

Mid-term Review

of the

**Rural Livelihood Development Program (RLDP)
in Tanzania**

implemented by the

Rural Livelihood Development Company (RLDC)

submitted to the

Swiss Agency for Development and Cooperation (SDC)

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Executive summary

In 2004, SDC mandated a consortium of private Swiss development agencies to design a programme to help reduce poverty in the Central Corridor of Tanzania. In mid-2005, the implementing agencies established RLDC, a not-for-profit company, as a vehicle to implement the RLDP. In September 2005, RLDC started its operation.

In a first phase, until March 2008, the consortium implemented a market linkage project, connecting poor farmers with buyers/processors/traders. In 2007, both RLDC and SDC opted for a conceptual extension to a Making Markets Work for the Poor (M4P) approach applied in Phase II, which has been extended by one year until the end of 2011.

This mid-term review evaluates RLDC's programme approach, strategy and performance with regard to the preparation of a further phase, for which it is to make recommendations.

The review mission visited RLDC and related parties between January 19 and February 4, 2011 and carried out short assessments of each of the five production sectors which the RLDP promotes: sunflower, cotton, rice, dairy and poultry. It also looked into the support for the development of commercial rural radio emissions for rural agricultural development purposes. And it reviewed RLDC's set up and operation. In all assessments, it took into account gender equity considerations.

RLDC targets, in phase II, market system improvements both at the regulatory and the market level. It facilitated system changes in the core relationships between poor producers and buyers, like contract farming, weight control at sales point, input improvement and provision like improved seeds, extension services provided by processors, warehousing, milk collection centres, local chicken market development, etc. All these initiatives are incipient.

Gender equity considerations have originally not been on the radar of RLDC when designing market facilitation interventions. In phase II, some strategic decisions started to take into account the gender dimension; this occurred with the choice of the poultry sector or with gender-related rural radio programmes. However, in project implementation, gender concerns have largely been absent.

The review noted a certain isolation of the project in the poverty-stricken Central Corridor. Locating RLDC close to final target groups rather than principal sectorial market dynamics is to some extent at odds with M4P implementation requirements. Combined with failed efforts to establish an adequately performing M&E system, RLDP is at a loss in showing intermediate results of its work. RLDC is about to re-design and apply a M&E system, for which the present review makes a conceptual contribution.

The review also noted that much questioning remains about the translation of the M4P approach into concrete action, namely concerning RLDC's function to facilitate market system changes. Overall, the genesis of the RLDP has been a relatively cost-intensive exercise, due both to the incipient market environment in Tanzania and the search to find effective ways to support market development in favour of the specified target groups.

The review arrived at the following recommendations:

1. *Location*: Consider a relocation of RLDC, balancing the proximity of intervention in and with public and private market-building institutions and organizations (public product boards, larger companies, national associations, other facilitators, etc.) involved with supported sectors and proximity to the poverty-afflicted part of attended value chains in the Central Corridor.
2. *Sectors*: Focus rather than expand for the rest of the duration of the RLDP; the review recommends a reconsideration of RLDP's engagement in the dairy sector with a view to withdraw from it, and a concentration on grain value chains, the promotion of local chicken markets, and further facilitation of rural radio emissions for agricultural development.
3. *Target groups and gender equity*: M4P is a systemic approach working with market-relevant actors; RLDC's application of market development instruments – contracts, agreements, etc. – are to consider their effect on gender equity, particularly at the level of farming families, and measures to improve it.
4. *Implementation structure*: Concentrate efforts on optimizing and deepening M4P programme implementation rather than spending further resources on changing its sub-optimal set-up.
5. *Alliances*: Look for and negotiate with at least one co-facilitator per sector, striving for substantial cooperation, i.e. common sectorial annual work plans in overlapping work fields (e.g. interventions at policy level; overlapping geographical area).
6. *Advisory system*: Assure, per sector, the support of a national sector advisor immersed in the sector, and revise external advisory support, reducing it to one external advisor and limiting the cost of external support and management to a maximum percentage of total RLDP cost.
7. *Planning*: The existing Logical Framework (goal, purpose, outcomes) is an adequate framework for further RLDP implementation, but simplify and adapt outputs and indicators; in particular, an M4P log-frame should prioritize market system changes per sector rather than outreach as the principal result of RLDP's intervention.
8. *M&E*: Assure that the existing sector facilitation knowledge is RLDC-internally recorded in a suitable form and used for further shaping RLDP's interventions; structure RLDC's M&E system reflecting the M4P approach adequately, combining market system changes with gender-differentiated impact on poor farming families; capitalize the experiences of RLDC's application of the M4P approach considering other similar initiatives and applying a sector-wide view; since system changes should lead later to far greater impacts at outreach level, SDC may include an RLDP impact study in its corporate evaluation programme five years after withdrawing from it.

