as a tool to enhance Tanzania's independent capacity to reduce its poverty the following suggestions have been made:

a) Tanzania should expand and diversify her production base with an eye on the EU market. In order to achieve this, measures should be taken to attract more investments from the EU countries. By twinning EU industrialists with Tanzania industrialists one could solve three problems: one of market information, two of up-to-date technologies, and three of foreign exchange.

b) Because of the special relationship between Tanzania and the EU, the EU should devise programmes which make it easier for EU industrialists to come and invest in Tanzania. Such programmes must aim at solving the major bottlenecks to foreign investment.

c) Tanzanian exporters' knowledge base about the non-traditional export markets and their particular demand specifications should be broadened, so as to allow the Tanzanian exporters to make the most traditional buyers compete with potential buyers in those parts of the world where the Tanzanians have never before had direct trading links to.

4.6. Summary

In this Chapter 4 of our report we have tried to identify the differences in donors' thinking about the most viable approaches to analyse and reduce poverty in Tanzania. This far our focus has been on the strategic choices the donors have made as they have planned their country programme approaches. The major strategic choice on this level is whether the donors choose to take a 'hands-off' or a 'hands-on' approach.

A 'hands-off' approach is possible if the donors trust the capacity of either the Tanzanian government, the NGOs or the market to allocate the donor's aid resources so that also the poorer segments of the population will benefit. The 'Tanzania-on-the-driver's-seat' approach, advocated most strongly by Sweden and Norway, simply assumes that the Tanzanians know what needs to be done on the community, district and regional levels. No expatriate advisers or facilitators are needed. The 'forgotten' narrative (focusing on debt relief and trade capacity promotion) is, in fact, based on a similar belief in the capacity – and will – of the Government of Tanzania to cater for the needs of the poorest Tanzanians, if it only could afford it.

The principle that the Government of Tanzania should take the lead in all strategic planning, decision-making, implementing and evaluating the donor-funded public interventions is probably correct in the long run. This approach, however, carries the promise of equitable poverty reduction only provided that the governmental system in Tanzania really operates in a participatory, democratic, accountable, non-corrupt and efficient manner. This is exactly the reason why the advocates of the 'Tanzania-on-the-driver's-seat' approach focus their energies to an intensive dialogue process with the central government of Tanzania about the democratisation, human rights and anti-corruption activities and fiscal management, civil service, local government and sector development reform processes in Tanzania, hoping that a more well organised, more competent and more accountable Government will in the future be able to allocate the aid resources more effectively and more equitably to the benefit of poor Tanzanians than any parallel donor machineries ever could do. The 'Achilles' heel' of this approach is, however, the question, whether accountability and democratic principles can be imposed or introduced from above. The advocates of the

'participatory' approach are convinced that such virtues can only grow organically from bottom up, as more and more poor people (and representatives of poor people up the ladder of political and administrative decision-making fora of Tanzania) become convinced that they have the right to demand accountability and fair play from all government staff who use tax and aid money and other common resources for the common good.

The 'neo-liberal' approach – in its 'purest' version – believes, on the other hand, that neither the Government nor the donors should establish large machineries to administer the allocation of foreign assistance funds to the poorer and less poorer Tanzanians. Foreign aid should, instead, seek to maximise aggregate economic growth in Tanzania, and leave the allocation ('trickling-down') of the fruits of growth to the 'invisible hand' of the market.

In reality, none of the donors have as yet trusted the capacity (or will) of either the Tanzanian government, the NGOs or the market enough to dare to take a pure 'hands-off' approach. Different versions of 'hands-on' approaches have been much more common. In all 'hands-on' approaches the donor considers itself more 'pro-poor' than the government or the market, and therefore takes on itself at least part of the responsibility to allocate the aid resources so that the poorer Tanzanians receive an equal (or disproportionately larger) share of the benefits.

A fairly strong distrust in the capacity and will of the central government of Tanzania to cater for the needs of the poor is an essential characteristic in the thinking of those donors who prefer to support participatory projects and programmes in the isolated rural areas of the country. The poor people there are believed to know their needs and development opportunities better than the bureaucrats in the central government. On the other hand, also the strongest advocates of participatory approaches have ended up realising that the replication and scaling up of the participatory processes can neither be expected to be administered in the longer run by the (prohibitively costly) expatriate facilitators nor left to be directed by the market forces of demand and supply alone, but that there is an important role to be played by the (local and central) government authorities. Therefore, without an exception, all the participatory interventions supported by donors in Tanzania have ended up focusing a substantial share of their efforts to improving the attitudes and capacities of the Tanzanian civil servants to be better able to play their role in supporting the 'bottom-up' initiatives of the poor members of their communities.

On the basis of our analysis, the '*debt reduction narrative*' should be the starting point of poverty reduction efforts in Tanzania. Much more attention and money should, therefore, be invested by the European donor governments into relieving Tanzania's unsustainable debt burden. Advocating enhanced Tanzanian 'ownership' or more pro-poor social service policies (as the '*Tanzania-on-the-*

driver's-seat narrative' and the *'neoliberal narrative'* do, respectively) is rather dishonest and unrealistic as long as over one third of the Government's revenues go to debt repayments. Large scale debt relief would release lots of Tanzania's own resources (as well as donor resources) for increasingly effective action on poverty reduction.

Participatory and more contextual poverty assessment methods (as advocated by the *'participatory'* and *'social capital'* narratives, respectively) are probably necessary in poverty-oriented aid in order for the donors (and the Government) to know better the life realities of the poor people, and their perceptions of poverty. As the participatory approach suggests, it is probably not realistic to expect that all aspects of poverty can be eradicated from Tanzania by the year 2025 or even later. However, by supporting participatory assessments and pilot projects the donors (and the Government) could become much more aware of those aspects, dimensions and manifestations of poverty, which the poor people themselves find most unbearable and de-moralising, and which, therefore, have to be eradicated first. Evidence from field research gives us reasons to believe that material wealth is not necessarily the primary life goal of most of the poor people in Tanzania,⁸¹ but it can be assumed that all of them seek livelihood security. These two are not the same thing.

The *'social capital narrative'* shows convincingly that human welfare consists not only of accumulating man-made economic capital (such as money) but also of the reciprocal relations of trust, loyalty and participation, i.e. social capital. Natural, human and cultural capital are the other constituents of welfare. The important lesson to be learned from the social capital narrative is, that balanced action on all these fronts is necessary. In development aid, the economic dimension has too often overshadowed the others.

The main merit of the advocates of the *'neoliberal narrative'* (the World Bank and the IMF) has been the systematic manner in which they have helped the Government of Tanzania to analyse all the in- and outflows of these common (government) revenues. For instance the World Bank has done commendable – and theoretically highly interesting – work to find feasible means to target social services to the really needy, and to avoid the 'leakage' of Government or donor funded subsidies to those less in need. The Social Sector Review (SSR-1995)⁸² conducted by the Bank estimated for the first time the distribution of benefits in Tanzania from public spending in the social sectors. The results showed, in summary, that the Government's scarce resources are targeted disproportionately to the richest quintile of the population. Donors improve the distribution in health but worsen it in education and water.

⁸¹ In a world of ecological limitations it is a questionable life goal for any of us.

⁸² World Bank (1995).

Recent World Bank literature suggests that the virtues of the participatory and social capital narratives are combinable with the main thrust of the neo-liberal narrative. In theory this may be correct but the real-life experiences about the policy solutions advocated by the Bank and the IMF, for instance in Tanzania, raise doubts about this interpretation: The fundamental difference, in our view, is that the neoliberal narrative makes bigger (probably unrealistically big) 'quick fix' promises, whereas the participatory narrative neither promises nor recommends quick modernization, but rather seeks ways to reduce the vulnerability (or to increase livelihood security) of the poor. Also the 'world-view' of the neo-liberal narrative is more (and unrealistically) individualistic and economy-centered than that of the participatory narrative which is more communitarian and multi-dimensional (multi-disciplinary).

The crude and ideology-laden versions of the neo-liberal narrative (Washington consensus) suggest that the more the government (central + local) can be minimized the better. The participatory narrative suggests that the 'sick' (corrupt + inefficient, etc.) government cannot be sustainably 'healed' from above, neither by the conditionality of the BWIs nor by the 'good governance projects' of the bilateral donors, but only by empowering the 'participatory and democratic grassroots' to demand accountability from all higher levels where decisions are made. If this is achieved, an effective government is fully consistent with the participatory narrative. On the other hand, that the more recent, less ideologically-laden versions of the neoliberal narrative (c.f. the 'Post-Washington consensus advocated by the chief economist of the World Bank, Joseph Stiglitz⁸³) also accepts that there is an important role to be played by the government (central and local), and that the joint challenge of the two approaches (participatory + neoliberal) is to find the right dynamic balances between private and community-based initiatives (at grass-roots and at higher levels) on the one hand, and the 'fair play' enhancing role of the democratic, effective and accountable central and local governments.

Regional policy is one of the areas where the European donors should seek to provide alternatives to the policy solutions and administrative mechanisms designed by the Bank. The World Bank nowadays strongly advocates the principle of *matching grants* to be used in the allocation of central government (and donor) subsidies to education, health and water sector development on the local levels. Since some districts and communities start from a disadvantaged position compared to others the government (plus donors) have to create some mechanisms to target specially preferable subsidies to the more disadvantaged districts and communities. Interesting work has been done by both the World Bank and the UNDP to design region/district/community based wealth, welfare and poverty indicators and indices. Different methods, however, have produced strikingly

⁸³ Stiglitz (1998).

different results. This is an area where more work needs to be done and where the ideological premises of different analysts easily lead to very different solutions.

In the next Chapter 5. of this report we shall take a look at the comparative achievements and failures of 16 ‘hands-on’ interventions funded by European donors. In the concluding chapter 7. we shall discuss the comparative merits and shortcomings of the six PR-narratives also on the basis of the field-level evidence gained from studying the 16 ‘best practice’ interventions.

PART-III: ASSESSING THE OPERATIONAL ‘BEST PRACTICES’ OF EUROPEAN DONORS

5. An Analysis of 16 European Supported Poverty Reduction Interventions

Approach and Methodology

In order to identify some ‘best practice’ approaches to poverty reducing aid interventions – and to analyse the reasons for the relative success of some and the failure of other approaches – the authors of this study first conducted a round of interviews in the Embassies and aid representation offices of European donors in Dar es Salaam. All bilateral EU-donors active in Tanzania were contacted as was the delegation of the European Commission.

The donor representatives were asked – among other things – to name a few of their projects or programmes which they considered relatively more successful with regard to the objective of poverty reduction. They were also told that not necessarily all, but some of these ‘best practice interventions’ recommended by them would be later studied as case studies by our Tanzanian (and Dutch) research partners.¹

No clear definitions were given by the researchers as to what kinds of interventions they considered most suitable and effective for poverty reduction. Instead, the donor representatives were encouraged to use their own definitions and criteria of ‘poverty’, ‘poverty reduction’ and ‘aid intervention’. In retrospect, it is probably fair to say that in most interviews both the interviewees as well as the researchers had a ‘traditional project concept’ in mind when they talked about aid interventions. However, it was mentioned by the researchers in each of the interviews that besides a development project or a programme, an aid intervention might also be conceived as an ‘episode’ in the ongoing political dialogue between the donor and the Tanzanian government, if that episode had, for instance, had recognisable positive pro-poor influence on Tanzanian policies, donor-Government relations or donor-donor coordination. In fact, the representatives of the Swedish Sida mentioned that their strict and uncompromising attitude towards the Tanzanian Government during the 1994 tax-evasion scandal had – in retrospect – probably been their most meaningful and effective pro-poor intervention of the recent years.

¹ Dr. Mjema, Dr. Shitundu, Dr. Rutasitara, Dr. Chaligha, Dr. Mwamfupe, Dr. Kiwara and Mr. Tinga, all under supervision of Prof. Semboja, Director of REPOA (Research for Poverty Alleviation).

Some donors, for instance the Swedes and the Norwegians, seemed to think that there are already too many donor projects in Tanzania and that the best way to increase the poverty reducing impacts of aid is not to increase the number of individual donor-funded and donor-controlled interventions but rather to take the ‘hands-off’ approach and shift donor resources away from individual ‘hands-on’ projects towards strengthening the capacity of the Government of Tanzania to implement pro-poor policies through its regular (pruned but more effective) administrative structures and institutions.

However, most of the ‘best practice interventions’ recommended by the European donors were either conventional ‘hands-on’ projects or integrated rural development programmes (IRDPs).² Some of the donor representatives were optimistic about the more recent ‘sector development programme’ approach,³ but none of them had yet had long enough experience of such an approach to justify a case study.

Table 5.1:
European-funded Poverty Reduction Interventions Selected for Case Studies

<i>Sector</i>	<i>no</i>	<i>Project</i>	<i>Donor</i>	<i>Duration</i>
1. Rural development	1.1	Bukoba District Rural Development Programme (Bukoba DRDP)	Netherlands	1987 – ..
	1.2	Village Development Programme (VDP) - Tanga	Germany (GTZ)	1981 – ..
	1.3	Rural Integrated Programme Support (RIPS) - Mtwara/Lindi	Finland	1987 – ..
	1.4	Soil and Water Conservation Project (HIMA) - Iringa	Denmark	1989 – ..
	1.5	Kilosa District Rural Development Programme (Kilosa DRDP) - Morogoro	Ireland	1979 – ..
2. Basic Education	2.1	Kilosa Primary Education Project	Ireland	1992 – ..
	2.2	Maintenance of Schools and Colleges/Danida Educational Programme	Denmark	1981–1995
	2.3	Exercise Books Programme/Sida Educational Programme	Sweden	1977 – ..

Table continues on next page...

² Also sometimes referred to as ‘area programmes’.

³ Also sometimes referred to as ‘sector-wide approach’ (SWA), ‘sector investment programme’ (SIP) or ‘sector reform programme’ (SRP).

...continued from previous page

<i>Sector</i>	<i>no</i>	<i>Project</i>	<i>Donor</i>	<i>Duration</i>
3. Basic Health	3.1	Health and Nutrition District Support (HANDS) - Mbeya Municipality	United Kingdom	1991 - ..
	3.2	Urban Health Project Dar es Salaam (DUHP)	Switzerland	1988 - ..
	3.3	Family Health Project (FHP) - Dar es Salaam, Lushoto, Tanga, Zanzibar	Germany (GTZ)	1990 - ..
	3.4	Iodine Deficiency Disorders Programme - Dar es Salaam	Sweden	
4. Income generating projects	4.1	Tanga Smallholders Dairy Development Programme (TSDDP)	Netherlands	1992 - ..
	4.2	PRIDE Tanzania - Arusha Municipality	Norway	1993 - ..
	4.3	Zanzibar Forestry	Finland	1980-1997
	4.4	Stabex for coffee - Kilimanjaro Region	EU	1993 - ..

After eliminating some overlaps the researchers produced a final short-list of 16 interventions, supported by 10 different European donors, to be studied in more detail through the case studies. An overview of the interventions selected, and grouped into four categories (Rural development, Health, Education and Income-generating) is presented in Table 5.1 (above).

Some of the interventions were nation-wide, others restricted to a region, district or municipality. In the case of the nation-wide programmes, the research was confined to their implementation in one or more districts. The regions where research took place are: Tanga region, Dar es Salaam, Mbeya municipality, Mtwara region, Iringa rural district, Kilosa district, Kibaha district, Zanzibar, Kilimanjaro region, and Arusha municipality.

A standard questionnaire was prepared by the principal researchers, to be used as a 'checking list' by the Tanzanian (and Dutch) research partners while conducting the case studies. The main objective of the intervention case studies was not to conduct yet another round of ordinary 'quick and dirty' aid effectiveness evaluations. The two weeks that were available for each of the case studies (including travelling) was not considered sufficiently long a time to conduct 'evaluations' that could provide any specific 'value added' as compared to the evaluations commissioned by the donor agencies themselves. Our case studies were conceived more as 'perception studies', or 'reputation studies', where the

main task of the researchers was to interview as many people as possible, ‘insiders’ and ‘outsiders’, ‘beneficiaries’ and ‘non-beneficiaries’, male and female, young and old, decision-makers, opinion-leaders, ‘ordinary people’, etc., and to find out what were the particular approaches and characteristics of these interventions that might have given a reason for some people to regard these projects/programmes as ‘best practice’ interventions in poverty reduction. Several questions in the questionnaire focused on the ways how the various informants perceived poverty⁴ and how they judged the awareness and sensitivity of the European-funded project staff to the differences in various stakeholders’ perceptions of poverty and the ‘futures beyond poverty’. In a one-day orientation and training seminar with the Tanzanian (and Dutch) research partners a lot of time and energy was invested into making the research partners aware that the primary aim of their work was not to make judgements about the ‘goodness’ or ‘badness’ of the individual interventions but rather to find out what were the characteristics, approaches, methods and practical solutions in those projects/programmes that gave reasons for some of the informants to perceive these undertakings as successful (or less successful) interventions to poverty reduction in the particular local context. This emphasis was in line with the ‘best practice’ orientation of the comparative European research programme of which this country study on Tanzania is one part. The joint European study is a forward-looking effort with an objective to learn lessons from the ‘field’ and to identify replicable ‘best practice’ approaches that could help the European donors operationalize their overall goal of poverty reduction better in the future.

The information for the case-studies was gathered in three ways. First of all the project and programme documents and publications were reviewed to obtain information on the background, approaches, results and problems of the projects. Secondly, interviews were held with people concerned with the programmes. Among these are regional, district and local authorities, project managers, key informants as well as ‘recipients’ and ‘well-informed non-recipients’ at village level. These interviews were taken individually or during group discussions. Thirdly information was gathered by visiting the project-sites. The principal researchers (authors of this report) have also visited some, but not all, of the projects themselves.

In what follows, the 16 ‘best practice’ interventions are first introduced in sub-chapter 5.1. Thereafter, sub-chapter 5.2. compares the approaches and characteristics of the 16 intervention studies along some important dimensions. Sub-chapter 5.3. concludes with the ‘lessons learned’.

⁴ And what kinds of Swahili and English words and expressions they used for ‘the poor’, ‘poverty’ and ‘poverty reduction’.

5.1. The 16 'Best Practice' Interventions

5.1.1. Rural development

Bukoba District Rural Development Programme (DRDP)

The District Rural Development Programme is supported by the Netherlands. It aims at supporting the decentralisation process in Tanzania. It is now active in ten districts. The programme started in Bukoba district in 1987 and has entered in 1997 the third phase, which will end in 2003.

The main objective of the DRDP was from the start to increase the income of farm households and to improve the living conditions of the rural population. In the second phase this objective was redefined as: the improvement of the well-being of the rural population in a sustainable way. The activities of the Bukoba DRDP have been divided into seven programmes: strengthening of primary health care, rehabilitation of roads, intensification and diversification of agricultural production systems, education, strengthening of planning and implementation capacity, organisation of local communities and conservation of natural resources. The intervention study focused on the agriculture and health programmes. The cost of the project in Bukoba district has been approximately US\$ 1.0 million per year in the second phase and will be US\$ 1.1 million in the present phase. The DRDP is completely embedded in the district structure, with the District Council formally responsible.

The views of the recipients on the impact of the project on poverty alleviation in the district differed a lot. Some recipients had the view that there have been improvements, but that the general impact on poverty has been low. The main views on the benefits of the agricultural programme are that a good extension network has been developed and the adaptive research of maize varieties is expected to have a positive impact on living conditions. Support to the introduction of improved beans and cassava varieties and the production of pineapple and passion fruits has reduced the farmers' dependency on banana and coffee production. The impact on the production of food and cash crops has not been sufficient. The main limitations are the decreasing soil fertility and diseases that affect the production of bananas.

In the health sector, coordination has improved and the initiative was taken to involve all relevant parties in the development of the District Health Plan. The DRDP has also carried out infrastructural activities and capacity building measures. Despite the efforts, the health status of the people has only been slightly improved, due mainly to factors that lie outside the influence of the project. The road programme has had benefits in providing transport opportunities, increasing competition among traders, and the labour-intensive approach has given income-earning opportunities.

Village Development Programme (VDP)

The German supported Village Development Programme (VDP) started under the Tanga Integrated Rural Development Programme in 1981 and has gone through several phases. The last five years the VDP has concentrated mainly on the districts of Muheza and Korogwe in the Tanga Region. The overall goal of the programme has been that: 'the majority of the rural population in Tanga Region is able to find and implement solutions to their priority problems in cooperation with the required service structure'. After a few changes in its strategy, the programme underwent a radical reorientation in 1992 towards the animation approach: a special mobilization approach to create an environment in which people critically reflect the reality of their life situation, understand the reasons creating poverty and deprivation and perceive self-responsibilities for change. The role of the VDP was to facilitate this process, starting with awareness creation with the support of external animators. Two other strategic elements of the programme are: rural financing, to complement the problem-solving actions of the villagers that came out of the animation process, and decentralization, to ensure the sustainability of the animation and rural financing. For the VDP US\$ 2.2 million was available for the years 1992–95. The budget for the years 1995–99 is approximately US\$ 2.3 million.

About 200 animation groups were formed in 32 villages in the two districts. The groups are mainly engaged in income generating activities in the agricultural sector. In the view of the recipients, the benefits of VDP's assistance have been an increased awareness of their situation and the resources they possess, higher income and more employment. The regional and district authorities were positive about the animation approach and saw that it achieved a better performance than their own extension workers did. Difficulties with the animation process were: the difficult change from top-down to participatory approaches for the animators, time-consuming character and therefore lack of quick results, and constraints in social and cultural frame conditions.

Under the rural financing component 26 credits to animation groups, 39 savings grants and 22 grants to public infrastructure have been provided. The repayment of credits has been 100%. There have been many problems, however. The groups lacked a systematic problem-analysis and planning, small profits were made and many individual members did not get any material benefits. The awareness that rural credit might not have been the best solution in the situation has led to recent changes.