1. Introduction

SDC's intention to promote economic development in poverty-stricken areas of Central Tanzania materialized in 2004 in a mandate to a consortium of private Swiss development agencies to prepare a Rural Livelihood Development Program (RLDP). Based on their proposal, SDC and the consortium signed the first implementation contract in mid-2005. At the insistence of SDC, it stipulated the establishment of a not-for-profit corporation as an implementing unit with the idea to become a sustainable service provider.

The Rural Livelihood Development Company (RLDC) has been established first in Zürich, Switzerland and on June 10th 2005 registered in Tanzania as a „company limited by guarantee“ (a small nominal amount). RLDC started operations in September 2005 when funds became available from SDC.

SDC approved so far the following financial support for these activities:

Table 1: SDC support to RLDP / RLDC

| Budget phase | Period | Budget in CHF |
|-----------------------------|---|----------------------|
| Preparation: Consortium | 01.07.2004 – 31.03.2005 | 555,000.- |
| First phase: Consortium | 01.04.2005 – 31.03.2008 (later shortened by 3 months) | 2,842,388.- |
| RLDC | | 6,342,612.- |
| Second phase: Consortium | 01.01.2008 – 31.12.2010 | 3,042,325.- |
| RLDC | | 4,680,447.- |
| Extension phase: Consortium | 01.01.2011 – 31.12.2011 | 1,009,545.- |
| Extension phase: RLDC | | 2,696,171.- |
| | TOTAL | 21,168,488.- |

Source: Budgets attached to contracts signed between SDC and the consortium, and between COOF and RLDC

One third of budget allocation corresponded to outside services. RLDC, on the other hand, has constantly underspent compared to budget, not so much because of under-compliance with planned schedules but as a consequence of careful spending decisions. For phase II, SDC asked the consortium to find further donor support for RLDC (based on the set-up installed for phase I).

The original business idea of RLDC¹ was based on the fact that most small rural producers (farmers, miners, manufacturers, livestock keepers) have difficulties to access profitable and sustainable markets while medium and large scale processors and traders see business opportunities but cannot get adequate supplies from the small rural producers. The lack of cooperation between the two groups results in a mismatch of demand and supply. The rationale of RLDC's interventions was linking buyers (traders, processors) with suppliers (small producers) of produce. This *market linkage project* included outreach to interested firms/small producers, assessment/design of a direct sourcing model -establishing direct selling/buying relations without intermediaries- and a customized package of support services. RLDC built capacities, supported with grants investments in collection centers and

¹ The information in this and the following paragraphs is mostly sourced from the introduction to RLDC's business plan 2008 – 2011.

contributed to changing business practices (i.e. provision of embedded extension services, group formation and organization, improved agronomic practices, or quality control).

RLDC's operations arena concentrated on four regions in the Central Corridor of Tanzania: Morogoro, Dodoma, Singida and Shinyanga, with the first two absorbing almost three quarters of RLDC's financial support in phase I. In phase II, the regions of Tabora and Manyara were added (all together an area almost as large as Germany). RLDC's portfolio is focused on the agricultural crops sector. It included mainly support of sunflower, cotton, sugar cane, beekeeping, safflower, sesame, sorghum, pigeon peas and also livestock (dairy, meat & leather) in phase I. In phase II, it focused on sunflower, cotton, dairy, poultry and rice, as well as the incentivisation of rural radio emissions to inform farmer families on technical, market information and other production matters.