Under the decentralization component of the VDP, the district authorities have contributed to the activities by providing animators. The district officials are positive about the animation process and have shown interest to spread the approach to other villages, but they face financial constraints to do this. People from outside government have doubts that this is the case and are of the opinion

that government officials feel threatened by the empowerment that follows from the approach.

Rural Integrated Project Support (RIPS)

The Rural Integrated Project Support (RIPS) is a rural development programme supported by the Finnish government in the eleven districts of Mtwara and Lindi regions in the South Eastern part of Tanzania. The RIPS started in 1988 and its overall objective is to assist and support local communities move towards more 'sustainable livelihoods', which means that they are supported in their initiatives and efforts to acquire capabilities to adapt and achieve within a changing society, environment and economy. The project strengthens local institutions that can support local communities and it supports projects and a number of pilot-projects. Over 100 projects and pilot-projects are supported. The programme gives assistance in the form of facilitation, training, and financial or material support. The programme has assisted activities in six main areas which are local government, natural resources use and tenure and agriculture, health and water, education, transport and markets, and rural credit and savings. During the first phase a top-down approach was used, but in 1993 a more participatory approach in the form of PRA⁵ was introduced.

The RIPS has facilitated many projects in the two districts. The recipients commended especially the support in the areas of small stock (goat) keeping and the education sector. The small stock project was said to have contributed to poverty reduction by e.g. improving the nutritional status and improving cash incomes. Some beneficiaries (villagers, schools, women, village based extension officers) also mentioned improved employment, asset ownership and enhanced social status and self esteem as benefits from RIPS. In the education sector RIPS has contributed to construction and rehabilitation of buildings, teachers' refresher courses and training, provision of teaching and learning equipment. The local communities' sense of ownership of and commitment to the schools had grown stronger thanks to the community involvement in educational planning from the very beginning. The overall school enrollment and attendance, education levels, and capabilities to plan and implement various development activities for youth have also improved. Various recipients mentioned that the training programmes supported by the RIPS have been influencing change in cultural and work attitudes and have helped build self-confidence and self-reliance attitudes and improved planning and implementation of activities.

Although the RIPS is very extensive, recipients have noted that in order to achieve sustainable livelihoods, activities in the areas of water, health, rural roads and productivity of agriculture would also be crucial. The PRA approach that was used by the RIPS was commended by recipients because it gave them a sense of

⁵ PRA = Participatory Rural Appraisal

ownership and responsibility. Officials from the government authorities in the region mentioned that the activities should be better integrated into the district council system to ensure accountability and sustainability. Doubts were also raised about the manageability of the programme that tries to support over 100 various kinds of activities in a vast geographical area with very poor transport and communication infrastructure.

Hima-Iringa Project

The Hima-Iringa project which is supported by Denmark, started in 1989 and has until now known two phases with another one planned to start in 1998. The overall objective of the programme is to support broad-based development and poverty reduction activities and processes. The second phase aims more specifically at improving the productivity and sustainability of agriculture and natural resource management, improving catchment protection, reducing soil erosion and improving moisture retention and at strengthening local institutions. In the planned third phase additional attention will be paid to increasing soil fertility and agricultural production. The project is active in two divisions of Iringa district, a project area with 150,000 people. The project had a top-down approach from the start, but changed towards a more participatory approach in 1993.

Tangible results of the project have been improved agricultural productivity – which has been translated into increased incomes and better houses – increased tree-planting and the control of various gullies. The recipients were of the opinion that the project has had a positive impact on poverty reduction. In the view of the recipients, if more poverty reduction is to be achieved, more work needs to be done for example in tackling the marketing problems. Despite the marketing problems, increased agricultural output has increased the food security and incomes of the farmers leading to improved clothing, housing, and non-farm activities. The tree-planting activities have led to poverty reduction in the sense that the availability of fuel wood within a shorter distance has reduced women's workload, who have then more time for economic activities. The availability of fuel wood from planted trees has also reduced environmental degradation and helped to conserve water sources. It was noted that the project has helped to create awareness among local communities of poverty and has helped to identify problems and find solutions. Some things which are important in reducing poverty, such as water, education, health and rural roads, should have received more attention. The participatory approach was highly valued and the use of local institutions in the project had minimized costs, but had also contributed to capacity building and the sense of ownership.

Kilosa District Rural Development Programme (KDRDP)

The implementation of the Kilosa District Rural Development Programme started in 1979 and is now in its second and extended phase. The programme is supported by the Irish Aid and the main objective is to promote and assist the economic and social development of the people in Kilosa district on a sustainable basis. The project tries to achieve this by providing economic and social infrastructure, supporting directly productive projects and improving planning and implementation capabilities of local institutions and groups. The programme focuses on provision of certain basic public services e.g. education, health and roads, to promote and facilitate economic development and to foster democratic ideals. KDRDP started with a top-down approach, introduced a step-by-step-approach a few years later and started in 1996 with a participatory approach. The KDRDP is owned by the district council and works through eight of its departments.

Among the tangible results of the KDRDP are: rehabilitation of regional roads where traffic has increased, construction of classrooms, teacher houses, latrines in schools, support to transport for education and health staff, and training to community based health workers, traditional birth attendants and teachers. The programme has also developed a locally managed district mechanical workshop and has initiated and promoted improved community level management of natural resources.

Recipients at the district departments and villagers were positive about the project. The programme has provided assistance to education and health sectors in the district and improved the services in these sectors. Low levels of education and poor or inadequate health were viewed as chief causes for poverty and therefore the programme has contributed to poverty reduction. It was said that the programme had not given much assistance to productivity improvement in, for instance, the agricultural sector. The support for the three regional roads was seen as very helpful and more major roads and links to feeder roads should be rehabilitated to achieve more effective and widespread poverty reduction. Recipients on different levels were positive about the participatory approach which has contributed to increasing awareness, self-confidence, capacity building, knowledge acquisition and accountability. The fact that the programme has been integrated in the district council's structure was commended because of its importance for capacity building, sustainability of the programme, and minimizing costs, which leaves a larger portion of the funds available for direct poverty reduction. The recipients were not optimistic about the financial sustainability of the programme, however. Firstly, because the government does not have many resources to continue the expenditure on allowances, transport, materials etc. Secondly, because the programme has not supported income-generating activities, which could have enabled the people to contribute to the financing of the social services.

5.1.2. Education projects

Kilosa Primary Education Project (KPEP)

The Kilosa Primary Education Project started in 1992 and it is one of the projects assisted by Irish Aid under the Kilosa District Rural Development Programme. The main objective is to improve the quality of primary education in the district. The activities of the project are divided into a soft input component (seminars for primary school teachers, providing text books and other reading material) and a hard input component (rehabilitation and construction of class rooms, teacher houses, offices, toilets, purchasing of furniture).

During the first phase of the project the communities were not involved in the implementation. After a project review in 1994 this was changed and emphasis was placed on the mobilization of the local community and the cultivation in the local community of a sense of ownership of the schools. The project has achieved large quantitative results in construction, the provision of furniture, school materials in-service education, training for teachers etc. One of the constraints of the project has been that it has not been financially integrated into the budget of the district council.

The recipients are of the opinion that different schools in the district have benefited from the support. They also see a number of problems in the identification and implementation of the project. Teachers and community leaders were not familiar with the details of the project. They have not been consulted about the project beforehand. An explanation for this is that the project is implemented through the District Council system and teachers and school committees are not part of the planning system. There were complaints and worries about lack of transparency, delays and misuse of funds.

Maintenance of Schools and Colleges/Danida

DANIDA and the Government of Tanzania financed the nation-wide Schools and Colleges Maintenance Project, which started in 1981 and for which 55 million US dollars have been provided. During the first ten years repairs were undertaken at 142 schools and colleges, and attention was paid to training of school committees on preventative maintenance and day to day repairs. In the second phase, activities also included rehabilitation of staff houses and kitchens. The project has come to a standstill in 1995, after the agreement with DANIDA was closed.

Our study focused on the recipients' views about the project in Kibaha district, where a secondary school was rehabilitated, and maintenance and construction was done in five primary schools. The recipients did not know that the schools were to

be rehabilitated by foreign donors. Teachers and parents' committees complained that they were not involved in the decision-making regarding the project. There were many suspicions about mismanagement of funds. It was suggested that there should be courses for school committee members to enable them to supervise proper implementation of donor funded projects. The project had not contributed much to poverty alleviation in the view of the recipients. They believed that assistance would have had more impact on poverty reduction if practical education in schools had been assisted so that school leavers could have better coped with poverty in the villages. The quality of education could have been further improved by upgrading courses for primary school teachers.

SIDA Exercise Books Program, Kibaha District

The Exercise Books Program, supported by SIDA, is a national project managed by SIDA, the Ministry of Education and the Prime Minister's Office. Since 1977 SIDA has provided the imported printing paper, but due to difficulties clearing the imported paper because of budgetary constraints, in 1996/97 a pilot project is tested to encourage local printers and publishers and to thus liberalize text book production.

In Kibaha district funds (in 1995 and 1996 8.1 million Tsh.) were used to construct concrete desks and to purchase exercise books for primary schools. Recipients from the district saw the received 838 books as a nice gesture, but noted that it is just a small contribution if compared to the needs in the district. Beneficiaries of the programme were not involved in project planning and decision making procedures. The schools also did not know the criteria that were used to select their school as one of the recipients of the aid. It was mentioned that poverty could not have been one of the criteria since the assistance was given to the richest schools in the district.

5.1.3. Health projects⁶

Health and Nutrition District Support (HANDS)

The Health and Nutrition District Support project, funded by the British Overseas Development Administration ODA (nowadays DFID⁷), was a pilot project in the Mbeya Municipality in Southwest Tanzania. The project started in 1991 after a study of district and community perceptions of vulnerability to changing social and economic conditions and derives from the commitment of the Government and ODA to offset the negative impact of structural adjustment policies on the poor.

⁶ The text in this section is based on: Kiwara (1997); Mwamfupe (1997); Tinga (1997).

⁷ DFID = Department for International Development.

The objective was to improve the ability of the people and district-level officials to bring benefits to disadvantaged and vulnerable communities. The project aimed to promote the targeting of scarce social sector services (health and nutrition) to the disadvantaged and poor. The activities of HANDS fell under four major components: health and nutrition, district health management, water and sanitation, and women and children. Among the activities were the conduct of baseline nutrition and socio-economic surveys, mother-and-child health and family planning, local capacity building, and water supply. The target-group of the project was defined as the most disadvantaged and vulnerable people, with a special focus on pregnant women and children under five, in four wards of the municipality with the highest levels of child under-nutrition, as well as the highest number of socio-economic factors closely associated with poverty.

Many of the recipients were not familiar with the project, but they did see some improvements in health and sanitation in their localities. The most noted improvement was in water supply, which was widely acknowledged as having benefited the majority. The HANDS project was terminated in 1995, in a manner which had caused lots of bad feelings in the recipient community. In retrospective analysis many of the recipients viewed the project quite negatively, saying that it had actually not been based on the felt priority needs of the recipients but rather imposed on them from outside. The expatriate managers had remained the center of power in the project from beginning until the end. Recipient participation in planning, implementation and monitoring was not encouraged. Sustainability had not been inbuilt in the project. The recipients felt disempowered, rather than empowered. All the activities except some water sources had collapsed in 1997, two years after the project had been terminated.

Dar es Salaam Urban Health Project (DUHP)

The Dar es Salaam Urban Health Project started in 1988 and emerged from the planning of the IDA/World Bank and the Tanzania Health and Nutrition Project. The main purpose was to establish a health promotion and care delivery system with an improved structure, function and financial base, based on Primary Health Care (PHC) principles. The project is implemented by the City Medical Office of Health and receives technical assistance and material support from the Swiss Development Council. The target-group consists of the actual and potential users of governmental health services and the intended final beneficiaries are the entire population of Dar-es- Salaam City.

In the view of most recipients of the DUHP, the project has been successful in targeting aid to the intended beneficiaries. Drugs have been regularly supplied to the dispensaries in the city. The mother-and-child health services have been mentioned as one of the most successful parts of the project. About 80 percent of the Government health facilities in the Dar es Salaam have been rehabilitated and

equipped with essential drugs and other necessities. Poverty reduction was not a clear project objective, but poverty was one of the criteria in identifying the intended beneficiaries. The link between poverty and health was recognised by the recipients and the fact that the DUHP has helped to improve the health institutions was seen as a contribution to good health in the city, which is a prerequisite for poverty reduction. The financial sustainability of the project is questionable according to project staff. They were optimistic, however, about the institutional sustainability because commendable efforts have been undertaken in the DUHP to strengthen the managerial capacities of the health officials in the city and to integrate the project into the existing local administrative structures. Financial sustainability was envisaged by the introduction of a cost-sharing system, involving the target population. Several informants felt that *'this was a project worth emulation'*.

The Family Health Project (FHP)

The Family Health Project, funded by Germany, emanated from the Village Health Project under the Tanga Integrated Rural Development Project. The Village Health Project had aimed at strengthening the Primary Health Care (PHC) at the village level. In 1990 the FHP started and received a German contribution during the first phase (1990–1994) of US\$ 7.2 million and for the second phase (1994–98) of US\$ 6.1 million.

During the first phase the PHC-concept was broadened to comprise also health facilities at district level and the parallel structures in the health system were abolished. The objective of the present phase of the FHP is to improve the health status of the rural population in Tanga region by improving the quality of PHC services in six districts of the region. The main planned outputs were: support to the Ministry of Health in implementing the concept of PHC and in reforming the health sector nationally; support to District Health Management Teams and the Regional Management Team; improvement of staff performance; support to the understanding and acceptance of the PHC concept and the Health Sector Reform; strengthening of district hospitals as referral institutions; and increasing participation of Community Owned Resource Persons (CORP) in preventative health care.

The recipients at the District Health Management Teams and the Regional Management Team mentioned as the benefits of the project that skills have been improved in supervision, training, planning and that the teams have improved their functioning. There have been constraints in carrying out the planned supervision visits because of the overload in planning, training and vertical health programmes. Also the budgeted funds from the central government have not reached Tanga in time. Among the staff at the health centres and dispensaries, training and the provision of equipment are seen as the major benefits. They also noted that they still experience many difficulties because of a lack of drugs, consumables and staff

and due to poor infrastructure. On village level many recipients complained that the FHP focuses too much on the district and regional level of the health system and, thus, not enough on the village level. Some see the Village Health Workers as having an important additional role while others recognise that it is important to first have a well functioning referral system.

The FHP works through the Government (instead of the private) health care system because the public services are better accessible for the poor. This access is getting more problematic, however, because of the cost of the services and drugs, and the introduction of cost sharing measures. The weak financial position of the Government can be a threat to the sustainability of the project.

Iodine Deficiency Disorders Programme/ Tanzania Food and Nutrition Centre

This is a national project implemented by the Tanzania Food and Nutrition Centre (TFNC) and supported by the Swedish Sida. Although the recognition of endemic goitre and the problem of iodine deficiency was described in Tanzania first in 1965, it was not until in 1978 when campaigns at national level got under way. Following a country wide survey of 34 districts on iodine deficiency disorders (IDD) it was established that about 41 per cent of Tanzanians live in areas deficient of iodine, and therefore at risk of IDD.

The national programme for the control of IDD consists of supplementation of iodine using two delivery systems, the distribution of iodinated oil capsules and iodination of salt. These two intervention methods are supported by activities aimed at advocacy, information, communication and training, operational research, monitoring and surveillance, and logistic and management support.

There has been a success in dealing with the problem of Iodine Deficient Disorders. In some places severe IDD as manifested by visible goitre rates has decreased by nearly 60 per cent while total goitre rates have decreased by about 30 per cent through oral iodinated oil capsule distribution.

5.4. Income generating projects⁸

Tanga Smallholders Dairy Development Programme (TSDDP)

The project emanated from disappointments in earlier Dutch assistance to the dairy sector in Tanga Region, which had been characterised by a large-scale parastatal

⁸ The information in this chapter is based on the following project reports for this research: Rutasitara (1997); Tinga (1997).

approach. Assistance was later on given to extension services for smallholder farmers who kept improved dairy cattle and a Heifer Trust Scheme. The TSDDP started in 1992 out of these two components. The overall objective of the project is: to provide income and to improve the quality of life for project participants through keeping improved dairy cattle. Activities were undertaken at all levels from the production at the farm level to the level of the consumer.

Among the main activities are: recruitment of new farmers, provision of training, provision of pregnant heifers, extension, provision of loans for opening of private drug stores and clinics, support to the Tanga Dairy Cooperative Union and stimulation of milk processing in the region. The total commitment during the first phase (1992–96) was US\$ 2.4 million and for the second phase (1997–2001) US\$ 2.9 million. The project has aimed at reaching small scale farmers, but not the poorest of them because owning a cow would involve too great a risk for the poorest families. In the next stage the project will also aim at medium scale farmers in order to secure a sizeable amount of milk to sustain the dairy infrastructure.

The main benefits in the recipients' views were higher income, availability of milk for home-consumption, and by fewer recipients, the availability of manure for the growing of crops. There is, however, quite a lot of difference between the benefits that farmers receive. Two thousand households are now participating in the project and the milk production has increased from 0.1 million to 3.5 million litres per year. For people who do not have other job opportunities, employment has been created in the dairy sector (estimated at 2,500). District authorities see that dairy keeping has reduced poverty in the district and see benefits for the authorities through increased tax income on milk production.

Difficulties that were mentioned by recipients were the shortage of grass during the dry season, low milk production and diseases of the cows. Problems of low and unstable prices for milk and high prices for drugs were also noted. In some mountainous areas, farmers have specific problems with milk collection. The high prices of drugs and the inadequate two-week training were seen by representatives of the authorities as the main difficulties of the project.

PRIDE Tanzania, Arusha municipality

PRIDE (Promotion of Rural Initiative and Development Enterprise) Tanzania started in 1993 as an off-shoot of PRIDE Kenya and is funded by the Norwegian NORAD. The mission of PRIDE is to provide funding services to micro/small entrepreneurs so as to increase employment, incomes and stimulate growth in Tanzania. PRIDE Tanzania has a organizational structure with a Board of Directors, a Head Office and several branches, of which two are located in Arusha. In Arusha, the services are mainly targeted to small entrepreneurs in the informal

sector in the urban area. The PRIDE model of credit extension and savings has the following components: the principle of self-selecting group guarantee, training of the clientele in matters relating to the programme, credit (for working capital) and saving, capacity building for staff and a drive towards sustainability. NORAD committed US\$ 3 million for PRIDE Tanzania to get established and for the running of the operations until the year 2000. PRIDE has the plan to gain self-sufficiency in the long term.

In July 1997, the branch had over 3000 clients. It was not possible to access the loan portfolio reports for this research and therefore the financial progress could not be assessed. In the view of the recipients, the importance of PRIDE lies primarily in the provision of the most critical inputs for their income-generating projects and in the possibility of making savings. Many owners have been able to stay in business or expand. Beneficiaries claim to have gained insights into entrepreneurial planning and frugality enabling them to make savings, which give them a sense of security. PRIDE facilities had a demonstrable income and employment generating impact and the model of self-selecting group guarantees was seen as enabling the low-earners to take part. The maximum limits to the credits and the fact that richer entrepreneurs would not be willing to attend the weekly meetings, ensured that PRIDE targeted the income generating activities of the poor. Two points of dissatisfaction were raised by the recipients. The 30% interest on the loans was too high and the clients thought a grace period before starting to service the loan would be helpful. It might be difficult to combine these two points with the aim of PRIDE Tanzania of financial sustainability. Some doubts were raised as to whether it will be feasible to import a savings and credit mechanism (from Grameen Bank of Bangladesh) and whether the approach has been sufficiently carefully adapted to the Tanzanian conditions.

Zanzibar Forestry Development Project (ZFDP)

The Finnish government (FINNIDA) started to support forestry activities in Zanzibar in 1980. The Zanzibar Forestry Development project has subsequently gone through three phases and the support ended in 1997. The objectives and strategies have periodically been revised. During the first phase the project focused on issues such as soil and water conservation, production of timber, construction wood, fuel wood and rural afforestation. In the second phase the project was integrated in the Forestry Department of Zanzibar and emphasis was placed on institutional development, systems development, human resources development, agroforestry and tree planting activities. The third phase (1993–97) addressed the problems of rural poverty and management of natural resources. Among the activities were village forestry, forest conservation and management activities. Target groups of the project are women household heads, subsistence farmers, livestock keepers, women's and men's groups and cooperatives. Women make up

one third of the target group. In the third phase the project paid special attention to involving beneficiaries in decision-making and to participatory extension.

Among the results of the project are that more land is being planted, farmers have obtained skills and incorporated tree planting in their farming systems, the production of seedlings has increased, employment opportunities have increased for casual labourers, loggers and transporters, and women's participation has risen in prominence. The afforestation programme was positively perceived by the recipients. It has contributed to increasing awareness of the gains from forestry and the importance of forestry for the level of income has been recognised. The field staff had a close working rapport with the recipients and feed-back from the latter was possible through village meetings. The importance of the project in poverty reduction was seen in the special emphasis on women. Landlessness, which is an important factor in poverty in Zanzibar, was only little influenced by the project. The project has strived towards independence from outside assistance financially as well as in terms of expertise. There are doubts, but both the Finnish and Tanzanian project representatives believed at the end of the funding agreement in 1997, that this would be possible because the Government of Zanzibar has increased its revenue collection from forestry and the project has contributed to manpower development.

Stabex for coffee: Kilimanjaro region

The Stabex scheme of the European Union is a nation-wide facility to compensate farmers for export losses for major export crops, of which coffee is the most important in Tanzania. The Stabex transfers differ per year, depending on world market prices and amounts of coffee sold to the EU. For the year 1992/93, the Stabex transfers amounted to US\$ 23 million. This allocation has been spent on the following activities: compensations to coffee farmers, support for improving credit availability, feeder road improvement, support to seedling and clonal multiplication, support to improving coffee quality, and technical assistance, studies and training.

The farmers perceived Stabex compensation as '*money from a (certain) donor*'. They could not identify the other activities of the Stabex programme precisely. In the view of the recipients, the compensation payments showed that the Government and donors cared and at least in the case of some farmers it has slowed down the shift from coffee production to production of other crops. The farmers used the money in different ways. A problem with the compensation payments was formed by the time-lag of five years between the period that actual loss of income had occurred and the moment of payment. In the intervening years prices had gone up and purchasing power had declined. The expected output from research and disease resistant trees had not reached the farmers. The recipients

responded positively to the idea of assistance to road works. They had undertaken activities in this area themselves.

There was a recognition among the farmers that Stabex compensation would not be a permanent feature. Many farmers thought that it would be more rational to invest Stabex funds into cost-reduction investments, roads and longer term income generating projects.

5.2. Comparing the approaches

Project objectives, approaches and strategies on targeting:

Table 5.2. Project objectives, approach and targeting

<i>Project</i>	<i>Poverty reduction as objective of the project</i>	<i>Approach</i>	<i>Target group</i>
Bukoba District Rural Development Programme	Improvement of the well-being of the rural population in a sustainable way	Other. <ul style="list-style-type: none"> • increasing incomes; • strengthening of primary health care • rehabilitation of roads • tree nurseries • intensification and diversification of agricultural production systems and go-downs • education • planning and implementation capacity • local community organisation • natural resource conservation 	<ul style="list-style-type: none"> • entire population in Bukoba District • poor benefit from DRDP support to education, health care and employment opportunities, but the poor benefit no more than others
Village Development Programme - Tanga	Animation to help rural people understand the reasons creating poverty and to perceive self-responsibilities for change.	Indirect. <ul style="list-style-type: none"> • Animation approach: a lot of efforts to training extension staff in bottom-up animation. • Lack of systematic problem analysis. • Rural finance. • Decentralisation. 	Started off targeting entire population (2 districts, 555,000 people); in recent years the focus has been shifted to the 'core poor' and 'relative poor'. The 'ultra poor' are, however, deliberately excluded and the principle of 'self-targeting' leads to a bias in favour of 'early adapters', i.e. the better-off.
Rural Integrated Programme Support (RIPS) - Mtwara/Lindi	To assist local communities move towards sustainable livelihoods through interactive communication, democratic processes, human rights and access to and development of resources.	Indirect. Strengthening and/or creating sustainable rural institutions (e.g. extension, communication, training, financing, securing land rights) that empower the rural poor and creating a common ground for participatory and demand-driven development processes.	'Client groups': Those people whose livelihoods are not reasonably secure, particularly the comparatively poor and disempowered, such as: marginal subsistence farmers, particularly the women, youth and children and people in densely populated areas with declining soil fertility. Total area covered by the programme: 11 districts and 1.8 million people)

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<i>Project</i>	<i>Poverty reduction as objective of the project</i>	<i>Approach</i>	<i>Target group</i>
Soil and Water Conservation Project (HIMA) - Iringa	To support broad-based development and poverty reduction activities and processes	Indirect. <ul style="list-style-type: none"> improving the productivity and sustainability of agriculture and natural resource management improving catchment protection, reducing soil erosion and improving moisture retention in priority catchments strengthening local institutions 	Targeting based on geographical criteria (one catchment at a time) and on willingness of villagers to participate. About 10% of participants belong to the 'poor' category, 5–7% to the 'rich' category, and 80% to the 'intermediate' category. Little attention to the hard-core poor or destitutes, particularly the disabled. Total area covered: one district and 150,000 people.
Kilosa District Rural Development Programme	To promote and assist the economic and social development of the people in Kilosa District on a sustainable basis	Indirect + direct <ul style="list-style-type: none"> providing economic and social infrastructure and services (especially for disadvantaged groups) supporting directly productive projects improving planning and implementation capabilities of local institutions and groups 	Basic services and participatory approaches benefit the whole population, including the poorest. Since 1996 there has been a special 'social welfare' component targeting the poorest. (1 district; 406.000 people)
Kilosa Primary Education Project	To improve the quality of primary education in the district.	Indirect. To improve school infrastructure; educational materials; capacity of the district authorities; teacher training and incentives for teachers (to work in remote villages); capacity of parents and school committees; special education for the handicapped; school health screening;	<ul style="list-style-type: none"> benefits targeted to all inhabitants; specific target groups: district officers, teachers, school committees and primary schools; poverty not a criterion for fund allocation, but the participatory 'Step-by-Step' approach has improved the opportunities for the local people to influence allocations. Special education provided for the handicapped children. working area: 23 schools + district authorities in one district.
Maintenance of Schools and Colleges/ Danida Educational Programme	National project. No specific PR objectives other than provision of decent quality infrastructure for public schools.	Other. No effort to allocate assistance disproportionately to the benefit of the poor.	Target group: all secondary and primary schools in the country (142 schools reached); poverty not a criterion for fund allocation; In fact some of the relatively poorer schools were excluded.
Exercise Books Programme/ Sida Educational Programme	National supply of educational materials and production of text books	Other. No PR objective or targeting mechanism.	No target group; poverty not a criterion for fund allocation; In fact the interviewees complained that: 'Most schools receiving aid were along the main road and these are the richest schools in the district. Aid does not reach schools in the inaccessible interior. Yet these are the schools which need most help.'

<i>Project</i>	<i>Poverty reduction as objective of the project</i>	<i>Approach</i>	<i>Target group</i>
Health and Nutrition District Support (HANDS) – Mbeya Municipality	<ul style="list-style-type: none"> to improve the ability of the people and district-level officials to bring benefits to disadvantaged and vulnerable communities; to promote the targeting of scarce social sector services to the disadvantaged and the poor 	<p>Direct. Major components: 1. Health and nutrition; 2. Water and sanitation; 3. Maternal and child care. Approach for the health and nutrition component:</p> <ul style="list-style-type: none"> baseline surveys providing MCH/ Family planning services local capacity building <p>Majority of benefits directed to poor, especially pregnant women and children under-5.</p>	The most disadvantaged and vulnerable people in the community, especially pregnant women and children under five in 4 wards with the highest levels of child under-nutrition as well as the highest number of socio-economic factors closely related to poverty (approximately 25,000 people). In design and especially implementation phases targeting became weaker because the project leader was not responsive to the views of the intended beneficiaries.
Urban Health Project Dar es Salaam	To establish a health promotion and care delivery system with an improved structure, function and base, based on PHC principles	Indirect. Others benefit as much as the poor, but on the other hand the interest of the non-poor to maintain the quality of the public health service ensures the accessibility of quality health services for the poorest who could not afford the private health services.	The project targets a felt priority need of the poor as well as non-poor residents of one large city, Dar es Salaam. A public health service serves the poorest best when it is broadly enough targeted, and participatory in planning and decision-making. Over time the project has been flexible and willing to learn from experiences
Family Health Project	To improve the health status of the rural population in Tanga region by improving the quality of PHC services.	Indirect. Others may benefit as much as poor. However, a deliberate decision had been made by FHP to work through existing government health services, not through private services, because to improve the government services is a strategy to ensure that the poorer people, too, get access to services.	Target group: rural population in 6 districts; 1.3 million people. Cost of drugs and food often prohibitive for the poorest. Introduction of cost-sharing (50%) may further limit access of the poorest. Local cost-sharing committees can decide to give drugs free for people who really cannot pay.
Iodine Deficiency Disorders Programme	Supplementation of iodine using two delivery systems: <ol style="list-style-type: none"> distribution of iodinated oil capsules; iodination of salt. 	Indirect. Those suffering from goitre tend to be poor because of their sickness. Also non-poor benefit from prevention.	Primary target group is those suffering from goitre. Secondary target group is those 41 per cent of Tanzanians living in areas deficient of iodine and therefore at risk of iodine deficiency disorders (IDD).
Tanga Livestock Development Project	To provide income and improve the quality of life for project participants through keeping improved dairy cattle.	Indirect. The project does not aim at reaching the poorest sections of the society, but there are indirect benefits for them through increased labour opportunities.	The project has carefully analysed the socio-economic stratification of the population of the area. A deliberate decision has been made to target the 'low' and 'medium' income groups, but not the 'very low' income group, because keeping a cow would be too risky for them. Area: 5 districts; 1 million people.

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<i>Project</i>	<i>Poverty reduction as objective of the project</i>	<i>Approach</i>	<i>Target group</i>
PRIDE Tanzania - Arusha Municipality	To provide funding services to micro/small entrepreneurs so as to increase employment, incomes and stimulate growth through provision of credit and networking.	Indirect. May plausibly bring substantial benefits to poor, although others may also benefit. The informal sector attracts those without formal jobs, often with little or no schooling and households which need to supplement their incomes from agriculture or formal jobs. Thus, the mission of PRIDE is to fight (mainly urban) poverty.	Target group: micro/small entrepreneurs in the informal sector who are unable to obtain financial services from the formal financial institutions. There are procedures which specifically aim at including the poor (excluding the rich).
Zanzibar Forestry	To address the problems of rural poverty and natural resource management.	Indirect. Substantial benefits go to the poor, although others may also benefit	Target groups: women household heads, subsistence farmers, livestock keepers, women's and men's groups and cooperatives; villages near mangrove forests and adjacent to natural resources and conservation areas.
Stabex for coffee – Kilimanjaro Region	To remedy the harmful effects of the instability of export earnings by guaranteeing stabilisation of export earnings from coffee exported to EU.	Other. Few of the coffee farmers belong to the poorest segments of their communities. Some aspects of the programme may also benefit poor, but less than the non-poor.	The target group is the coffee farmers in Kilimanjaro region, which is one of the more well-off regions of the country. No mechanisms to target benefits particularly to the benefit of the poorer people. Area: 1 region; 1.1 million people.

Poverty reduction or 'the poor' are explicitly mentioned among the main objectives only in four of the sixteen selected projects. In most cases the objectives are expressed more in terms of increasing the well-being or incomes of rural population, increasing employment, or moving towards sustainable livelihoods. The integrated rural development programmes define their objectives in a very broad and comprehensive way, covering both economic, social and 'mental' ('*conscientiation*') dimensions of development. They also put a strong emphasis on sustainability, and – maybe therefore – aim at strengthening local institutions (governmental and non-governmental) besides increasing productivity, conserving natural resources and improving infrastructures.

Support channelled through the existing public health care institutions, mainly on the district level and below, seems to be a safe pro-poor strategy for health projects. Only one of the health projects studied (HANDS) has tried to target its services to particularly vulnerable groups (pregnant women and children under-5) among the beneficiary communities. The justification given to the universal approach in basic health provision is that if also the not-so-poor members of the recipient communities feel that they, too, benefit from the services of the dispensaries and clinics, their interest to maintain the quality of the public health

service ensures the accessibility of quality health services for the poorest, too, who could not afford the private health services.

For the income generating projects, the link with poverty reduction is quite direct since they aim at increasing the incomes. The Stabex support of the EU is somewhat special in this respect since it targets the relatively well-off coffee farmers of one of Tanzania's most prosperous regions, Kilimanjaro, and aims mainly at compensating for losses of their incomes, rather than increasing them in the long-term. The Tanga livestock project and the PRIDE micro-credit project have deliberately limited some of the poorest or the poor outside the target group, because they would be too vulnerable to the risks that are always present in dairy husbandry and micro-businesses. All the three education projects studied are general (national or district-based) projects that make no effort to allocate assistance disproportionately to the benefit of the poor. The special education component of the Irish-funded Kilosa education project is an exception to this rule.

Implementation

Table 5.3. Mode of implementation

<i>Project</i>	<i>Mode of implementation</i>
Bukoba District Rural Development Programme	Integrated in local government, i.e. the district council is responsible. A Dutch adviser is involved in the implementation and Farmer Extension Centres are used for the extension work.
Village Development Programme – Tanga	Implementation by the Management Unit and Monitoring & Evaluation Unit, under guidance of the Regional Administrative Secretary and the Regional Community Development Officer.
Rural Integrated Programme Support (RIPS) – Mtwara/Lindi	The operative decision-making of the programme has been shifted from the two regions to the elected district councils, under coordination of the two Regional Development Committees and the parallel (donor-controlled) Programme Support Office, which has several expatriate and Tanzanian advisers and which has retained the financial control.
Soil and Water Conservation Project (HIMA) - Iringa	The project is implemented under the district council. Three district departments have seconded employees to the project: Agriculture and Livestock, Forest, and Community Development departments. Danish advisers.
Kilosa District Rural Development Programme	This is a district programme, owned by the district council and working through the following departments: planning, agriculture and livestock and cooperatives, education, health, water, natural resource management, land use, community development, and works (Ujenzi). The project uses several expatriate advisers.
Kilosa Primary Education Project	Implemented by the Kilosa District Education Office, with financial support from Irish Aid and in close coordination with the Irish-funded Kilosa District Rural Development Programme.

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<i>Project</i>	<i>Mode of implementation</i>
Maintenance of Schools and Colleges/ Educational Sector Programme	Implemented by the Ministry of Education of the Government of Tanzania with financial support from Danida. Identification of schools included in the programme is done by the District Education Officers.
Exercise Books Programme/Educational Sector Programme	Implemented by SIDA, Ministry of Education of the Government of Tanzania and the Prime Minister's Office.
Health and Nutrition District Support (HANDS) – Mbeya Municipality	Integrated in local government structure, management formally done by the municipal Health Management Team and supported by a British Technical Cooperation Team consisting of four persons. In reality the project management was strongly in the hands of the British managers.
Urban Health Project Dar es Salaam	Decision-making and implementation by an elaborate network of committees (participatory and bottom-up) and coordinated by the City Health Management Team. Expatriate technical assistance is being phased out in a careful and tapered way.
Family Health Project	Implementation through the Regional and District Health Management Teams, coordinated by the FHP-offices in Dar es Salaam, Tanga and Lushoto, all with expatriate advisers.
Iodine Deficiency Disorders Programme	Implemented nationally by the Tanzania Food and Nutrition Centre (TFNC) with headquarters in Dar es Salaam.
Tanga Smallholder Dairy Development Programme (TSDDP)	The project is embedded in the Regional Government structure and is headed by the Regional Livestock Development Officer. The management is in the hands of two expatriates and three officials seconded by the Tanzanian Government.
PRIDE Tanzania – Arusha Municipality	PRIDE Tanzania is a nation-wide NGO supported by NORAD and functioning under the guarantee of the Bank of Tanzania. The daily management is in hands of the Branch managers (one of the branches being in Arusha) who are accountable to the PRIDE Head Office and Board of Directors in Dar es Salaam.
Zanzibar Forestry	During the first two phases of the project, the management was in the hands of a separate donor-controlled entity. During the third phase of the project all planning, decision-making and implementation has been integrated into the local government structure and is done by the local civil servants in the Sub-Commission for Forestry.
Stabex for coffee – Kilimanjaro Region	Implementation of Stabex activities is done in close collaboration with the Delegation of the European Commission and the Stabex coordinator and Coffee Management Unit (CMU) in the Ministry of Agriculture and the Treasury.

A large part of the projects fall under the responsibility of the government system at district or regional levels. This is especially true for the integrated rural development programmes. The formerly central role of the regional administration in the Tanzanian system is currently being played down as the Government of Tanzania has decided to shift all operational responsibilities – and officers – to the

district level and to make the district administrations accountable to the elected district councils. The donor-funded projects play an important role in making this shift happen, since in areas where they work they provide the bulk of the investment budgets and a large share of the recurrent budgets available for local development activities. Several of the projects (e.g. RIPS, Family Health Project, Tanga Livestock Project, and PRIDE) have still kept their own offices parallel with the Tanzanian structures, however, and in many cases all expenditures have to be co-signed by the Tanzanian and expatriate managers of the projects. One of the main reasons for working through or closely with government structures is that it promotes the sustainability of the activities. For the Family Health Project and the DUHP a reason was that the government health system is more accessible for the poor than private health care systems.

Focus on gender, participation and monitoring

Table 5.4. Gender, participation, monitoring

<i>Project</i>	<i>Gender-sensitivity</i>	<i>Participation</i>	<i>Monitoring and evaluation</i>
Bukoba District Rural Development Programme	No mention of women in original objectives. More focus on women since 1992, e.g. through focus on improved cooking stoves, small group loans and small group plots.	Beneficiaries involved in identification, design, implementation. Integrated in local government. Dutch adviser. Shift in the road component from capital to labour intensive approach.	Beneficiaries involved in monitoring. According to Dutch evaluations no considerable impact on well-being of the poor.
Village Development Programme – Tanga	No gender focus in objectives; In line with principle of self-targeting, no special efforts to reach women. However, more than 70% of members in the groups that have received loans or grants are women, resulting in increased incomes, that cannot be touched by their husbands.	Animation approach aims at self-analysis and motivation. Implementation by local officials.	No discussion.
Rural Integrated Programme Support (RIPS) – Mtwara/Lindi	Women specifically mentioned as a main 'client group'. In most programmes women are the prime focus group, e.g. agriculture, natural resources, credit, education, training, civic education.	Strong emphasis on participation (PRA and beyond). RIPS does not 'own' any activities, it only supports efforts and initiatives 'owned' by local groups, villages, districts and NGOs.	Monitoring and evaluation are very difficult because the programme supports >100 activities in a vast area with very poor roads and communication facilities. A lot of effort has been put into innovating monitoring systems which now serve not only RIPS but all other donors and NGOs operating in the same area, as well. But monitoring still remains a problem.

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<i>Project</i>	<i>Gender-sensitivity</i>	<i>Participation</i>	<i>Monitoring and evaluation</i>
Soil and Water Conservation Project (HIMA) – Iringa	No special focus on women in design; However, the 'Women's Fund', soft loans and training have helped women to establish small businesses and to increase their incomes. Fuel wood planting and milling machines have reduced women's work loads. HIMA has also helped to change attitudes towards women's rights.	The decisions which villages (catchments) to include are made 'top-down'. Within villages all villagers who are willing can participate in problem identification (PRA). Village governments and districts have to approve the plans. The donor has parallel channels for transferring the funds, but also financial integration to districts is being prepared.	Monitoring and evaluation easy, because the project concentrates on a small clearly defined area, and only a few activities.
Kilosa District Rural Development Programme	Very little discussed in project documentation. 40 mother-and-child clinics and 627 traditional birth attendants supported by training. Local kitchen and stoves have been improved.	The project has shifted from 'top-down' to 'bottom-up' in the 1990s ('Step-by-Step' + 'PRA'). Locals can participate in problem identification and planning. The programme is implemented and owned by district council but the donor retains financial control.	The donor has commissioned several reviews of the programme. Ambitious and innovative poverty profiling conducted to identify the poor, the poverty trends and causes.
Kilosa Primary Education Project	Gender not used as an allocation criterion.	Implemented by Kilosa District Education Office as part of the integrated (Irish-funded) district development programme. Initially the programme was top-down and non-transparent, using outside contractors. The recent shift to the participatory 'Step-by-Step' approach has increased community involvement, participation and willingness to contribute (in kind, money and labour).	Interviewees complained that neither the District Education Office nor community leaders, teachers nor parents knew the criteria used to select schools, nor the value of funds allocated to their schools. Complaints about financial mismanagement.
Maintenance of Schools and Colleges/ Danida Education Programme	Gender not a criterion for fund allocation.	Implemented by Department of Education in an extremely top-down manner. District authorities, community leaders and recipient schools were ignored in planning, implementation and monitoring. Construction work done by outside contractors. Some informants complained that 2/3 of project funds were spent on consultants and purchases from the donor country.	District authorities, community leaders and schools were unable to make follow-up on the implementation. There is a wide spread belief that donor funds have been mismanaged.

<i>Project</i>	<i>Gender-sensitivity</i>	<i>Participation</i>	<i>Monitoring and evaluation</i>
Exercise Books Programme/Sida Education Programme	Gender not a criterion for fund allocation.	Implemented by SIDA and Central Ministries. Teachers and community leaders were not involved in planning. They knew nothing about the project design and decision making procedures. Therefore they could not know what they were entitled to receive from the donor.	Beneficiaries not involved.
Health and Nutrition District Support (HANDS) – Mbeya Municipality	Women named as a specific target group, Day care centres had given mothers more time on their farms. Top-down approach weakened the benefits.	The project originated in a proposal prepared by the to-be (expatriate) manager of the project. Some attempts were made to incorporate elements of participation, but they were described by informants as ‘co-optation’ only in implementation rather than real participation. The expatriate managers remained the centre of power, imposing their views. The recipients had no powers to change direction of the project.	No real evaluation has been carried out since the termination of the project in 1995. Only a ‘self-evaluation’ has been written by the project staff.
Urban Health Project Dar es Salaam	Women not specifically mentioned in objectives; MCH significant part of the project. Maternal mortality has reduced markedly due to the rehabilitation of health centres and district hospitals.	The idea for the project originated from Tanzania. It is implemented by City Medical Dept. with Swiss technical assistance. In early stages ward and village-level communities were excluded from planning. Now decision-making is participatory and ‘bottom-up’ with an elaborate network of committees from the dispensary level up to the Management Committee, which is fully Tanzanian. All dispensaries, health centres and districts have prepared their own elaborate action plans, which are said to influence decision-making. Funds are channelled through district accounts.	Positive measurable achievements of the project are corroborated by the quarterly evaluations and a major evaluation done in 1995.