RLDC's business plan 2008 – 2011 mentions among its lessons learned from phase I that the initial assumptions of the grant funding market linkage concept did not work as originally planned, since grants required in the case of market linkage have been much bigger and a much more thorough assessment was therefore necessary. More importantly, grant applicants were not much interested in creating market linkages with small producers and their absorption capacity was limited, requiring more intensive supervision. RLDC grants were, of course, welcome: it had received almost 490 applications for partnership projects by the end of 2007, 22 of which were accepted after careful analysis.

After two years of operation (in mid-2007), SDC commissioned the Springfield Centre, Durham UK, to review RLDC's draft business plan for the next phase (2008 – 2011). The review recommended a change² of concept towards SDC's official „Making Markets Work for the Poor (M4P)“ approach, thereby amplifying the intervention arena to entire (sub)sectors/value chains, removing RLDC's intervention from immersion in the core market linkage relationship, and shifting the sustainability perspective from RLDC itself to durable market practices and arrangements. Other basic precepts (see following paragraph) for the implementation of the RLDP were, however, maintained by SDC. The consortium and RLDC embraced this change of concept for phase II and endeavor to implement it.

Thus, RLDP was set up on the basis of SDC's following fundamental decisions:

- a) the concentration on the Central Corridor (CC), based on criteria of poverty incidence and relative absence of other donors rather than sector dynamics;
- b) the application of a BDS approach, transformed to a Making Markets Work for the Poor approach approach for the second phase;
- c) demanding from the implementing consortium (Intercooperation/IC as lead partner; Swisscontact/SC; and the engineering company ITECO which withdrew) the establishment of a company, specifying from the start a substantial time frame (10 years) and financial support volume.

The consortium partners, SDC and the Tanzanian government agreed to set up an implementing unit under the Tanzanian legal construct of a not-for-profit company, with IC and SC as owners and SDC as funder. While the original intention was to strive for RLDC's future self-sustainability as a service provider, this intention was dropped for phase II in favor of durable market arrangements being established with the facilitation of RLDC. RLDC's future thus remains fully dependent on donor funding. SDC asked the implementing units to mobilize other donor support in phase II, which it did but so far without success.

² The consortium, in its first business plan for the coming phase II, proposed a conceptual expansion of the programme approach.

2. Review objectives

The objectives of this review are to

- evaluate RLDC's program approach (M4P), strategy and performance with regard to the preparation and implementation of plans and achievement of immediate objectives (outcome), with their outreach to men and women;
- recommend possible improvements on program design and organisation, and on modification to objectives and plans for future implementation (end of actual phase and following phase)
- assess the relevance and scope of RLDC in the Tanzanian national and local policy context: agriculture strategy, Private Sector Development and DP coordination

The terms of reference (see annex 1) specify a number of aspects to be taken into account.

RLDC conducted in January 2011 a self-assessment in preparation of this review, which was made available before the review mission.

The assessment of RLDC's performance must keep in mind that Tanzania is a relative newcomer to market development. Formerly a socialist country, private sector development and corresponding institutions are recent, their interlocking still weak, presenting tremendous challenges to an M4P approach, particularly in a poverty-stricken area like the Central Corridor.

The review team would like to thank the RLDC staff for their collaboration in arranging the field mission, for their open communication and for providing a number of valuable documents. The mission feels that it has been able to perceive the essentials of RLDC, although a great number of details have been beyond its capacity to grasp in such a short time.

The review team split up for their field visit to the project region, each one dealing with two (sub)sectors attended by the project. Members have been free to present their assessment as they saw fit, based on direct observation, interviews and literature review. The team leader also reviewed the corporate issues specified in the TOR.

3. Short assessment of sector interventions by RLDC

3.1 Sunflower

This rapid sector assessment has been undertaken in Dodoma, visiting some processing units and conducting discussion rounds with farmers (a third of them women), extension agents from Local Government Authorities/LGA and the CEZOSOPA association of sunflower producers, next to discussions with RLDC and the reading of pertinent documents.