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<i>Project</i>	<i>Gender-sensitivity</i>	<i>Participation</i>	<i>Monitoring and evaluation</i>
Family Health Project	Women are seen by FHP as family care-takers, whose health influences the whole family. FHP focuses on reducing maternal mortality, e.g. by training trad.birth attendants and health staff. Now family planning targeted to men, too	FHP is integrating its activities in the existing district and regional structures, but is not visible on the community level.	No discussion.
Iodine Deficiency Disorders Programme	No gender focus in objectives.	Implementation by the competent staff of the Tanzania Food and Nutrition Centre (TFNC). No real beneficiary participation.	Monitoring and surveillance is one of the key components of the project.
Tanga Smallholder Dairy Development Programme (TSDDP)	The goal – 40% of newly recruited farmers to be female – has almost been reached. Heifer-in-Trust-scheme and zero-grazing method facilitate women's participation. TSDDP collects gender-disaggregated data which shows that female farmers are less likely to drop out than male. The extra labour opportunities created for the 'very low income' groups benefit mainly men and boys, not women.	A fairly technical approach, with little emphasis on participation. However, cooperative action promoted. Fairly good cooperation but also some friction with the government authorities.	Systematic and frequent monitoring and evaluations with attention paid to impacts on the poorer groups and women, too.
PRIDE Tanzania - Arusha Municipality	Gender not used as an allocation criterion.	Design based on previous PRIDE experiences in Kenya and the Grameen Bank model from Bangladesh. Implementation relies largely on the activity of the micro-entrepreneurs themselves and their self-selected groups. The project is managed by PRIDE Tanzania, and independent NGO, with financial support from NORAD.	Continuous monitoring and self-monitoring in the '8-4-4' (weeks) step-by-step procedure. Project-level results are not publicly available.

<i>Project</i>	<i>Gender-sensitivity</i>	<i>Participation</i>	<i>Monitoring and evaluation</i>
Zanzibar Forestry	Special emphasis given to women's role; The opportunities opened by the project for women are exemplary; High female participation through women's cooperatives, using forestry incomes to expand into new productive ventures (guest houses, shops, tailoring, poultry, cattle, sea-weed); About one-third of all participants are women.	Emphasis on participation started in the 2 nd phase (1989–92) and has continued. Target beneficiaries – including women – involved in decision-making, participatory extension, mediation of land-use conflicts and development of forestry-related income-generating activities (e.g. bee-keeping, and small nurseries). During 3 rd phase special emphasis in capacity building and ownership of local government staff. Close working rapport and room for feedback between extension staff and the clients.	Several evaluations, partly participatory, conducted by Finnida and the Government of Zanzibar.
Stabex for coffee –Kilimanjaro Region	No mechanisms to target benefits for women, although they, too, may benefit from the increased household incomes.	Implementation by Government Ministries and EC delegation in a fairly top-down manner. STABEX, however, gives the farmers a remarkable incentive to sell their coffee through cooperatives which is a procedure facilitating participation.	EC delegation engages in systematic monitoring of the STABEX scheme, but the knowledge is not widely shared among potential beneficiaries.

The case-studies show different approaches to involving women and other beneficiaries in decision-making. Some projects – especially the Danish and Swedish funded education projects, Stabex and the Iodine Deficiency Programme – are clearly top-down with little involvement of local communities in decision-making. All the integrated rural development programmes have shifted during the early 1990s from top-down to more participatory approaches, which they call either 'animation' (Village Development Programme) or 'PRA' (HIMA, RIPS, Bukoba DRDP and Kilosa). A strong and pronounced gender-focus seems to be a characteristic typical for the Finnish-funded interventions.

Participation may take place on different levels in different projects, however: In some cases (e.g. RIPS) a delegation of 'ownership' away from patronising government officers to the community-level groups (and increasingly also to the elected district councillors) seemed like the right thing to do. In other cases it was the local government officers whose 'empowerment' (against conventional dominance by the central government or the expatriate project managers) was commended as a success (e.g. Kilosa, DUHP, Zanzibar forestry). In all cases the

positive empowerment took place from higher towards the lower levels of the traditional 'administrative organograms'. In one fairly successful micro-credit scheme (PRIDE) participation and 'ownership' were realised outside the politico-administrative structures through self-selected savings and credit groups in the 'private marketplace'.

Monitoring seems to be a particularly difficult task for the integrated rural development programme, because they operate in many sectors and localities at the same time. Complaints about lack of accountability and financial mismanagement were common in the education projects which spent most of their resources in heavy construction works. The 'step-by-step' approach was in several cases considered helpful procedure for participatory monitoring or progress made.

Impacts of the projects on the poor

Poverty is a multi-dimensional phenomenon. Therefore, it is natural that also aid agencies and aid impact research increasingly analyse the impacts of development interventions along several distinct – but interrelated – dimensions of poverty and deprivation. In the joint collaborative research programme 'European Aid for Poverty Reduction', of which this study on Tanzania is one part, we have chosen to analyse the impacts on the poor of European-funded 'best practice' aid interventions along four dimensions: a) livelihoods, b) resources, c) knowledge, d) rights.⁹

According to our case study findings the integrated rural development projects as well as the income-generating projects had had clearly positive impacts on all the dimensions of poverty. However, some of them (e.g. HIMA, Bukoba DRDP, and all the income generating projects) had clearly focused their main attention to supporting activities that could enhance the productive capacities and monetary incomes of the beneficiaries, whereas other interventions had their main focus either on improving the quality of essential services accessible for the poor (Kilosa) or on enhancing the rights of the poor by raising their awareness and by breeding their self-reliance and self-confidence (VDP and RIPS).

Most of the education and health projects fared fairly poorly in this analysis. Best among them were the Swiss-funded Dar es Salaam urban health project and the Irish-funded Kilosa Primary Education Project (which is part of the Irish-funded integrated area programme).

⁹ See also: Danida (1996), p. 135, and ODA (1995), p. 36.

Table 5.5. Impacts on the livelihoods, resources, knowledge and rights of the poor

(Key: ++ = Very positive focus/impact; + = Positive focus/impact; 0 = No focus/impact; - = Negative focus/impact)

<i>Project</i>	<i>Livelihoods</i>	<i>Resources</i>	<i>Knowledge</i>	<i>Rights</i>
Bukoba DRDP	++ Increased maize production for food; less dependence on banana and coffee as new varieties and products introduced; new employment from labour-intensive road construction and agricultural activities; however soil fertility has decreased and health situation has not improved. Risk that women lose livelihoods when men are encouraged to grow beans as cash crop (traditionally 'women's crop')	++ Improved roads have led to higher prices for farmers; better health services; group loans, plots, improved cooking stoves and water tanks for women.	+ Agricultural extension, health training and awareness; capacity building (training) for government staff and farmers; the poor have also benefited from DRDP support to education.	0 Women's group plots give them access to and control of land. Group loans give them control over investable capital.
Village Development Programme VDP	+ Increased incomes. Women benefit from group loans. It is said that even the poorest benefit, e.g. by working on the farms of the more well-off (but doubts??)	+ Creation of a credit provision structure	0 Villagers (but not the poorest) are now more aware of their situation.	+ The animation approach enables people to review their situation and to be more aware about their own resources. Women have felt empowered and encouraged.

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<i>Project</i>	<i>Livelihoods</i>	<i>Resources</i>	<i>Knowledge</i>	<i>Rights</i>
RIPS Mtwara – Lindi Regions	<p>+</p> <p>Goat husbandry and goat credits, increased incomes from cashew, control of plant and animal diseases, vegetable gardening (women), protection of the livelihoods of fisherfolk, seaweed farming, solving land tenure conflicts, community-based forest management, fish farming, credit schemes in > 400 villages (but no coherent approaches and no sustainable local credit institutions created), intermediate transport, marketing support.</p>	<p>+</p> <p>Credit provision, marine resource protection, soil and water conservation, goats as 'banks'. Criticism: not enough attention paid to agricultural productivity.</p>	<p>++</p> <p>Environmental health education; training and re-training of health personnel; training and teacher-training in appropriate technology; increased knowledge on small stock keeping; extension services; study trips; increased local participation in school management, local innovations and influence on national curricula in work-oriented post-primary education and teacher-training in girls' vocational education (catering); local knowledge incorporated to agric.educ. in primary schools; civic education for women and for new district councillors; local radio production and broadcasting. Participatory video-productions.</p>	<p>++</p> <p>Changing attitudes and roles for government staff; increased sense of ownership and responsibility among rural communities; training has bred self-reliance and self-confidence; women's groups and credit schemes have empowered women. Radio and video give a voice to the marginalized (e.g. fisherfolk). Elected local councillors' awareness of their rights and obligations strengthened.</p>
HIMA – Iringa Project	<p>++</p> <p>Increased agricultural productivity and incomes; also increased food security. The project's approach has, however, given very little room for the hard-core poor or destitutes, particularly the disabled.</p>	<p>++</p> <p>Better housing due to increased incomes; increased forest resources due to forest protection and tree-planting; protection of water resources due to tree-planting.</p>	<p>+</p> <p>Training in environmental conservation and natural resource management. Criticism: Narrow focus on natural resource development, giving too little attention to human resource development</p>	<p>+</p> <p>Increased participation in problem identification and planning; changing attitudes to women's rights; women's workload decrease had led to greater time for leisure and other activities; enhanced capabilities of local communities. However, very little attention has been paid to the hard-core poor or destitutes, particularly the disabled.</p>

<i>Project</i>	<i>Livelihoods</i>	<i>Resources</i>	<i>Knowledge</i>	<i>Rights</i>
Kilosa DRDP	0 Not a large impact due to weak linkage to agricultural productivity and failing credit facility system	++ Improved health, education and transport systems; natural resource management system; better roads; market-access	+ Health awareness; education; environmental awareness; training of district officials	+ Increasing participation has led to rising sense of ownership and responsibility
Kilosa Primary Education Project	+ Teachers' housing quality improved.	+ Improved education infrastructure and learning materials.	+ Improved learning environment	+ Increased community participation and involvement in education sector
Maintenance of Schools and Colleges/ Danida Education Programme	0 No direct impact	+ Better school buildings, latrines and teachers' houses.	+ Better learning environments provided.	0 No direct impact.
Exercise Books Programme/Sida Education Programme	0 No direct impact.	0 Education infrastructure improved	+ Better learning environment.	0 No direct impact.
Health and Nutrition District Support (HANDS) – Mbeya Municipality	0 No direct impact.	+ Improved water points and latrines.	- Created low trust in donors.	- The project was not based on felt priority needs of the communities. It lacked transparency which stirred up suspicion. It did not mobilised the communities but rather created a feeling of disempowerment.
Urban Health Project Dar es Salaam	+ Better health is a basic constituent of livelihoods.	++ Improved public health services.	0 No direct impact	++ The elaborate committee system gives a voice to the local inhabitants in decision-making about health services.

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<i>Project</i>	<i>Livelihoods</i>	<i>Resources</i>	<i>Knowledge</i>	<i>Rights</i>
Family Health Project	0 No direct impact.	+ Improved health system; provision of medical equipment.	+ Health awareness; training of health officials.	0 No impact.
Iodine Deficiency Disorders Programme	+ Reduction of goitre, with clear impacts on livelihoods. Significant impact on iodine-related disease prevention, with less clear impacts on livelihoods.	0 No direct impact	+ Advocacy, information, communication, training and operational research have increased the awareness of the risks of IDD and methods to prevent it.	0 No direct impact.
TSDDP	++ For participants: Higher incomes, increased employment; higher milk consumption; For the poorest: increased job opportunities and incomes, better nutritional situation through availability of milk and milk products.	+ Dairy infrastructure, better cattle.	++ Dairy husbandry, processing and marketing skills.	+ Processing and marketing options empower the participating farmers to seek ways to maximise the profitability of their efforts.
PRIDE Tanzania – Arusha Municipality	++ 'Lease of life' more many informal businesses and expansion for some; More incomes; Increased employment;	++ Increased saving and credit access.	+ Improved knowledge of entrepreneurial planning.	+ Increased sense of security, self-esteem and self-reliance attitudes in a context where the government is increasingly withdrawing from social security and service provision. Some doubts about the feasibility of the imported (from Bangladesh) approach in Tanzania, as well as about the 'social coercion' inherent in the peer group (social) liability mechanism.

<i>Project</i>	<i>Livelihoods</i>	<i>Resources</i>	<i>Knowledge</i>	<i>Rights</i>
Zanzibar Forestry	++ Diversification of rural income-generating activities; increased employment opportunities; increased incomes through sale of seedlings and other forest-products and tourism. Qualitative changes in living standards mentioned by interviewees: better houses bicycles, etc.	++ Protected and increased forest resources as tree-planting incorporated in farming systems; Forestry related incomes.	++ Skill-generation in tree-planting; Environmental awareness; Government staff and beneficiaries trained in forestry, business and management skills.	+ Increased women's participation; positive influence in land disputes. Some doubts about the sustainability of the participatory approach after the withdrawal of the donor's staff, when the project will be managed by civil servants of the Government of Zanzibar.
Stabex for coffee – Kilimanjaro Region	0 Direct compensation payment to farmers; no direct livelihood impacts on the poorer groups.	+ Improvement of feeder roads helps also the poorer groups; Availability of credit.	0 Output of research has not reached beneficiaries in spite of training efforts.	0 No impact

Table 5.6. The interventions' contributions to poverty reduction: views of the recipients (Key: ++ = Very positive focus/impact; + = Positive focus/impact; 0 = No focus/impact; - = Negative focus/impact)

<i>Project</i>	<i>Causes and indicators of poverty</i>	<i>Project's overall contribution to poverty reduction...</i>	<i>...because...</i>
Bukoba District Rural Development Programme	<ul style="list-style-type: none"> • natural and climatic factors (drought), leading to crop failures and high food prices for the poor; • decreasing soil fertility; the poor cannot afford fertilisers; • sandy soils (difficult to build latrines, negative health impacts); • coffee price fluctuations; 	<p>+</p> <p>Mixed opinions: More positive than negative. However, limited PR; earlier evaluations show no significant impact on well-being of poor;</p>	<ul style="list-style-type: none"> • road rehabilitation benefited middle income more (are able to sell surplus); • problems with soil fertility and diseases of crops were not addressed; climatic problems and fluctuations in prices (cannot be influenced by project)
Village Development Programme – Tanga	<ul style="list-style-type: none"> • local power politics: empowerment of the villages is seen as a threat by some village government members; • social and cultural factors: a passive attitude towards development; Lack of trust within the community and towards the government make joint action difficult in the villages; • lack of management skills; Difficult marketing situations 	<p>0</p> <p>PR for the poorest mainly through indirect effects of activities from other groups, but these are also limited.</p>	<p>The poorest have difficulties in participating in the animation approach, lack of time to attend meetings or no permission from employers. Indirect effects are limited because the other groups are not yet successful</p>
Rural Integrated Programme Support – Mtwara/Lindi	<ul style="list-style-type: none"> • lack of ownership of assets and opportunities to acquire wealth • paternal cultural or religious attitudes and; systems • Overpopulation and displacement of youth from agricultural land; • school-leavers lack meaningful economic activities and depend on parents or relatives; • poor soil fertility, drought, inadequate water, tsetse flies etc. • agriculture: Poor technologies (hand hoe), laziness, poor crop prices, lack of markets, poor rural roads, food crop = cash crop; • poor health, education, water supply services. 	<p>++</p> <p>The programme has done much for PR, especially in goat husbandry and education activities, and contributed to creating positive attitudes both among the poor as well as among the civil servants.</p> <p>But the area is large (11 districts, 2 million people) and very difficult to serve.</p>	<ul style="list-style-type: none"> • small stock project has increased the availability of milk and meat, improved cash incomes, provided an household asset and improved employment; • education activities have increased school enrolment and attendance, improved education levels and capabilities to plan and implement various development activities; • training has helped self reliant attitudes and self confidence, important to reduce 'poverty of thinking' • further poverty reduction could be achieved if more attention would be paid to water, health, rural roads, agriculture.

<i>Project</i>	<i>Causes and indicators of poverty</i>	<i>Project's overall contribution to poverty reduction...</i>	<i>...because...</i>
Soil and Water Conservation Project (HIMA) – Iringa	<ul style="list-style-type: none"> • declining soil fertility; high prices of chemical fertilisers; poor technologies (hand hoes) and low education; lack of ownership of land and cattle; • cultural beliefs and practices discriminate against women; Laziness, boasting and understating one's own problems and poverty; • poor infrastructure (roads, credits, social services). 	++ The project has done much for PR, but more efforts are needed in the field of marketing and rural finance (marketing, saving and credit cooperatives) and improvement of roads.	<ul style="list-style-type: none"> • increased agricultural productivity (especially maize) has increased food security and incomes; • tree planting activities have increased availability of near-by fuelwood, reducing women workload, and protecting water sources; • the participatory approach has increased self-esteem and built local capacities for PR.
Kilosa District Rural Development Programme	Small farms; poor technology (hand hoe); food crop = cash crop; laziness; alcoholism; too many children; low education; poor crop prices; lack of credit; cultural beliefs (witchcraft, widowhood, physical or mental disability).	+ Social service activities have reduced poverty; However, full potential in PR can be achieved only by directly assisting productivity and income improvement.	<ul style="list-style-type: none"> • the activities in provision of health and education have contributed much to poverty reduction; • support to regional roads has improved links to markets for agricultural outputs; • the participatory approach has raised awareness, self-confidence and self-reliance attitudes and behaviour, enabling communities to engage themselves in PR activities.
Kilosa Primary Education Project	Combination of dependence on unreliable agriculture, laziness, old age, climate, unreliable markets, discouraging cash crop prices;	+ Fairly limited PR...	...because poverty not a criterion for fund allocation; large proportion of donor funds paid to contractors who have mismanaged part of funds; links with the IRDP improve effectiveness; People prefer income-generating activities so that they can pay for education themselves.
Maintenance of Schools and Colleges/ Danida Education Programme	Combination of dependence on unreliable agriculture, laziness, old age, climate, unreliable markets, discouraging cash crop prices;	0 Very limited...	Because poverty not a criterion for fund allocation; amounts too limited to reduce poverty; no participation; people prefer income-generation.
Exercise Books Programme/ Sida Education Programme	Combination of dependence on unreliable agriculture, laziness, old age, climate, unreliable markets, discouraging cash crop prices;	0 Very limited...	Because poverty not a criterion for fund allocation; amounts too limited to reduce poverty; no participation; people prefer income-generation.

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Project	Causes and indicators of poverty	Project's overall contribution to poverty reduction...	...because...
Health and Nutrition District Support (HANDS) – Mbeya Municipality	<ul style="list-style-type: none"> • the poor have no resources, no skills, low education, so they cannot be employed; • farms are very small, families very large. Parents not helped by elder children who work elsewhere; Some are sick or disabled; Old retired men have no income and are not supported by their children or other villagers; • no credits (especially for village women); Lack of reliable markets; Deaths of family bread winners; • 'Poverty is God's plan.' WOMEN are unemployed and discriminated by customs and cannot inherit property. 	<p>0</p> <p>There were some improvements in health and sanitation, but the top-down dictatorial management style destroyed all good intentions.</p>	<ul style="list-style-type: none"> • improvements recorded: <ul style="list-style-type: none"> - undernutrition has declined, - increased access to clean water and sanitation facilities; • but: The management style had created lots of bad feelings. No other project had a worse reputation among our interviewees: <i>'This was a poor, caricature of a project, completely useless.'</i>
Urban Health Project Dar es Salaam	<p>INDICATORS: physical impression, poor health, poorly dressed, no access to social services, overcrowded housing in rejected areas like swampy valleys, no water supplies, unable to send their children to school.</p> <p>CAUSES: lack of capital to invest in petty trade or poultry/dairy keeping, inability to manage businesses, low education, illiteracy, ignorance, lack of market.</p> <p>ROOT CAUSES: Tanzanians not enterprising, because too used to a centrally planned set-up. For long time tax-based financing of social services gave them minimal pressure to generate own resources. There are no credit facilities for the poor. Cooperative societies not paying on time, or paying lower.</p>	<p>++</p> <p>Poverty addressed by improving public health care services which is one of the prerequisites for poverty alleviation;</p>	<ul style="list-style-type: none"> • maternal mortality reduced; • interviewees said: <i>'This project was a stitch in time, targeting a priority felt need at the right time.'</i> • some said, on the other hand, that it does not influence poverty reduction directly, because it is not an economic venture.

<i>Project</i>	<i>Causes and indicators of poverty</i>	<i>Project's overall contribution to poverty reduction...</i>	<i>...because...</i>
Family Health Project	<ul style="list-style-type: none"> vulnerable livelihoods; poverty trap: bad health can lead to poverty, but poverty can also sustain the bad health because people for example have no money to buy mosquito nets or medicines; the poor cannot pay for private health services, but they are also in a disadvantaged position in accessing public health care services, where clients often have to pay for services and drugs, too. 	<p>0</p> <p>Very limited PR impact...</p>	<p>...because:</p> <ul style="list-style-type: none"> the poor have difficulty getting access and cannot pay for drugs; planned introduction of cost-sharing would limit access even further.
Iodine Deficiency Disorders Programme	No discussion.	+ Decrease in Iodine Deficiency Disorders...	Goitre down by 30% nationally and by 60% in places where severe IDD manifested by visible goitre.
Tanga Smallholder Dairy Development Programme (TSDDP)	<ul style="list-style-type: none"> No capital; No land; No reliable markets. 	+ Although project does not have a PR aim, it does have a PR impact due to the indirectly increased employment opportunities	The project does not aim at the very low-income groups, because keeping cattle was seen as being too risky for them; However, dairy farming has provided labour opportunities also for the men and boys of the poorest families in the area. Availability of fresh milk has also improved their diets and thus the nutritional situation.
PRIDE Tanzania – Arusha Municipality	<ul style="list-style-type: none"> lack of capital to initiate and continue businesses; lack of sufficient incomes (rather than lack of land), meaning also less wholesome diet, under-nourishment and less access to good education and medical care as these become unaffordable; lack of formal employment, declining real wages and returns from businesses; policy hurdles, such as 'exorbitant' licence fees and regulatory bureaucracy. 	+ A 'young' programme, but beneficiaries perceive it highly relevant and well-targeted for PR.	The self-selecting group guarantee enables the low-earners to get access to credit, unlike in formal banks. The credit limits and the compulsory weekly hourly sessions keep away those that are 'too rich' for the scheme. PRIDE has helped the clients to expand their businesses: many have moved to higher borrowing levels. This expansion of business has an impact on poverty. Over 3000 clients are continuing their businesses. Some doubts about the 'social coercion inherent in the peer group (social) liability mechanism.

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<i>Project</i>	<i>Causes and indicators of poverty</i>	<i>Project's overall contribution to poverty reduction...</i>	<i>...because...</i>
Zanzibar Forestry	<ul style="list-style-type: none"> • women's heavy toil and disadvantaged position; • landlessness; Land use disputes between agriculture, forestry and conservation for tourism; • unequitable distribution of income at family level; • cultural and social barriers, e.g. 'irresponsibility'; • lack of cash crops (except cloves); • political ideological instability; • debt burden and unequal exchange in international trade. 	++ Positive effect on PR;	The project has improved quality of life and diversified the economic base of recipients; increased incomes and created employment. Besides economic benefits, positive impacts in environmental and natural resource conservation and tourism were mentioned by interviewees. Some doubts about the too (?) strong government-focus of the project approach and about the future of the participatory nature of the project after the withdrawal of the donor's expatriate staff.
Stabex for coffee – Kilimanjaro Region	<ul style="list-style-type: none"> • insufficient support to agricultural sector, low producer prices, high overheads of crop marketing parastatals, deteriorating roads that hamper smooth collection; • disruption of local institutions (cooperatives) and liberalisation; • low level of technology; • inadequate farming land in the highlands and lack of fertile and well rain-fed areas in lowlands. Landlessness, thus, is a key indicator and cause of poverty, resulting in rural-to-urban movement of able-bodied young men and women; • debt burden (as a drain on export earnings of which coffee proceeds make a significant proportion.) 	0 No remarkable impacts on the poorer groups.	The participating farmers gratefully appreciate this donor support but even for them the long-term effects of STABEX are limited; compensation payments only short-term relief; also these have reduced over the years; main aim seems to be to encourage present coffee farmers not to give up coffee growing.

Among the causes and indicators of poverty, those that were most frequently mentioned by the Tanzanian aid recipients interviewed were a) declining soil fertility, b) poor farming technology (hand hoes), c) lack of land, other assets, skills, employment opportunities and capital (credit), as well as d) cultural beliefs and practices that discriminate particularly against women. Also factors such as 'irresponsibility', laziness and alcoholism were mentioned as causes and/or indicators of poverty.

Four of the 16 projects were perceived as having very positive overall impacts (++) on the poor. These ‘success cases’ were the Rural Integrated Project Support (RIPS) programme in Mtwara and Lindi regions, the Soil and Water Conservation Project (HIMA) in Iringa district, the Urban Health Project in Dar es Salaam and the Zanzibar Forestry Project. A rating ‘++’ does not mean that the projects are complete successes – every project has unresolved dilemmas and weaknesses. Here a judgement ‘++’ means that in comparison to other European-funded interventions these projects were identified as having innovated some exemplary approaches from which we advise other projects and donors to try to learn some lessons.

Six projects were considered to have positive impacts (+), and six projects were found to have no poverty focus and/or impact.

Three of the four success cases identified were clearly sectorally focused. Deliberate and realistic limitation of a project’s ambitions, therefore, seemed to enhance the likelihood of success. The holistic view on the interrelated constraints and opportunities of a geographically limited area, and a full flexibility to support any sector or aspect of rural life, on the other hand, was definitely an asset for the integrated rural development programmes compared to the sectorally limited interventions. From the point of view of the poor, the most important impacts of the successful interventions were not always measurable material benefits. Intangible benefits such as confidence building (*‘we can do it’*) among traditionally marginalised local communities as well as changes effected in the attitudes and behaviour of the previously ‘top-down’ authorities (*‘the villagers can do it’*) also seemed important, although difficult to measure.

All of the education sector projects studied ranked poorly. They all represented the ‘old generation’ of donor support to education, with a bias towards construction works through outside contractors, a procedure that excludes the local school communities and community leaders from participating in the design and priority setting of the investments and easily leads to financial mismanagement.

Sustainability, replicability and recipients’ recommendations to donors who are sincere about the poverty reduction objective

Increasing attention seems to have been paid by the project designers to the environmental and social sustainability of the supported activities. Most projects still have some parallel administrative structures with expatriate project managers or advisers, whose presence in Tanzania will probably not be sustainable if the donors withdraw their financial support. Most of the projects have tried to enhance the institutional sustainability by integrating their management into the existing local government (district) structures. The weak financial position of both the central and local governments means, however, that it will be extremely difficult to

sustain the existing modes of operation of the projects without continued donor funding. Several of the projects are, however, confident that the local level activities they have supported are also financially viable even in the absence of the donor. For instance, the farming and forestry activities supported by the Danish-funded HIMA project could probably be sustained by the farmers even if Danida would withdraw from Iringa. Also the RIPS programme in Mtwara and Lindi regions has systematically refrained from supporting high-cost activities and solutions which could not be viable without donor-funding. The Zanzibar forestry project started sustainability planning right from the outset of the project 17 years ago. The approach was to invest heavily in manpower training and participatory extension. 90 percent of the operational costs were carried out by the donor during the first phases but during the third and last phase the revenue collection from sales of the forest products, cutting permits and taxation have been strengthened and the need of donor funding reduced. Also operating costs have been cut by privatising part of the activities.

Many of the productive innovations generated in the projects with donor support (e.g. tree-planting in Kilosa, HIMA, Zanzibar and dairy production in TSDDP) are replicable even without additional donor funding. On the other hand Chachage¹⁰ raised doubts about the 'state-centred' nature of the Zanzibar forestry project. The participatory modes of working introduced through the relatively successful projects can be – and are being – replicated elsewhere, also without donor support. For Tanzanian civil servants whose role has traditionally been that of a 'gift-provider' (*zawadi*) to the villagers, the new role as facilitators of bottom-up participatory processes and of horizontal exchanges of experiences from village to village is more meaningful in the present situation where the government no longer even pretends to have the financial capacity to provide 'free gifts' to the villages. The future development of Tanzania's taxation policies, and especially the extent to which the district councils will be allowed to retain revenues locally will be highly critical to the replicability and sustainability of the social and extension services presently funded by the donors. The 'Grameen Bank' approach used by PRIDE-Tanzania in micro savings and credit seems quite replicable – but whether it will be sustainable in the Tanzanian socio-cultural environment is still too early to say anything very certain about.

The recipients interviewed were also given an opportunity to send their greetings and recommendations to donors who are sincerely trying to maximise the poverty reduction impacts of their interventions. Many of the recipients felt that an increasing integration of the activities to the existing local government structures is the right thing to do. Others, however, called this a weakness because it easily lifts the ambitions of the donors too high: If they try to fill all gaps left by the weak local governments they end up trying to do too many things in too many sectors, which is unmanageable and unsustainable. Many informants wished the donors to

¹⁰ Chachage (1998), p. 28.

focus more attention to the productive sectors, especially to the productivity of the farming, gardening, livestock and forestry activities, which might – in the long run – help increase the financial independence of the farmers and the revenue base of the local governments. Most of the education and health interventions were perceived as top-down operations where the community members and local councillors had not been sufficiently consulted. The Tanga livestock project and PRIDE-Tanzania were commended for their success in delivering relevant services to the poor (and not-so-poor) people outside the governmental framework. The long-term view to sustainability planning in the Zanzibar forestry project as well as the way how the Dar es Salaam urban health project was systematically transferring ‘ownership’ to Tanzanian managers and user committees were recommended by our interviewees as approaches ‘worth emulation’.

Table 5.7. Sustainability, replicability and recipients' recommendations to the donor

<i>Project</i>	<i>Sustainability</i>	<i>Replicability</i>	<i>Recipients' recommendations to the donor</i>
Bukoba District Rural Development Programme	Institutional sustainability enhanced; financial weak due to weak finances of Govt.; social aimed at; environmental: conservation of natural resources, but no solution yet to loss of soil fertility.	No discussion	Some informants mentioned working through existing government structures as a strength of the DRDP. Others, however, called this a weakness because in their opinion the DRDP had become too much of a 'government-thing', wanting to do too many things in too many sectors.
Village Development Programme – Tanga	Institutional aimed at; financial threatened by weak Govt. finances; social enhanced due to animation approach; environmental largely neglected, although some impact assessment present	Maybe, but the local situations should be much more carefully and systematically analysed. Micro-credit cannot be imported as a standard package from outside.	<ul style="list-style-type: none"> • Only a small part of the village population is currently participating in animation groups. The VDP should consider seriously how the majority could be involved, and why they do not see benefits in it, and what their expectations are. • The rural financing component was started by VDP as a sort of world-wide standard solution, rather than as a result of careful analysis of the local situation. • In addition to availability of credit the VDP should focus on the lack of management skills and the difficult marketing situations faced by villagers.
Rural Integrated Programme Support – Mtwara/Lindi	Institutional and financial sustainability of the parallel support structure unlikely due to high administrative costs and low Govt. contributions; Sustainability of many of the supported activities likely, due to local ownership, low-cost solutions and increasing local revenue base.	The participatory approach and many of the RIPS innovations are already being replicated in other projects in Tanzania. The demand-driven, bottom-up approach is more realistic for the reformed local governments of Tanzania in the future than the previous supply-driven approach.	<ul style="list-style-type: none"> • Continue good work in awareness creation, capability building, knowledge transfer and empowerment of people to own and be responsible to activities and processes. • Concentrate more on few productive sectors (agriculture) • Increase assistance to social services sectors, e.g. education, health and water + rural roads.

<i>Project</i>	<i>Sustainability</i>	<i>Replicability</i>	<i>Recipients' recommendations to the donor</i>
Soil and Water Conservation Project (HIMA) – Iringa	Supported activities could be sustained by farmers in the absence of a donor, as the training and participation had already given the villagers the relevant knowledge and capabilities. The support services could not be sustained, as the Central Government could not pay for transports and allowances of the extension officers. However, increased incomes might enable the district council to collect more tax revenues and so continue the support services. The use of the existing district council staff and administrative structure is good for capacity building. Environmental sustainability has improved markedly.	The decision made by the project to concentrate on few projects in a clearly defined area was commended. The use of participatory approach and training has strengthened the sense of ownership.	<ul style="list-style-type: none"> • More work needs to be done on tackling the marketing problems. • Social services e.g. water, education, health and rural roads and bridges should receive more attention. • Sustainability of the activities (transport, allowances, training) questionable when the donor leaves. • Financing options through district-level tax revenue collection, matching grant principle and GOT financing should be studied and developed to improve sustainability.. • HIMA-Iringa needs to spread to more villages, as it currently deals with just few villages of one district.
Kilosa District Rural Development Programme	Institutional enhanced due to integration to district council structures; financial doubtful since service delivery rather than production activities the focus; people do not have much to contribute; district council does not have much revenue; social enhanced due to PRA; Environmental enhanced due to tree-planting, soil conservation and capacity building of district staff.	The knowledge received by local builders is an asset that could be used further and transferred to other local people. Also tree-planting activities could be replicated. The social services can, however, not be replicated without additional donor or central government funding.	Poverty reduction requires not only improved social services but also improvement in the productive sectors, especially agriculture.

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<i>Project</i>	<i>Sustainability</i>	<i>Replicability</i>	<i>Recipients' recommendations to the donor</i>
Kilosa Primary Education Project	Insufficient funds for Govt. take-over of recurrent costs; incomplete integration between District Council and donor funds. Lack of school and village-level participation and ownership.	Interviewees said: 'School committees should set their own priorities on the basis of local needs; donors should only support projects approved by school committees and village governments.'	<ul style="list-style-type: none"> • Have direct contact with teachers and community leaders, don't pass through the REO or DEO. • Integrate aid funds with the district council funds. • The community has to be fully involved in both project design and implementation. • For sustainability, promote endogenous and self reliant education systems. • Tap local talent and skills to the maximum.
Maintenance of Schools and Colleges/ Danida Education Programme	Financially unsustainable as donor support ceased and no support from Central Govt.	Too top-down. Lack of participation and ownership.	<ul style="list-style-type: none"> • Have direct contact with teachers and community leaders, don't pass through the REO or DEO. • Integrate aid funds with the district council funds. • In order to make a difference in poverty alleviation donors should only support district based programmes. Districts have to make their own school expansion and rehabilitation projects. The community has to be fully involved in both project design and implementation. • For sustainability, promote endogenous and self reliant education systems. • Tap local talent and skills to the maximum.
Exercise Books Programme/Sida Education Programme	Too top down. No local ownership.	Too top down. No local ownership.	<ul style="list-style-type: none"> • Have direct contact with teachers and community leaders, don't pass through the REO or DEO. • Integrate aid funds with the district council funds. • In order to make a difference in poverty alleviation donors should only support district based programmes. Districts have to make their own school expansion and rehabilitation projects. The community has to be fully involved in both project design and implementation. • For sustainability, promote endogenous and self reliant education systems. • Tap local talent and skills to the maximum.

<i>Project</i>	<i>Sustainability</i>	<i>Replicability</i>	<i>Recipients' recommendations to the donor</i>
Health and Nutrition District Support (HANDS) – Mbeya Municipality	Sustainability was not inbuilt in the project. All activities except some water sources had collapsed by 1997. The abrupt termination of the project in 1995 had created real animosity and resentment between the intended beneficiaries, the local health staff and the financiers, who had removed every movable item away from Mbeya. 'They robbed us of everything.' 'Even villagers were surprised.' 'This project has gone to the dogs; this was money and time wasted; it is not sustainable.'	Advice given by the interviewees to dedicated donors: 'Projects should target felt priority needs affecting the majority of members. This would motivate the community members to contribute as needs arise. Community should be involved in planning, implementation and evaluation, and community decisions should be respected. The common person and local staff must know what is happening, also in financial matters. Sustainability plans must be part of the project document. Project managers should be from the recipient country.'	<ul style="list-style-type: none"> • Target felt priority needs of the community affecting majority of members. This will motivate them to contribute. • Involve community in planning, implementation and evaluation. • The common person and staff must know what is happening. • Have as much direct contact with recipients as possible. • Transparency is absolutely necessary, particularly in financial issues. • Committees should not be used to rubber stamp issues but have decisive authority. • Managers should be from the recipient country. Expatriates should be only advisers.
Urban Health Project Dar es Salaam	Mixed feelings: Most say it is not possible to sustain the services in the absence of donors. The government has paid its 10% commitment only sporadically. Others say it is possible if adequately prepared: Careful sustainability plans have been laid out. The phasing out by SDC is done carefully. Swiss project manager has resigned to the role of an adviser and the project is now managed by the City Medical Officer. Cost-sharing introduced. Some dispensaries have already become self sustaining is drug procurement. Community health workers now work on dispensary level, closer to communities than before.	'This project is worth emulation', several interviewees said.	<ul style="list-style-type: none"> • Interviewees felt that this was '<i>a project worth emulation</i>'. If they had dictatorial powers they would spend the funds on the same objectives as the project. SDC enjoys a high reputation. It is serious and dedicated, sensitive to local opinions and perceptions. Many interviewees were not aware of any other donor with better reputation. • Sustainability plans should be clear right from the beginning; As much of project inputs as possible should originate from the recipient country; Nationals should be managers; Participatory management is the basis of success; Include a research component.

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<i>Project</i>	<i>Sustainability</i>	<i>Replicability</i>	<i>Recipients' recommendations to the donor</i>
Family Health Project	Institutional aimed at; financial threatened by weak Govt. financial position; no information on social and environmental	Only with additional donor funds.	<ul style="list-style-type: none"> • Support to Village Health Workers (VHWs) was a central element in VHP's approach in the 1980s, but it was stopped due to lack of support for VHWs from the communities. Some authorities recommended, however, that VHWs could still play an important role, e.g. in mobilising communities for immunisation and environmental sanitation. • Several informants were of the opinion that FHP is now focusing too much at district and regional level and that focus should be turned back to the village level. • In order to secure access to health services also for the poorer people, it is necessary for the FHP to continue working mainly through the Government structures.
Iodine Deficiency Disorders Programme	Institutional ensured; financial hard to achieve; dependence on external funding expected to continue; no information on social and environmental	Well-known and widely tested approach. Replicable provided there is funding.	No discussion.
Tanga Smallholder Dairy Development Programme (TSDDP)	Institutional aimed at by training government extensionists; financial sustainability after donor withdrawal doubtful; Therefore the TSDDP tries to work through private enterprises as much as possible, e.g. in provision of veterinary drugs, and in transporting and processing of milk; There are plans to privatise the whole project, too; However, lack of government support to private sector is seen as a threat; Liberalised imports of milk-powder are another threat to the sustainability of fresh milk production; zero-grazing reduces the environmental degradation by over-grazing; cow manure contributes to improvement of soil fertility. Poorly managed fodder production has caused some soil fertility problems.	Lots of efforts have been invested into making dairy production viable as a private market operation without government or donor support.	<ul style="list-style-type: none"> • The approach of TSDDP shows that in the dairy-sector working outside government structures can benefit large numbers of people. • Many informants mentioned, however, that the TSDDP should also pay attention to improving its relations with and the functioning of the Tanzanian authorities. Limited support from the GOT was considered an important constraint for the development of the dairy sector (e.g. the present tax and licensing policies stimulate investors to go for quick profits rather than to invest in longer term activities. • TSDDP should subsidise the prices of veterinary drugs. • Milk-collection centres should be established closer to farms. • Longer (than the present two-week) training and study-tours for dairy-farmers were recommended.

<i>Project</i>	<i>Sustainability</i>	<i>Replicability</i>	<i>Recipients' recommendations to the donor</i>
PRIDE Tanzania – Arusha Municipality	Prospects for financial sustainability not yet clear; is ultimate goal, but depends on management, cost-effectiveness and clientele; Demand is great, and alternatives are few; institutional enlarged by capacity-building	PRIDE Tanzania is a replication of experiences gained in Kenya and in Bangladesh, fairly well adapted to the Tanzanian context.	<ul style="list-style-type: none"> • In 'the new Tanzania' what counts is ability to pay for what one wants. Government is practically withdrawing from basic services (health care and education) and social security (e.g. pensions). The way out of poverty is to be paved by private initiative. Imposed collective initiatives offer little. Self-employment promises light, for those in both informal and formal sectors. To urban informants financial services like PRIDE were judged to be well-targeted. • The 30% interest on the loans was considered too high • A grace period before one starts servicing the loan would be helpful. • The Government should insist on vocational training of school and college students so as to prepare them to embark on self-employment.
Zanzibar Forestry	Sustainability planning started right from outset. The approach was to invest heavily in manpower training and participatory extension. Up to 90% of operational costs were carried by Finnida during Phases I and II. During Phase III the revenue collection of the Government of Zanzibar from sales of forest products, cutting permits and taxation has been strengthened. Operating costs have also been cut by privatising part of activities. Now, at the termination of donor assistance after 17 years, the strategies laid for self-sustainability appear as promising, but will be tested during the next 10 years without donor support.	ZFDP on a sound track now.	Main lesson learned: Sustainable PR is a long-term process with no short-cuts.
Stabex for coffee – Kilimanjaro Region	Compensation payments unsustainable without donor contribution; institutional could also be improved	Not without donor money.	<ul style="list-style-type: none"> • Seek more ideas from target population on more effective ways of disseminating research results and seedlings distribution; • Instead of cash to farmers money should be used for productive and cost-reducing projects: subsidies on inputs, vehicles, roads, training... • Financial backing of the Cooperative Bank by STABEX would help Co-ops compete <i>vis-à-vis</i> private buyers.

5.3. Summary and lessons learned

European donor representatives were asked to recommend some ‘best practices’ from among the poverty-oriented projects and programmes supported by them in Tanzania. A short-list of 16 rural development, education, health and income-generating interventions was compiled by the authors of this report. These 16 interventions were studied as case studies by our Tanzanian and Dutch colleagues, the main focus being in interviewing project beneficiaries, project staff and well informed outsiders to find out what characteristics and strategic choices of these interventions made them worth their reputation as ‘best practices’ in poverty reduction.

It was rather surprising to realise that most of the European funded aid projects and programmes – even the ‘best practice cases’ among them – seemed to know surprisingly little about their impacts on those people who are relatively poorer among the intended beneficiaries. According to our case studies five of the 16 projects were perceived as having very positive overall impacts (++) on the poor. These ‘success cases’ were RIPS, HIMA, DUHP, PRIDE and the Zanzibar Forestry Project. Another five projects were considered to have positive impacts (+), and six projects were found to have no poverty focus and/or impact.

Poverty reduction or ‘the poor’ were explicitly mentioned among the main objectives only in four of the sixteen selected projects. In most cases the objectives were expressed more in terms of increasing the well-being or incomes of rural population, increasing employment, or moving towards sustainable livelihoods. A large part of the projects fall under the responsibility of the government system at district or regional levels. Several of the projects (e.g. RIPS, Family Health Project, Tanga Livestock Project, and PRIDE) have still kept their own offices parallel with the Tanzanian structures, however.

All but one of the five success cases identified were clearly sectorally focused. On the other hand, it is important that the good efforts on some aspects and components of the projects are not weakened by failure to ensure complementary parts. E.g. the HIMA project was perceived as giving too little attention to marketing and roads. The Kilosa IRDP was commended for its efforts in participation and social services but lacked a credit facility that could help to improve productivity among the beneficiaries. It was also emphasised that measurable material benefits are not always the most important from the point of view of the poor: Intangible and unmeasurable benefits such as confidence building (*‘we can do it’*) also seemed important, as did the changes effected in the attitudes and behaviour of the previously ‘top-down’ authorities (*‘the villagers can do it’*).

The case-studies showed different approaches to involving women and other beneficiaries in decision-making. In spite of the mainstreaming of the gender-focus in most donors' rhetoric, there seems to be a lot of room to improve the gender-awareness of most of their field projects and programmes. Only RIPS, HANDS and the Zanzibar forestry project mentioned the women explicitly as a priority 'client group'. A clear shift had, however, taken place in many projects around 1992 towards participatory approaches and an intensified gender focus. In all successful cases the participatory approach had resulted in a shift of empowerment from higher towards the lower levels of the traditional 'administrative organograms'.

When asked about the primary causes of poverty among the population in the areas where the projects worked, the following were the most frequently mentioned causes: declining soil fertility, poor farming technology (hand hoes), lack of land, other assets, skills, employment opportunities and capital (credit), as well as cultural beliefs and practices that discriminate particularly against women. Also factors such as 'irresponsibility', laziness and alcoholism were mentioned.

Most of the projects and programmes were actively seeking to make their activities environmentally and socially sustainable. The balancing between institutional and financial sustainability seems to be a difficult dilemma, because from the point of view of institutional sustainability it is perceived as positive to integrate the activities as much as possible to the existing local government structures. However, the more the activities become 'a government thing' they grow broader and larger in scope and become more and more dependent on the capacity of the local and central governments of Tanzania to finance them. The financial sustainability thus critically depends on the revenue base and revenue-raising capacities of the local and central governments. A few of the 16 projects (PRIDE, Tanga livestock, RIPS and HIMA) take it as their primary ambition to make sure that the activities supported by them will become financially self-supporting, so as to remain viable independently of the capacity of the local or central governments of Tanzania to support them at the moment when the donor withdraws.

Some more specific lessons learned from the case studies:

a) Integrated rural development programmes (IRDPs)

The case studies indicated that it may be easier to make the integrated rural development programmes effective in poverty reduction if they do not aim at covering too many sectors and doing too many things. If the aim of the donors is to reduce poverty it is advisable to choose a relatively poorer region, district or part of a district for activities. The National Planning Commission, the UNDP, the World Bank and some Tanzanian researchers are involved in interesting efforts to develop

area-specific poverty and welfare indicators and indices for Tanzania (see Chapter 4.2.d. of this report).

Demand-driven bottom-up and participatory approaches at community/beneficiary levels generally seem to be better in responding to local needs than even the most professionally planned top-down strategies. On the other hand, it is important to take steps to ensure that the government officials do not feel threatened by efforts to empower the local communities.

When awareness building works on a mechanism that allows local people to choose to take it or not (i.e. voluntary participation) there is a danger of the ultra poor losing out. Thus, it is important to make special efforts to ensure that the very poor are not excluded. This is difficult to do. Specific sub-projects or components for the benefit of the ultra poor may be one option. The PRIDE micro savings and credit scheme and some food-for-work programmes have successfully introduced 'self-targeting' conditions (e.g. income and credit ceilings and obligatory participation in weekly meetings) that make participation less attractive for the not-so-poor thus ensuring that those who really need the services will not be crowded out by the more well-off community members. There are limits to such conditions, however: The poorest cannot be assumed to be idle; often they have to work the longest hours day-by-day just to make ends meet.

b) Education

All of the education projects studied represented the 'old generation' of top-down supply driven aid with a bias towards construction works through outside contractors. Local recipients criticised the Kilosa Primary Education Project (KPEP) saying that it would have been more poverty reducing to invest the donor's aid money to enhance the income-generating capacity of the local households so that they would be in a position to finance the improvements needed for education infrastructure and learning materials. They complained that instead of giving the large building contracts to contractors from outside the area, they should have been given to local contractors and communities so that the incomes would have enhanced the local economy.

The national exercise book and school maintenance projects were criticised for their failure to target the most needy schools in the most remote and marginalized communities. Instead assistance was targeted to the more accessible and more well-off villages along the main roads. The Danish, the Dutch and the Irish have since then channelled most of their support to education sector in Tanzania to the so called 'District-Based Support to Primary Education' (DBSPE) programme which involves the district councils strongly in the planning and prioritisation of

education sector aid in their constituencies, and channels the funds through district councils' budgets.

c) Health

The top-down management style of the expatriate project manager who went for co-optation rather than participation seriously damaged the effectiveness of an otherwise well planned and conceived poverty-focused health project in Mbeya (HANDS). The Dar es Salaam urban health project was much more positively received by the intended beneficiaries thanks to its flexible attitude to learning by experience and its strong determination to delegate ownership and planning responsibility to Tanzanians.

Both the Dar es Salaam project as well as the Family Health Project in Tanga had made deliberate decisions to target their services to the local population broadly (rather than narrowly only to the poorest population groups). The justification given for this was that involving the non-poor would ultimately be in the interests of the poorest, too. This argument may be generally valid especially for the social service interventions, but perhaps less so for productive income-generating projects: The main point here is the difference in the nature of benefits received from social services vs. production projects. If a sick but non-poor person gets well thanks to the services given to him in a public dispensary or health centre, there is most likely no negative consequence to the very poor people of the same area. Quite the contrary: The non-poor person may feel even more motivated to contribute taxes to finance the public service that helped him while in need, and this may ensure that the same quality services will be available for the poorer clients, as well, when they are in need. However, the production sector is different, in that it (at least partly) is a zero-sum game: If the aid intervention supports the non-poor farmer or entrepreneur instead of the very poor, there is the risk that the well-off farmer will be in a better position to (will be 'empowered' to), for instance, force the very poor into a debt trap and then when the very poor neighbour cannot pay back his/her debts to sell part or all of his/her lands to the well-off farmer. It is sometimes argued that also if the well-off farmers progress and get richer, benefits may also 'trickle down' to the less fortunate members of the same community. Our field evidence does not support this old 'trickle-down' theory, however.

Again, if the son of the 'rich man' gets quality education in a public primary school, the daughter of the 'poor woman' does not lose anything (as long as her entitlement to get access to that education is secured), but probably only benefits (if the 'rich man', too, tries to make sure that the education given to the whole class is of high relevance and quality).

d) Income generating activities

The use of self-selection in the PRIDE credit scheme with ceilings in credit demands and obligatory participation in weekly meetings seems a good mechanism for keeping benefits to the poor or relatively poor.

The approach of the Tanga livestock project shows that in the dairy-sector (and probably some other productive sectors, as well) working outside the government structures can benefit large numbers of people. Many of our informants mentioned, however, that such private sector development should not be done in isolation from the government authorities. Instead the government should be involved, too, and supported to perform its facilitatory role (e.g. tax and licensing policies and procedures) better.

6. Donors' and Recipients' Views on the Poverty – orientation of European Donors in Tanzania

6.1. Donor-views on Donors

Donors are obviously very interested in comparing themselves with – and in learning from – their peers, the other donors. Vuorela¹ has coined the 'Foucauldian' term '*Donor Regime of Truth*' to refer to the practices in the development encounter, whereby the donors often listen to each other more than they listen to the poor or non-poor members of the 'recipient' societies whom their aid is supposed to serve. Space does not allow us to go here into deeper discussions about the '*Battlefields of Knowledge*'² where the different disciplines, various kinds of expert knowledge and different ideologies compete for the power and authority to define what is considered 'correct' by the aid agency professionals. More practically, let us just assume that the European donor representatives resident in Tanzania may know a great deal about the aims, attitudes and activities of the other donors active in Tanzania.

In the interviews conducted with European donor representatives in Dar es Salaam the aid administrators were asked to give their personal judgements about the poverty-orientation – or poverty-sensitivity – of their peer aid agencies, i.e. the other European donors working in Tanzania. It is understandable that the diplomatic staff at the embassies were rather reluctant to make strong statements about their neighbours, but after some persuasion seven donors (The Netherlands, Sweden, UK, Finland, Denmark, Switzerland and the European Commission) were prepared to give their rankings, as long as their opinions could not be singled out from the report.

The interviewees were first asked to rank the 'top-5' and thereafter the 'bottom-5'. The results are summarised in Table 6.1. In the table the 'ranked' donors are on the vertical column; the informants are on the first row with their names 'hidden' behind letters A-G, in a mixed order. Rankings among the top-3 are marked with (++)). Rankings between 4-5 (in some cases 4-6) are marked (+). Rankings among bottom-5 are marked (-). We also asked whether some of the major multilateral agencies clearly belonged to either of the categories (top-5 or bottom-5). Some of the informants wanted to include UNDP, Unicef, the World Bank and the EU, but the total scores of the multilaterals in Table 6.1. are not comparable with those of the bilaterals, since some of the interviewees only focused their rankings on the bilaterals.

¹ Vuorela (1994).

² Long and Long (1992).

The results are interesting, and in spite of the small sample, they probably indicate fairly well the views of the 'like-minded' donors in Tanzania. Sweden and Denmark were clearly the top-2, followed by the Netherlands, the UK, Norway and Finland. Ireland was mentioned by several interviewees as a small donor whose relative role in poverty reduction activities in Tanzania far exceeds its proportional share of the total aid funds flowing to Tanzania. The same was said about the UNDP, whose important role in poverty reduction 'agenda setting' (through seminars, retreats, co-ordination, etc.) was commended. The Dutch and the Swiss were singled out by some informants as agencies doing excellent poverty reducing work 'in the field'. The UK, on the other hand, was considered less successful 'in the field' but very effective in influencing the policy formation of the Government of Tanzania. France, Italy and Spain were considered the least poverty oriented donors by most interviewees.

Table 6.1.
European donors' poverty orientation and poverty sensitivity as ranked by representatives of European donor agencies in Dar es Salaam

Informants →	A	B	C	D	E	F	G	Total score	Rank
Donors ranked ↓									
Sweden	++	++	++	++	++	++	+	+13	1
Denmark	++	++	++	++	+	++	++	+13	1
Netherlands	+	++	+		++	+	++	+9	3
UK	+	+	+	++	+		+	+7	4
Norway	++	+			++	++	+	+8	5
Finland	++		++	+			+	+6	6
UNDP	++		++	+				+5	7
Ireland	+		+	+			++	+5	7
Germany				+			+	+2	9
Unicef	++	++						+4	10
World Bank	+	-		+			+	+2	11
Switzerland							+	+1	12
EU ³	-	-	+				+	0	13
Belgium	-							-1	14
France	-	-	-	-				-4	15
Spain	-		-	-			-	-4	15
Italy	-	-	-	-			-	-5	16

³ EU = The Delegation of the European Commission.

6.2. Recipient Views on Aid Negotiations and PR Attitudes of European Donors

A separate interview study was conducted by Mjema⁴ among Tanzanian civil servants and some NGO-leaders in order to find out how they viewed the poverty reduction related attitudes as well as the aid negotiation and decision-making procedures of European donors. A fairly detailed questionnaire prepared by the authors of this report was used by Mjema as a checking list in the interviews. Mjema also read the Agreed Minutes of bilateral country programme negotiations between some European donors and the Government of Tanzania, and compared the ways how poverty reduction issues were treated in those official negotiations.

The aid machinery in Tanzania

In principle, two institutions namely the *Ministry of Finance (MOF)* and the *Planning Commission (PC)* which is under the President's office have the overall responsibility of foreign aid administration in Tanzania. Theoretically, there is a clear demarcation of the division of responsibilities between the two institutions. The PC is supposed to lead in the formulation of the policy agenda, initiate and stimulate discussions on key issues, provide a vision of development options and assert technical leadership. The Ministry of Finance (MOF) on the other hand has mandate over short term fiscal, monetary and foreign debt policies. It is the Ministry of Finance (also known as the Treasury) which is, in practice, responsible for overall aid coordination. The Treasury has numerous departments but one of its departments, the Department of External Finance and Debt Management is charged with the responsibility of, among other things, administering and overseeing the disbursement of external assistance to Tanzania. In practice this Department is the country's main aid negotiator with bilateral and multilateral donors.

In the Department there are *desk officers* who are assigned specific (bilateral or multilateral) donors. It is therefore possible to find a desk officer who is in charge of one or two EU countries or another desk officer whose responsibility is to handle aid negotiations involving the EU as a multilateral donor. With this kind of division of labour one can understand the hesitation and sometimes the reservation shown by some officials in the Department of freely expressing their views as it is relatively easy to trace back the origin of any kind of information pertaining to EU donors. It is, therefore, necessary at this point – in order to protect our sources – to mention that most donor-specific information in this report was obtained not from the desk officers in charge of the individual donors but mostly from their neighbours and colleagues in the Tanzanian administration who, of course, also

⁴ Mjema (1997).

know a great deal – and are less hesitant to talk about – the donors they don't directly deal with.

Frequency of contacts between Tanzanian officials and EU donors

The interviews showed that the frequency of contacts between respondents (hereafter recipients) and EU donors and the duration (time) they last varies from donor to donor and from Ministry to Ministry. It has been necessary to include certain sectoral ministries like education because of their involvement in sector specific aid negotiations with donors. Desk officers responsible for bilateral assistance from Sweden and the Netherlands reported, for example, that they have almost daily contacts with the two donors. Officials responsible for German aid said they had, on average, one contact with their donor (Germany) every week. Ireland as a bilateral donor is contacted once each month. A donor like France is, according to the recipients, contacted once after 3 months.

Most of these contacts were in connection with either: programme assistance/import support, regular contacts on project proposals, regular contacts on project implementation/progress, country programme negotiations, policy dialogue on government economic policy, dialogue on sectoral issues or contacts on financing arrangements and contacts with donor missions. There were respondents who felt that the most burdensome contacts were those falling under the category of regular contacts with donor missions. The most inspiring and helpful donor contacts were those falling under the project implementation category. Respondents were able to identify EU donors with useful or meaningful negotiation procedures. These included the Nordic EU member countries (Sweden, Finland and Denmark), as well as Britain, Germany, Ireland, and the Netherlands.

Donors' generosity, interests and conditionality

Sweden, Denmark, Netherlands, Britain and Germany were perceived by the Tanzanian officers as the most *generous* EU donor nations. Ireland is cited as one of the EU countries not generous enough on matters pertaining to aid granting.⁵ Although the EU donors are seen by recipients at the national level to be generous with their aid most of them are also perceived as having *commercial interests* and some are seen as attaching political conditions on the

⁵ Obviously, the relative sizes of the European countries' GNPs and, thus, their realistic potentials to donate aid are not well understood by the Tanzanian officials interviewed. Ireland, for instance, appears as a particularly generous donor to Tanzania, if generosity is measured in terms of the proportional share of the total Irish aid that has been allocated for Tanzania (5.3%). The comparable figures are e.g. 3.0% for Sweden, 4.1 for Denmark, 2.2% for the Netherlands, 1.5% for the UK, < 0.9% for Germany and 2.2 for Finland. Source: OECD-DAC (1998), Table 42.

aid they give to Tanzania. The inclusion of a clause(s) in aid negotiations which allows donors to control the technical assistance and procurement components of a project were cited as examples that some EU donors attach commercial interests in their aid. Several donors, especially the Netherlands, Sweden, Denmark and the EU were seen to be *meddling in Tanzania's internal political matters* in the Zanzibar case where they (as well as some other donors) have suspended aid to the Government of Zanzibar until a political 'settlement' is found to the disputes on the isles following the 1995 controversial election in which the opposition (CUF) party did not accept the results. According to respondents, Britain and Ireland intervene least in Tanzania's internal matters.

The existence of *aid conditionalities* was, on average, viewed by most recipients as a good thing. The motivation for this was that the presence of aid conditionality was essential to ensure that the recipient nation (Tanzania) uses the disbursed aid in the agreed manner and rationally. Among EU donors Sweden and Denmark were cited as donors who tend to increase aid conditionalities in the process of negotiations. There were respondents who felt that in order to promote poverty reduction objectives EU donors have to ask the recipient to set aside a certain and specific amount of funds for purposes of addressing poverty issues particularly in the rural areas where majority of Tanzanians live.

Few EU donors were reported in the interviews as having *pre-made plans*. Denmark however was an exception. The country was viewed by some respondents as participating in donor-negotiations as a routine procedure only. In the end of the burdensome negotiations, however, the respondents felt that the country (Denmark) had its own pre-made plans and, according to the interviews, it was the donor plans that in most cases ended up being executed.

All EU donor countries are viewed by the respondents as donors who provide room so that *recipient (Tanzanian) points of view* could be heard or discussed. Desk officers responsible for bilateral aid negotiations, however, point out that at the back of their minds they know that the donor-recipient negotiations are not negotiations between *equal partners*. They insist that although in donor-recipient meetings there was room for Tanzanian views to be heard and, even if most donors would not openly admit it, at the end of the day it was the donor point of view which prevailed.

In determining which EU donor was a *hard or soft aid negotiator* the interviews showed that EU countries like Sweden, the Netherlands and Ireland were categorised by the respondents as soft negotiators. The three countries, including Germany, were ironically, also reported in the interviews as donors who use *tricks* during negotiations. Examples of tricks used by such donors were, for instance, (i) use of prepared text and agenda during meetings so that recipients do not have possibilities of discussing other issues that the donors do not want to be

discussed, (ii) allocation of certain funds in the budget and allowing recipients to propose ways of using the funds. If the proposals given by the recipient, however, do not coincide with the donor's view on the usage of the funds the donor was not likely to accept any of the recipient proposals given.

Almost all EU donors were reported to attach and pay special interest on issues like *corruption, financial reporting, general economic situation, goals of a project/programme, the impact of a project/programme on the poorest people and the position of women* during aid negotiations. According to the interviews all EU donors insist that recipients should have a *transparent use of donor funds*. The respondents observed that EU donors started to pay particular attention to the prevention of corrupt use of aid since the early 1990s.

'Best practices' in poverty reduction

The interviews further showed that almost all EU donors address *poverty (alleviation) reduction issues* during donor-recipient negotiations. It was reported that some donors have gone to the extent of setting aside special funds that can be used for the poor people in the rural areas. To make sure that the aid reached poor people particularly in rural areas some donors have found it necessary to channel aid through local and foreign *non-governmental organizations (NGOs)*. The assumption is that NGOs have close association and relationship with grassroot organizations and can be a conducive channel through which aid can reach the poor.

The Netherlands who support various District Rural Development Programmes (DRDP) were cited as corresponding to most respondents' visions about development priorities. Likewise, the Swedish Health, Sanitation and Water (HESAWA) project and German programmes that support infrastructure (especially roads), environment and resource protection, vocational training and the promotion of small scale enterprises are all high on the recipient list of development priorities.

Behaviour and knowledge of the EU-donors

The official view of the respondents concerning the behaviour of EU donors was positive. Furthermore most respondents felt that EU donors were 'reasonably' well informed, active, persuasive, convincing, tolerant and tactful in their aid relations. The non-official view which was solicited in strict confidentiality and unanimous terms was, however, different from the preceding one. There were some officials who privately felt that there were EU donors who were considered

to be arrogant, ignorant of the Tanzanian situation, stubborn and who were easily irritated during aid negotiations.

Several EU donors were reported in the interviews as willing and prepared to hand over projects/programmes to Tanzanians once the agreed time is reached. The Netherlands and Sweden were cited as examples of donor countries which ensure that from the early period of project negotiations, a time frame is spelled out so that Tanzanians are in the 'driver's seat' position in running a project. The Dutch supported DRDP's was further given as an example to illustrate that the Netherlands want Tanzanians to run their own projects and the donor (the Dutch Government) is only supporting the recipient to become self supporting. Germany and Ireland were also cited as EU donor countries which cooperate and are willing to co-ordinate aid actions. Ireland's aid for local government support was a case in point in which a donor (Ireland) is willing to co-ordinate the aid activities.

Sustainability

There was reluctance among the respondents to mention projects/programmes which the respondents felt were not sustainable. This is not surprising given the background of donor-recipient relations cited earlier. For instance, even if there is a feeling among the recipients that a project is not sustainable but the donor insists on it, the chances are that the project will continue. It was easier to obtain views on projects the respondents assumed to be sustainable. For instance, the German funded water supply programme was considered sustainable because it incorporates aspects of ownership by beneficiaries and has successfully introduced the commercialisation aspect and user-pays conditionality. The Dutch-funded District Rural Development Programme (DRDP) was commended for having integrated aid into the local governments' existing efforts and for the emphasis it has given to capacity building particularly in planning. Also the Dutch and Swedish funded livestock development projects as well as the small scale business development projects funded by the same two donors, plus by Germany, were estimated as sustainable, because they have managed to involve people at grassroots levels.

Conclusions and recommendations of the Tanzanian respondents

An analysis of the Agreed Minutes of the bilateral country programme negotiations revealed that most of them made reference to the poverty reduction objective of aid. However, having mentioned this in the opening statements the two negotiation partners almost never indicated or discussed how they were to address poverty reduction in the various tangible aid interventions. Although some European

donors had insisted that a certain amount of funds be set aside for purposes of alleviating poverty among the poorest (rural) communities, this measure (or gesture) had never gone far enough to show how the funds should be utilised and how they were expected to impact on the poor people. That decision is in most cases left with the recipient and, at that stage, other problems (bureaucracy, formalities, etc.) with aid funds not reaching the target group arise.

Most respondents felt that the best results in poverty reduction have been achieved by those European donors who have initiated aid funded projects in the rural areas. Programmes like supply of clean water, integrated rural roads projects, small scale business development, agriculture and livestock development were cited as donor interventions with a possibility of altering the poverty situation of the rural poor.

The respondents had the following recommendations to donors, the recipient government and other agencies seriously committed to poverty reduction in Tanzania:

European donors were advised to:

- (a) Sell a project/programme idea to people involved with aid first, and give them (recipients) then enough time to organise themselves. Once organised, the recipients would tell the donor how they would organise/prioritise the project and what support they require from the donor to implement the project/programme.
- (b) Accept the fact that it is the recipient who best knows the priorities of their country. Donors should not attempt to convince recipients to accept projects which are not of priority to them.

The Government of Tanzania was advised to:

- (a) Draw a clear policy which guides and charts out the priority sectors and areas where foreign aid is to be utilised. In Tanzania, at least for now, such a policy is missing.
- (b) Learn to say no to certain donor imposed projects which rank low in terms of the Government's priorities.

PART-IV: LESSONS LEARNED

7. Conclusive summary and recommendations

7.1. Conclusive summary

Poverty situation in Tanzania

Whatever indicator is used, Tanzania is one of the poorest countries of the world. In Tanzania's case the choice of indicators, however, has a strong impact on the relative ranking of Tanzania among the poor countries. The standard GNP statistics, used for instance by the World Bank, place Tanzania among the bottom five countries of the world year-by-year, but they do not do full justice to the relative strengths of the Tanzanian society. This is evidenced by the Human Development Index (HDI), a measure designed by the UNDP as a more people-centred alternative to GNP. On the HDI-scale as many as 26 countries lag behind Tanzania. Thus, if some of the most basic human welfare indicators, such as life expectancy and educational attainment are given a weight equal to that of GNP per capital, Tanzania's achievements seem somewhat more positive than when measured by the GNP.

Foreign debt has been a major factor behind Tanzania's poor and deteriorating human development performance. In financial year 1996/97, spending on debt servicing absorbed one third of the entire budget of the Government of Tanzania, and in effect 'crowded out' investments in social priority needs such as primary education, basic health, water and rural roads. In 1997/98 the GOT is spending nine times as much on debt repayments to overseas creditors as on basic health care, or four times as much as on primary education. The effect is to exclude the poor from beneficial opportunities, and to contribute to, the process of national economic growth.

Poverty in Tanzania is mainly a rural phenomenon, with 59 percent of the rural population being poor compared to 39 percent in the urban areas excluding Dar es Salaam and 9 percent in Dar es Salaam. This means that 85 percent of all the poor and 90 percent of all the very poor (*'hard-core poor'*) live in the rural areas. Based on a combination of three different regional wealth/poverty rankings (See Table 4.4.) the five poorest regions of Tanzania are Kigoma, Lindi, Mtwara, Dodoma and Morogoro.

An alarming recent trend in Tanzania has been the clearly widening gap between the better-off (mainly urban dwellers) and those (mainly rural people) who have remained poor. There are good reasons to believe that the liberalisation and structural adjustment policies imposed on Tanzania by the international donor community and implemented in Tanzania since mid-1980s have – besides facilitating a welcome change towards more disciplined and realistic macro-economic and fiscal policies – contributed to increasing inequality within the Tanzanian society. The ratio of the average income of the better-off to the hard-core poor rose between 1983 and 1991 from 8.1:1 to 29.6:1.

Also intra-household (gender and age group) inequality is common in Tanzania: On average, women in Tanzania are poorer than men. Women own less material assets (like land and livestock) and have less access to productive and social services (credit, inputs, water, health services and education). A particularly heavy burden of poverty is evident to women in rural areas: women account for 75 percent of the active population engaged in agriculture and produce 90 percent of the food requirements of the country. Poverty and status of women are influenced by the prevalent attitudes and cultural practices of both women and men. Social structures, norms and attitudes discriminating women have gone as far as to affect such matters like eating habits and fertility control, one of the key factors affecting women's economic status. The women's constituency in Tanzania is still weak. Its main focus has been on the discriminatory marriage and inheritance laws and/or practices.

Government policies on poverty reduction

In terms of analysing the poverty situation in the country the Government of Tanzania has benefited greatly from the analytical assistance it has received from the UNDP, the World Bank and the IMF.

The two Bretton Woods institutions have now almost completed their main mission, which was to transform Tanzania's macro-economic and fiscal policies from the chaotic command economy of early 1980s, through a comprehensive structural adjustment programme implemented since mid-1980s, into the relatively disciplined market economy of today. There are, no doubt, still problems to justify future missions from Washington D.C. to Dar es Salaam, but even the IMF admits now, that Tanzania is – by and large – on the right track, as regards macro-economic and fiscal policies.

Opinions in Tanzania vary greatly as regards the impacts of the heavy structural adjustment programmes on the poverty situation in the country. The aggregate macro-economic results have been positive. The SAPs have, however, also increased inequalities in the distribution of wealth and poverty in the country. Yet,

the Government of Tanzania has no other option than to follow IMF's advice, since there is no escape from the fact that macro-economic imbalances are 'anti-poor'. Ideologically the Government is, however, much closer to the UNDP. In the words of President Benjamin Mkapa:

*'The kind of socialist values that are so clearly part of the Arusha Declaration: African life history and life tradition, the caring for each other, the caring for the aged, the children, the brotherhood, unity and so on. These are the values that really must remain with us because they are deeply rooted in our history.'*¹

In follow-up of the commitments made in the Copenhagen Social Summit 1995, and with financial and moral support from the UNDP, the Government has prepared and approved a *National Poverty Eradication Strategy*. The Overall Goal of the strategy is to eradicate 50 percent of abject poverty in Tanzania by the year 2010 and to eradicate it totally by the year 2025. The Government's vision is that the '*Post-Poverty Tanzania of 2025*' should have attained the level of the current (1997) medium human development country such as Malaysia, Indonesia or Thailand.

The Government's conception of poverty – as documented in the Poverty Eradication Strategy – is multi-dimensional and human centred, just like that of the UNDP. The single largest risk in the Government's poverty eradication strategy is, in our view, that it is based on an assumption that rapid and accelerated economic growth (from 4% p.a. to 10% p.a. by the year 2010) will be the primary factor in the elimination of poverty. There is no discussion in the document what will happen if that highly optimistic scenario will not materialise.

Also the major political reforms implemented in Tanzania in the 1990s have potential impacts on the poverty dynamics in the country. Political pluralism, with multi-party elections, was introduced in Tanzania in 1992. The separation of powers between the ruling party, the legislature and the executive at all levels has proven to Tanzanians, that change is possible and inevitable. The Tanzanian civil service structure is in the midst of a wide-ranging reform. In the framework of the on-going Local Government Reform Programme (LGRP) and the sectoral reforms of education and health policies a new major effort has been taken to revive the democratic and participatory nature of district-level decision-making. Local inhabitants will also be increasingly expected to provide self-help and user fees against Central Government matching grants.

¹ Mkapa in Martin (1995).

Foreign Aid to Tanzania

It is widely believed in donor countries that Tanzania is the world's most generously treated and 'spoiled' aid-receiver. Looking at aid per capita figures, however, it is easy to see that they are not high in Tanzania compared to other African countries. In 1992 Tanzania ranked 19th out of the 46 Sub-Saharan African countries with regard to the level of per capita ODA.²

During the years Sweden has been Tanzania's most generous donor, providing almost 16 percent of all aid flowing into Tanzania. The Netherlands are at the second place, followed by Germany, Norway and Denmark. Behind this top five we find Japan, the United Kingdom, Italy, Canada, Finland and the USA, in descending order. Of the small European donors especially Ireland and Switzerland play a far more important role in poverty-oriented assistance than their small overall volumes of aid would indicate.

Statistics seem to contradict the widely shared perception that lots of donor money has been invested into pro-poor rural development, education and health care projects in Tanzania. On the contrary, the predominant development strategy seems to have over-emphasised physical capital and neglected the role of agriculture and human capital. However, during the 1990s the proportion of the industrial sector in aid allocation has dramatically decreased.

The largest share of aid has come to Tanzania in the form of project aid. The most tangible transformation in the modalities of aid during 1997–98 has been the shift from individual projects ('owned' by individual donors) towards Sector Development Programmes (e.g. in education, health, roads, agriculture, etc. sectors), based on national Tanzanian strategies and supported by a coordinated consortia of donors – as well as towards coordinated donor-support to the civil service and local government reforms and to the democratisation, human rights and anti-corruption processes. We agree with professor Helleiner's statement³ according to which Tanzania and its aid donors are now '*out in front*', compared to most other developing countries, in efforts to implement the new principles of *partnership*, as emphasised by the donors in their common aid strategy for the 21st century.⁴

Donor narratives about poverty and poverty reduction in Tanzania

There are many approaches to the challenge of poverty reduction through aid. We identified six different approaches (or 'narratives', or 'thinking frameworks') we

² Wangwe (1997), p. 1.

³ Helleiner (1997), p. 2.

⁴ OECD-DAC (1996).

found in use in Tanzania (See Table 7.1. below). There is probably a seed of truth in each of them. From the point of view of maximising the poverty reducing impact of European aid to Tanzania, it would be useful to understand the relative strengths and weaknesses of all these six approaches. Ideal aid for poverty reduction would combine the strengths and avoid the weaknesses of the various approaches. The following thoughts could be used as building blocks of such an ideal donor approach:

The '*debt reduction narrative*' should in our view be the starting point: In other words, much more attention and money should be invested by the European donor governments into relieving Tanzania's unsustainable debt burden. Advocating enhanced Tanzanian 'ownership' or more pro-poor social service policies (as the '*Tanzania-on-the-driver's-seat narrative*' and the '*neoliberal narrative*' do, respectively) is rather dishonest and unrealistic as long as over one third of the Government's revenues go to debt repayments. In a way, the whole purpose of the structural adjustment programmes advocated by the IMF and the World Bank in Tanzania and in many other poor countries is to improve the capacities of these highly indebted countries to service their large debts. This is in direct self-interest of these central creditor institutions. However, one can wonder whose interests are served by the painfully slow and piecemeal strategies offered by the World Bank, the IMF and the large European donor agencies for solving Tanzania's debt burden. We believe that it is hardly possible to find a realistic, sustainable, poverty reducing and dynamically forward-looking solution to the debt problems of a poor country like Tanzania without writing off a large chunk of Tanzania's debt stock. Large scale debt relief would release lots of Tanzania's own resources (as well as donor resources) for increasingly effective action on poverty reduction.

Participatory and more contextual poverty assessment methods (as advocated by the '*participatory*' and '*social capital*' narratives, respectively) are probably necessary, in poverty-oriented aid in order for the donors (and the Government) to know better the life realities of the poor people, and their perceptions of poverty. It is not realistic to expect that all aspects of poverty can be eradicated from Tanzania by the year 2025 or even later. However, by supporting participatory assessments and pilot projects the donors (and the Government) could become much more aware of those aspects, dimensions and manifestations of poverty, which the poor people themselves find most unbearable and de-moralising, and which, therefore, have to be eradicated first. Evidence from field research gives us reasons to believe that material wealth is not necessarily the primary life goal of most of the poor people in Tanzania,⁵ but it can be assumed that all of them seek livelihood security. These two are not the same thing.

⁵ In a world of ecological limitations it is a questionable life goal for any of us.

Table 7.1. Six frames of thinking about poverty and poverty reduction in the Tanzanian context (Summary of Table 4.1.)

Narrative Dimension	1 The Government narrative	2 The 'Tanzania in the driver's seat' narrative	3 The Neoliberal narrative	4 The Participation narrative	5 The Social capital narrative	6 The Trade and debt relief narrative
Motto	Economic growth is the key	THE GOVERNMENT WILL DO IT!	Liberalise the economy and reform the social sectors	Build capacities and accountability from bottom-up	Rely on and invest in local social capital. Do not let economic growth and donor interventions undermine Tanzania's strong social capital	Reduce Tanzania's debt burden and help Tanzania take full advantage from global markets to allow Tanzania to reduce its poverty independently
Strategies of poverty reduction	Accelerating economic growth (from 4% p.a. to 10% p.a. by 2010) will eliminate poverty by 2010.	<ul style="list-style-type: none"> • Reform the Government • The donors to stay out, and give (lots of) money to <u>core</u> functions identified by GOT. 	<ul style="list-style-type: none"> • Growth, • Liberalisation, • Monetization of rural life • Targeted social services. 	Tanzania cannot hope to eliminate poverty by 2025 but it can increase incomes and reduce vulnerability (= increase livelihood security).	<ul style="list-style-type: none"> • Use participatory poverty assessments, differentiate by gender • Rural savings and credit, targeted education and health, rural roads; • Rely on, invest in - but do not undermine - local social capital. 	<ul style="list-style-type: none"> • Expand and diversify the export production base; • Donors: give substantial debt relief, and grant more differential and preferential treatment and flexible rules of origin for Tanzanian (and other LLDC) exports;
Targeting	Participation of the poor crucial, but how? – Local government reform.	<ul style="list-style-type: none"> • Targeting is a waste of time, since all Tanzanians are poor – no poverty assessments needed. • More important to 'target' capacity building within the Government system. 	<ul style="list-style-type: none"> • Aid targeting on the basis of relative wealth of the region or district • Demand-led targeting of social services through matching grants 	Important to understand local wealth stratification, gender differences and the dynamics caused by aid interventions. Participatory methods can be used to target the most needy.	<ul style="list-style-type: none"> • Credit: focus initially more on savings than on credit; • School fees likely to bar poor girls from school: fee relief must be targeted for the poorest families. Communities can agree who are poor. 	Fiscal management mechanisms have to be improved to ensure that savings from debt relief will be spent on basic social services.
Main donors	GOT (Cabinet)	NOR, SWE, (DEN), (FIN)	WB, IMF, (UK)	IRL, UNDP, SWI, NL, FIN, GER, DEN. Also: Vice-President's Office	WB Participatory Poverty Assessment (PPA) but its impacts on the Bank's own activities are yet to be seen.	<ul style="list-style-type: none"> • NOR, SWE, DEN, FIN, SWI, NL and UK • EU/STABEX supports trade capacity development.

The '*social capital narrative*' shows convincingly that human welfare consists not only of accumulating man-made economic capital (such as money) but also of the reciprocal relations of trust, loyalty and participation, i.e. social capital. Natural, human and cultural capital are the other constituents of welfare. The important lesson to be learned from the social capital narrative is, that balanced action on all these fronts is necessary. In development aid, the economic dimension has too often overshadowed the others.

Replication, scaling-up and institutionalisation are the main unresolved challenges of the '*participation narrative*'. Encouraging success stories are being told in Tanzania about participatory processes that have made a real difference on the village, district and even regional levels. Participatory facilitation is, however, very labour-intensive. Neither the donors nor the GOT can ever afford to send competent expatriate PRA-facilitators⁶ to all districts and villages of Tanzania. This is why most of the participatory interventions have ended up focusing much of their time and energies on the Tanzanian civil servants, seeking ways to encourage them to change their attitudes towards the villagers, to see themselves as facilitators of bottom-up participatory problem-solving processes rather than as top-down managers, commanders and controllers.

The '*Tanzania-in-the-driver's-seat*' approach avoids the problems encountered by the participatory approach by simply assuming that the Tanzanians know what needs to be done on the community, district and regional levels. No expatriate advisers or facilitators are needed. The principle that the Government of Tanzania should take the lead in all strategic planning, decision-making, implementing and evaluating the donor-funded public interventions is probably correct in the long run. This approach, however, carries the promise of equitable poverty reduction only provided that the governmental system in Tanzania really operates in a participatory, democratic, accountable, non-corrupt and efficient manner. This is exactly the reason why some of the donors are so keen to support (besides the GOT budget) the democratisation, human rights and anti-corruption activities and fiscal management, civil service, local government and sector development reform processes in Tanzania. The 'Achilles' heel' of this approach is, however, the question, whether accountability and democratic principles can be imposed or introduced from above. The advocates of the '*participatory*' approach are convinced that such virtues can only grow organically from bottom up, as more and more poor people (and representatives of poor people up the ladder of political and administrative decision-making fora of Tanzania) become convinced that they have the right to demand accountability and fair play from all government staff who use tax and aid money and other common resources for the common good.

The main merit of the advocates of the '*neoliberal narrative*' (the World Bank and the IMF) has been the systematic manner in which they have helped the

⁶ PRA = Participatory Rural Appraisal.

Government of Tanzania to analyse all the in- and outflows of these common (government) revenues. For instance the World Bank has done commendable – and theoretically highly interesting – work to find feasible means to target social services to the really needy, and to avoid the ‘leakage’ of Government or donor funded subsidies to those less in need. The Social Sector Review (SSR-1995)⁷ conducted by the Bank estimated for the first time the distribution of benefits in Tanzania from public spending in the social sectors. The results showed, in summary, that the Government’s scarce resources are targeted disproportionately to the richest quintile of the population. Donors improve the distribution in health but worsen it in education and water.

The IMF is unfortunately rather blind to all other but the money-metric aspects of development. The World Bank’s conception of development is much more multi-dimensional. The Bank’s intellectual and ideological narrowness is, however, reflected in its own decision-making about the purposes to which it allows the large IDA-credits to be allocated: The Bank is, whether we like it or not, a North-American organisation whose visions about the future pro-poor economic and social policy solutions for Tanzania have largely reflected the models derived from the North-American political heritage, ignoring many other models from other parts of the world, e.g. the EU and the Nordic countries. A closer analysis of the changes advocated by the World Bank to Tanzania’s economic and social policies reveals that the World Bank’s advice do not automatically lead to policies which the European donors and taxpayers also would like to promote. To balance the situation – and to ensure a wide enough variety of options for the Tanzanian Government and Parliament to choose from – we believe that the European donors should (a) invest more resources into (Tanzanian and European) economic and social policy research; (b) increase their own analytical capacities; (c) be more vocal in expressing their views publicly in Tanzania when they differ from those proposed by the World Bank and the IMF.

Regional policy is one of the areas where the European donors should seek to provide alternatives to the policy solutions and administrative mechanisms designed by the Bank. The World Bank nowadays strongly advocates the principle of *matching grants* to be used in the allocation of central government (and donor) subsidies to education, health and water sector development on the local levels. Since some districts and communities start from a disadvantaged position compared to others the government (plus donors) have to create some mechanisms to target specially preferable subsidies to the more disadvantaged districts and communities. Interesting work has been done by both the World Bank and the UNDP to design region/district/community based wealth, welfare and poverty indicators and indices. Different methods, however, have produced strikingly different results. This is an area where more work needs to be done and where the ideological premises of different analysts easily lead to very different solutions.

⁷ World Bank (1995).

In order to be able to identify those worse-off regions, districts and communities, both the World Bank and the UNDP have recently invested a lot of intellectual resources into designing region/district/community based wealth, welfare and poverty indicator and indices. The World Bank has already used their version of a regional wealth index for deciding which regions of Tanzania should be eligible for a specially preferential subsidy when the state subsidies (with World Bank loan money) were to be allocated to Tanzanian primary schools through the Community Education Fund *matching grand* testing pilot.

A lot of good work has already been done on these indices, but there is still a long way to go... The unreliability of statistical data makes the use of multi-variable indices very questionable in many developing countries, however. Different methods produce strikingly different results. This is evidenced, for instance by the ranking of the southernmost region of Tanzania, Mtwara, in the World Bank Regional Wealth Index (where Mtwara ranks close to the bottom among Tanzanian regions), and in UNDP's more recent Tanzania Human Poverty Index (HPI), where Mtwara ranks fourth from the top. Table 4.4. provides a comparison of the rankings of Tanzania's regions in the indices of the Bank and the UNDP, as well as in an index of children's malnutrition (weight-for-age) developed by Cooksey⁸ on the basis of children's dispensary growth cards (introduced by Unicef), which are among the most reliable sources of statistical social development data in many countries.

European supported 'Best Practice' poverty reduction interventions

A total of 16 of European-funded interventions recommended by the donor representatives as 'best practice' in poverty reduction were studied through case studies. Information was gathered from (a) project and programme documents, (b) individual and group interviews with regional, district and local authorities, project managers, key informants as well as 'recipients' and 'well-informed non-recipients' at village level and (c) direct observation at the project-sites. Table 7.2. (7 pages) summarises the findings.

The first, rather surprising finding was that most of the European funded aid projects and programmes – even the 'best practice cases' among them – knew surprisingly little about their impacts on those people who are relatively poorer among the intended beneficiaries.

⁸ Cooksey (1994), p. 67. Data adopted from Bureau of Statistics of Tanzania (1991/92), p. 109.

Table 7.2. Main findings from the case studies on European-funded ‘best practice’ poverty reduction interventions:
(Key: ++ = Very positive focus/impact; + = Positive focus/impact; 0 = No focus/impact; - = Negative focus/impact)

<i>Project</i>	<i>Donor</i>	<i>Approach to Poverty Reduction in Project Objectives</i>	<i>Impact on Poor</i> (L = Livelihoods; R = Resources; K = Knowledge; R = Rights)				
			<i>L</i>	<i>R</i>	<i>K</i>	<i>R</i>	<i>Overall</i>
Bukoba District Rural Development Programme (Bukoba DRDP)	NL	+ Improvement of well-being of rural population in sustainable way; by increasing incomes, improving health care; roads; tree-nurseries, agricultural production systems and go-downs; education; planning and implementation capacity; local community organisation; natural resource conservation Entire population of district targeted; poor benefit no more than others	++	++	+	0	+ Mixed opinions: More positive than negative. However, limited PR; earlier evaluations show no significant impact on well-being of poor; road rehabilitation helped middle income group more; soil fertility and crop disease problems not addressed;
Village Development Programme (VDP) – Tanga	GER	+ Main objective: animation to help rural people understand the reasons creating poverty and to perceive self-responsibilities for change. Rural finance. Decentralisation. Animation approach: a lot of efforts to training extension staff in bottom-up animation. Lack of systematic problem analysis.	+	+	0	+	0 Some PR for poorest through indirect effects of activities of other groups; but very limited impact; poorest have difficulty in participating in animation approach; lack of time to attend meetings; no permission from employers; indirect effects limited as other groups not yet successful
Rural Integrated Programme Support (RIPS) – Mtwara/Lindi	FIN	++ To assist and support local communities to move towards sustainable livelihoods through interactive communication, democratic processes and human rights as well as access to and development of resources. Strengthen and/or create sustainable rural institutions (e.g. extension, communication, training, financing, securing land rights) that empower the rural poor and create a common ground for participatory and demand-driven development processes.	+	+	++	++	++ The programme has done much for PR, especially in small stock and education activities; The area is large, however (11 districts, 2 mill.people) and very difficult to serve. Further PR could be achieved by paying attention to water, health, rural roads, agriculture.

<i>Project</i>	<i>Donor</i>	<i>Approach to Poverty Reduction in Project Objectives</i>	<i>Impact on Poor</i> (L = Livelihoods; R = Resources; K = Knowledge; R = Rights)				
			<i>L</i>	<i>R</i>	<i>K</i>	<i>R</i>	<i>Overall</i>
Kilosa District Rural Development Programme (Kilosa DRDP) – Morogoro	IRL	+ To promote and assist the economic and social development of the people of Kilosa District through provision of economic and social infrastructure and services (especially for disadvantaged groups); support to directly productive projects; strengthening local institutions and groups Others may benefit from most services as much as the poor, but the ‘social welfare’ component of the programme is specially targeted for the hard core poor and the destitutes, particularly the disabled.	0	++	+	+	+ Social services have led to some PR; however full potential can be achieved only by directly assisting productivity and income improvement
Kilosa Primary Education Project	IRL	+ To improve quality of primary education by improving school infrastructure; educational materials; capacity of the district authorities; teacher training and incentives for teachers; capacity of parents and school committees; special education for the handicapped; school health screening; Benefits targeted to all inhabitants; some special services for the handicapped children.	+	+	+	+	+ Fairly limited PR, because poverty not a criterion for fund allocation; large proportion of donor funds paid to contractors who have mismanaged part of funds; links with the integrated district development programme improve effectiveness; People prefer income-generation activities so that they can pay for education themselves
Maintenance of Schools and Colleges	DK	0 National project. No specific PR objectives other than provision of decent quality infrastructure for public schools. No effort to allocate assistance disproportionately to the benefit of the poor	0	+	+	0	0 Very limited, because poverty not a criterion for fund allocation; amounts too limited to reduce poverty; no participation; people prefer income-generation activities so that they can pay for education themselves

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<i>Project</i>	<i>Donor</i>	<i>Approach to Poverty Reduction in Project Objectives</i>	<i>Impact on Poor</i> (<i>L = Livelihoods; R = Resources; K = Knowledge; R = Rights</i>)				
			<i>L</i>	<i>R</i>	<i>K</i>	<i>R</i>	<i>Overall</i>
Exercise Books Programme	SWE	0 Supply of educational materials and production of text books No PR objective or targeting mechanism.	0	0	+	0	0 Very limited, because poverty not a criterion for fund allocation; amounts too limited to reduce poverty; no participation; people prefer income-generation activities so that they can pay for education themselves
Health and Nutrition District Support (HANDS) – Mbeya Municipality	UK	++ To improve ability of people and officials to bring benefits to disadvantaged and vulnerable communities; to promote targeting of scarce social sector services to the disadvantaged and poor. Major components: 1. Health and nutrition; 2. Water and sanitation; 3. Maternal and child care Majority of benefits directed to poor, especially pregnant women and children under five.	0	+	-	-	0 The top-down dictatorial management style destroyed all the good intentions. No other project had a worse reputation among our interviewees. ‘This was a caricature project, completely useless.’ ‘This was a very poor project’.
Urban Health Project Dar es Salaam (DUHP)	SWI	+ To establish a health promotion and care delivery system with improved structure, function and base, based on primary health care principles. Others benefit as much as the poor, but on the other hand the interest of the non-poor to maintain the quality of the public health service ensures the accessibility of quality health services for the poorest who could not afford the private health services.	+	++	0	++	++ Poverty addressed by improving public health care services; Maternal mortality reduced; Interviewees said: ‘This project was a stitch on time, targeting a priority felt need at the right time.’
Family Health Project (FHP) – Tanga	GER	+ To improve health status of rural population by improving quality of primary health care Others may benefit as much as poor. However, a deliberate decision had been made by FHP to work through existing government health services, not through private services, because to improve the government services is a strategy to assure that the poorer people, too, get access to services.	0	+	+	0	0 Very limited impact; poor have difficulty getting access; cannot pay for drugs; planned introduction of cost-sharing would limit access even further

<i>Project</i>	<i>Donor</i>	<i>Approach to Poverty Reduction in Project Objectives</i>	<i>Impact on Poor</i> (<i>L = Livelihoods; R = Resources; K = Knowledge; R = Rights</i>)				
			<i>L</i>	<i>R</i>	<i>K</i>	<i>R</i>	<i>Overall</i>
Iodine Deficiency Disorders Programme – Dar es Salaam	SWE	+ Objective: supplementation of iodine using two delivery systems: 1. Distribution of iodinated oil capsules and 2. Iodination of salt. Those suffering from goitre tend to be poor because of their sickness. Also non-poor benefit from prevention.	+	+	0	+	+ Decrease in Iodine deficiency Disorders: Goitre down by 30% nationally and by 60% in places where severe IDD has manifested by visible goitre.
Tanga Smallholders Dairy Development Programme (TSDDP)	NL	+ To provide income and improve the quality of life for project participants through keeping improved dairy cattle The project does not aim at reaching the poorest sections of the society, but there are indirect benefits for them through increased labour opportunities.	++	+	++	+	+ Although project does not have a PR aim, and does not try to reach the poorest sections, it does have a PR impact due to the indirectly increased employment opportunities
PRIDE Tanzania – Arusha Municipality	NOR	+ To provide funding services to micro/small entrepreneurs so as to increase employment, incomes and stimulate growth through provision of credit and increasing micro-credit networks May plausibly bring substantial benefits to poor, although others may also benefit	++	++	+	++	++ A ‘young’ programme, but beneficiaries perceive it highly relevant and well-targeted for PR. The self-selecting group guarantee was considered an ingenious innovation enabling the majority of low-earners to get access to credit, unlike in formal traditional banks. Most agreed that the credit limits and the compulsory weekly hourly sessions are conditions that serve to keep away those that are ‘too rich’ for the scheme. The fact that over 3000 clients are continuing their businesses was evidence of the positive impact of PRIDE in urban areas.

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<i>Project</i>	<i>Donor</i>	<i>Approach to Poverty Reduction in Project Objectives</i>	<i>Impact on Poor</i> (<i>L = Livelihoods; R = Resources; K = Knowledge; R = Rights</i>)				
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Zanzibar Forestry	FIN	++ To address problem of rural poverty and natural resource management Substantial benefits go to the poor, although others may also benefit	++	++	++	+	++ Positive effect on PR; has improved quality of life; diversified economic base of recipients; increased incomes and created employment. Besides economic benefits, positive impacts in environmental and natural resource conservation and tourism were mentioned by interviewees.

<i>Project</i>	<i>Donor</i>	<i>Approach to Poverty Reduction in Project Objectives</i>	<i>Impact on Poor</i> (<i>L = Livelihoods; R = Resources; K = Knowledge; R = Rights</i>)				
			<i>L</i>	<i>R</i>	<i>K</i>	<i>R</i>	<i>Overall</i>
Stabex for coffee – Kilimanjaro Region	EU	0 To remedy the harmful effects of the instability of export earnings by guaranteeing stabilisation of export earnings from coffee exported to EU Few of the coffee farmers belong to the poorest segments of their communities. Some aspects of the programme may also benefit poor, but less than the non-poor.	0	+	0	0	0 No remarkable impacts on the poorer groups. The participating farmers gratefully appreciate this donor support but even for them the long-term effects of STABEX are limited; compensation payments only short-term relief; also these have reduced over the years; main aim seems to be to encourage present coffee farmers not to give up coffee growing.

All but one of the five success cases identified were clearly sectorally focused. Deliberate and realistic limitation of a project's ambitions, therefore, seemed to enhance the likelihood of success. The holistic view on the interrelated constraints and opportunities of a geographically limited area, and a full flexibility to support any sector or aspect of rural life, on the other hand, was definitely an asset for the integrated rural development programmes compared to the sectorally limited interventions. From the point of view of the poor, the most important impacts of the successful interventions were not always measurable material benefits. Intangible benefits such as confidence building (*'we can do it'*) among local communities in traditionally marginalised local communities as well as changes effected in the attitudes and behaviour of the previously 'top-down' authorities (*'the villagers can do it'*) also seemed important, although difficult to measure.

Our case study findings gave support to those who advocate participatory approaches and gender-focus as key factors in pro-poor aid. Participation may take place on different levels in different projects, however: In some cases a delegation of 'ownership' away from patronising government officers to the community-level groups (and increasingly also to the elected district councillors) seemed like the right thing to do. In other cases it was the local government officers whose 'empowerment' (against conventional dominance by the central government or the expatriate project managers) was commended as a success. In all cases the positive empowerment took place from higher towards the lower levels of the traditional 'administrative organograms'. In one fairly successful micro-credit scheme participation and 'ownership' were realised outside the politico-administrative structures through self-selected savings and credit groups in the 'private marketplace'.

All of the education sector projects studied ranked fairly poorly. They all represented the 'old generation' of donor support to education, with a bias towards construction works through outside contractors.

Donor views on donors

In the interviews conducted with European donor representatives in Dar es Salaam the aid administrators were asked to give their personal judgements about the poverty-orientation – or poverty-sensitivity – of their peer aid agencies, i.e. the other European donors working in Tanzania.

Sweden and Denmark were perceived by most donor representatives as the most poverty-oriented European donors in Tanzania, followed by the Netherlands, the UK, Norway and Finland. Ireland was mentioned by several interviewees as a small donor whose relative role in poverty reduction activities in Tanzania far exceeds its proportional share of the total aid funds flowing to Tanzania. The same

was said about the UNDP, whose important role in poverty reduction ‘agenda setting’ (through seminars, retreats, coordination, etc.) was commended. The Dutch and the Swiss were singled out by some informants as agencies doing excellent poverty reducing work ‘in the field’. The UK, on the other hand, was considered less successful ‘in the field’ but very effective in influencing the policy formation of the Government of Tanzania. France, Italy and Spain were considered the least poverty oriented donors by most interviewees.

Recipient views on aid negotiations and PR attitudes of European donors

A separate interview study was conducted by Mjema⁹ among Tanzanian central and district level civil servants and NGO-leaders in order to find out how they viewed the poverty reduction related attitudes as well as the aid negotiation and decision-making procedures of European donors.

The Netherlands who support various District Rural Development Programmes (DRDP) were cited as corresponding to most respondents' visions about development priorities. Likewise, the Swedish Health, Sanitation and Water (HESAWA) project, the Finnish-funded Rural Integrated Project Support (RIPS) and German programmes that support infrastructure (especially roads), environment and resource protection, vocational training and the promotion of small scale enterprises are all high in the recipient list of development priorities.

Most respondents felt that the best results in poverty reduction have been achieved by those European donors who have initiated aid funded projects in the rural areas. Programmes like supply of clean water, integrated rural roads projects, small scale business development, agriculture and livestock development were cited as donor interventions with a possibility of altering the poverty situation of the rural poor.

7.2. Recommendations for future European aid for poverty reduction in Tanzania

Poverty and the poor

Poverty is a multi-dimensional phenomenon, in which not only low income and poor social indicators but also social exclusion and vulnerability play a part. We recommend that the main potential for aggregate national level economic growth in Tanzania should be seen in the multiplier effect at work when millions of poor Tanzanians succeed in lifting their own personal incomes. To be able to do so, they

⁹ Mjema (1997).

need to dare to take risks and to invest their resources in more productive ways. We recommend, therefore, that aid be concentrated to programmes that generate more income for the poorer households or facilitate this, and empower and support the livelihood security of poor households and communities. In a poor society like Tanzania health, education and village-level social capital are the most reliable insurance mechanisms against livelihood risks. Social capital is also a powerful determinant of levels of individual income.

We recommend that the donors would seek to understand better the locally and historically specific contexts where poor people live. We recommend that the intervening donors should be wary not to increase intra-community and intra-household (gender/age-group) differentiation in ownership of material assets (like land) and access to productive and social services (credit, inputs, extension, water, health services and education). Positive discrimination in favour of the women, youth, disabled, pastoralists, and specially risk-prone and isolated communities would be justified. However, we do not recommend poverty reducing aid to be conceived exclusively as direct targeting of the most deprived and vulnerable: We recommend that the capacities (and accountabilities) of institutions such as the central government (including the Parliament), local government (including the elected district and ward councillors and village governments) as well as school committees, local NGOs, cooperative societies, etc. should also be strengthened, since they all have legitimate roles to play in empowering the poor, and in creating participatory and democratic negotiating and decision-making procedures that give a voice also the poorest.

The role and actions of the recipient Government

The single largest risk in the Government's brand new poverty eradication strategy is, in our view, that it is based on an assumption of rapid and accelerated economic growth. We recommend, therefore, that a 'pessimistic' scenario should also be built-in into the National Poverty Eradication Strategy, to help Tanzania and its donors to maximise their success in poverty eradication, even if the growth forecasts turn out to be too optimistic.

Tanzania should be credited for the major economic policy and general political reforms it has implemented during the past 10–12 years. None of the donor nations has ever gone through so comprehensive societal reforms in such a short period of time. We recommend that the donor community should be wary not to push the liberalisation agenda in Tanzania too far, too fast. There are justified economic, social and ecological reasons – in Tanzania as in other countries – to maintain some of the capacities of the central and local governments to regulate and to facilitate some of the economic activities, in order to ensure that private profit-making does not externalise its costs onto the public good. However, we

recommend the donors to continue their support to the fiscal management, civil service and local government reforms in Tanzania. They carry some risks but also great opportunities for pro-poor social change in Tanzania.

The role, country programming procedures and resources of the donors

Tanzania's image among the donors has shifted dramatically during the past four decades, from being a 'donor darling' in the 1960s and 1970s, to becoming the symbol of donor frustrations and 'aid fatigue' in the 1980s and early 1990s. We recommend that it is now time to look at Tanzania more neutrally, as one of the larger among Africa's poor countries, still suffering from many internal weaknesses and shortcomings, but well eligible for – and not disproportionately favoured by – European aid.

While welcoming the shift of donors' focus away from individual projects to sector development programmes, we encourage the donors to streamline their staff allocation patterns and decision-making procedures to suit the needs of this new modality of aid: It will be prohibitively burdensome for the donors' headquarters based staff to meaningfully influence and to monitor the Tanzanian sector development programmes (as well as fiscal management, civil service and local government reform processes) through periodic missions to Dar es Salaam and through decision-making patterns where approvals for all decisions have to be sought from the donor capitals. We therefore, recommend that the donors should seriously consider decentralising more of their staff and decision-making authority to the embassies and aid offices in Dar es Salaam, in order for them to have a natural and meaningful role as trusted dialogue partners with the Tanzanian authorities, politicians and civil society representatives in the organic year-round evolution of the reform processes. The scaling-down of project assistance will also mean reduced donor-presence in the rural areas and small (district) towns out side of Dar es Salaam. We recommend that donors should seek to compensate for this loss of perspective-broadening encounters with the everyday life realities of the poor communities outside Dar es Salaam by investing substantial additional resources to field-level research (by European and Tanzanian researchers) and/or to smaller donor- or NGO-projects in the rural areas of Tanzania.

'Best practice' poverty reduction interventions

The current fashion among donors is to move away from individual projects towards sectoral or institutional reform programmes. All such programmes in Tanzania were, however, still at too early ages to justify them to be called 'best practices', or to be included among our case studies. Our research, therefore, focused on projects and integrated area programmes. Our field evidence, however, gave us reasons to recommend to donors that they should be wary not to consider

projects and sector programmes as mutually excluding alternatives. There is no point in abandoning the project-mode of aid completely: If the aim of aid is to reduce poverty in Tanzania, and if it is not realistic to expect that all or most aid would be allocated for debt relief, we believe that projects like HIMA-Iringa, Dar es Salaam Urban Health Project, Zanzibar Forestry, Tanga Smallholders' Dairy Development, and PRIDE-Tanzania will have a meaningful role to play also in the future, even if an increasing share of aid funds were to be spent on education and health sector, fiscal management and civil services reform programmes, etc.

On the other hand, integrated area programmes, if they are as innovatively and seriously managed as the Bukoba DRDP, the Kilosa district programme or the RIPS in Mtwara and Lindi regions, are fully in line with – and very helpful to – the Tanzanian local government reform process. We find it artificial to take the nation-state as the only level where donor-funded aid can operate. An integrated area programme like the DRDP, Irish Aid in Kilosa or RIPS is no less 'sustainable' in the long run as are the donor-embassies or aid offices in Dar es Salaam. With limited resources, it may even be a more viable idea for a donor to support a range of pro-poor (governmental and non-governmental) activities within one or few relatively poor districts than it is – for a small donor – to try to make a major pro-poor impact on the national policies and programmes of a fairly large country such as Tanzania.

We, therefore, recommend that future European aid for poverty reduction in Tanzania should consist of a combination of:

- (a) Debt relief and Tanzanian export capacity promotion.
- (b) National policy level interventions aiming to help the Government of Tanzania to transform its national economic, fiscal, social and environmental policies as well as institutions such as tax administration, social sector ministries, land law, etc. into a pro-poor direction.
- (c) District-based integrated area development programmes, trying to do the same within the jurisdiction of a smaller unit, i.e. one or few districts.
- (d) Individual pro-poor projects focusing on only one or few sectors, either within the local government structures (as e.g. Zanzibar Forestry Project, Dar es Salaam Urban Health Project) or within the private market or civil society framework (as e.g. PRIDE-Tanzania or the Tanga Livestock Project.).
- (e) Infra-structure projects (feeder roads, communication, water and energy) but only if their designs include very careful participatory analyses of the infra-structure needs of the poor. If well planned, with disproportionately large benefits directed to the otherwise marginalized poor communities, also such basic infrastructures may play an important role in poverty reduction.
- (f) Support to Tanzanian NGOs, directly and through European NGOs.

- (g) Support to Tanzanian and European research focusing on the poverty situation of Tanzania as well as on the impacts of public policies and aid interventions on the poor Tanzanians.

Knowledge, organisation and administrative procedures of the donors

Large donors such as the World Bank, the EU, Japan and the African Development Bank, who have plenty of money in Tanzania but weak contacts to the field-level realities of poor Tanzanians are recommended to be sensitive to learning from the experiences and opinions of the Nordics, the Dutch, the Irish, the Swiss, Unicef and some of the international NGOs (including the missionaries), who may have less money but longer institutionalised memories and more deeply-rooted field-level experiences of Tanzanian local realities.

Most donors' staff allocation and decision-making procedures are heavily headquarters-biased. They are all recommended to learn from the Dutch, who have a strong team of experts working year-round in the Dar es Salaam embassy, with sufficiently independent decision-making authority. This puts the Dutch in a very strong position in the new sectoral and institutional reform programmes, which the Dutch can influence far beyond their relative share of funding, simply because they are always available to discuss with and to advise colleagues in the Tanzanian ministries, not only during the bi-annual joint donor planning, appraisal or monitoring missions as most of the other donors.

Most donors are encouraged to learn from the Norwegians and the Irish who have people among their staff who have spent most of their professional careers dealing with Tanzania, either as field consultants, as embassy staff, or as Tanzania desk officers in the headquarters. The personified memory over Tanzanian issues is a tremendous asset compared to many other donors whose staff circulate rapidly from posting to another, never developing a deep enough understanding about the society whose development they are supposed to serve.

Many European donors are also recommended to learn from the Danes, Dutch and the British, whose 'embassy grant facilities' make it possible for them to pledge support at a very short notice to various small needs (quick studies, workshops, pilot projects) when there is a need for such inputs to keep the ball rolling in the sectoral or institutional reform processes. Many other donors spend much more money but get a smaller impact because their decision-making procedures (involving the headquarters) are too slow and cumbersome.

All other donors are recommended to learn from the way how the Irish have made participatory poverty profiling a routine procedure in all Irish-funded interventions. All donors are also advised not to see competition among themselves as a useful

exercise, but to invest more in donor-coordination, in information sharing, sharing of ‘best practices’, harmonising (financial) procedures, etc.

Our Tanzanian respondents felt that the best results in poverty reduction have been achieved by those European donors who have focused their assistance to the rural areas of Tanzania and funded activities such as clean water supply, health, education, vocational training, rural roads, small business development, agriculture, livestock and environmental protection. From the point of view of donors there is nothing new or specially interesting in such interventions. For this very reason, all donors are encouraged to self-critically consider, whether the main challenge of poverty-focused aid should be to always come up with new generations of approaches, pilot projects, fashions and fads – as often seems to be the case – or to make a long enough commitment (e.g. 20 years) and to do the basic things right.

Next steps (GOT, donors, research)

Donors come and donors go. Tanzanians stay in Tanzania. It is up to the Tanzanians to see to it that the ever-circulating generations of donor representatives are not allowed to get too excited about the latest fashions and fads of development aid. The Government of Tanzania is recommended to develop the national Development Vision 2025 for Tanzania¹⁰ further into a national aid strategy, and to learn to say no to those donor-imposed ideas, policies, projects and programmes which rank low in terms of Tanzania’s own priorities.

The donors are recommended to accept the fact that it is the recipient who best knows the priorities of the country. Donors should not attempt to convince the Tanzanians to accept policies or projects which are not of priority to them.

This study could be categorised as ‘perceptions research’. We had neither the time nor the resources to attempt to do real ‘aid impact research’. It would, however, be important to do more ambitious and longer term research to identify the broader and deeper (intended as well as unintended) consequences and impacts of the various kinds of aid interventions on the poor people as well as on the Tanzanian policies and institutions. The donors as well as the GOT are recommended to invest more resources into such aid impact research and to create fora where the results of such research can be openly discussed between Tanzanian and European politicians, authorities, donors, researchers and civil society representatives.

¹⁰ GOT (1997).

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