The central corridor with its ample semi-arid areas is suited for the production of sunflower, a crop adapted to plantation on small plots by poor farming families; some 360'000 households plant it. Information sources on market trends coincide that there is a demand backlog for good-quality edible oil in Tanzania and most Eastern African countries, and that cheap edible

oil of low quality from Asian countries floods the market. Domestic production contributed in 2008 some 40% to national cooking oil consumption (up from 20% some years earlier). A few large processors of domestic grains also import edible oil, manipulating the market at their convenience. However, in the last few years, small-scale local processors have mushroomed (according to an unconfirmed source, in Dodoma alone 150 small sunflower grain processors have emerged). RLDC mentions that small processors together produce today a larger quantity of edible oil than the few large producers. Processors interviewed confirmed that there is unsatisfied domestic demand for their product. They are therefore interested in steadying and expanding their base of producers, also in view of the volatility of production: the main planting season 2009/10 has been affected by drought, decimating production to half or less the planned volume (and increasing farm gate competition), otherwise it would have grown much more. They are also interested in better infrastructure, in particular irrigation schemes, in order to increase off-season grain supply to be able to better utilize their installed processing capacity beyond the three or four months of the main season, fetching up to double the price for oil during off-season.

A recent study of sunflower production in the central corridor commissioned by RLDC³ summarized the main challenges for higher production and income to farmers as follows⁴:

- the predominant use of local seeds (derived from a two decade-old basic seed) with low yields;
- unreliable markets/sales channels;
- inadequate knowledge and skills on basic agronomic aspects and marketing;
- inadequate public extension services;
- climatic limitations (lack of water);
- soils constantly undergoing change requiring varying plant nutrients.

RLDC intervenes in this sector in: a) the facilitation of improved seed production; b) the introduction of contract farming; and c) smaller support projects, e.g. for i) improved pollination for higher sunflower yields, ii) facilitating the establishment of the business plan for a sunflower oil refinery, iii) branding and other marketing instruments for processors, among others. Cooperation with eight sunflower grain processors has been an important part of RLDC's phase I portfolio, contributing with 75% of market linkage and extension cost (transport, communication, agro-input distribution, extension services, farmers' training, etc.). RLDC's contribution to present contracts vary from 46% for the present seasonal cycle (e.g. for contract farming with Songela Investment Co. in Singida) to 97% (for pilot testing of the pollination with ITISO Women Group in Dodoma).

Seed production: The productivity of sunflower production can be substantially increased by establishing a controlled multi-stage system of seed reproduction, from Basic to Certified to Quality Declared Seeds (QDS), this latest stage controlled by the Local Government Authority (QDS seeds distribution being allowed only within district boundaries, for technical reasons). The selection by farmers of their own best grains as seeds for next year, derived from decade-old basic seed, has strongly diminished their yields over time. For the 2008/9 planting season, RLDC has worked with a company to promote certified seed production. 91 farmers (two thirds of them women) from five villages were trained and managed to plant 273 acres of sunflower seeds. Drought affected the yield, however, resulting in only 22.2 t of seeds produced. These were sent for certification to the Tanzania Official Seed Multiplication

³RLDC / Damian M. Gabagambi and Victor George: Sunflower Production Situation in the Central Corridor of Tanzania, Final Report, Dodoma, November 2010

⁴On the processors' side, main problems are, next to quality and quantity of grains, financing and transport (infrastructure) according to this review's interviews.

Institute (TOSCI) and then packaged and sold to farmers. RLDC is now starting to promote farmers' practices to use certified seeds through the public Agricultural Seed Agency (ASA). With Farmer Field Schools (FFS) and Farmers Field Days (FFD), agro-dealer trainings and their linking to village extension officers, the awareness and good agronomic practices for seed production among farmers are to be fostered. It should be noted, however, that certified seeds are so far scarce and expensive for farmers; most, therefore, continue to use their own seeds.

Because of acute shortage of quality sunflower seeds and due to the existence of few certified seeds producing companies in the central corridor, RLDC decided to support QDS production in six districts of the three regions Dodoma, Singida and Tabora, through Local Government Authorities (LGAs). In the 2008/9 crop season, due to a delayed start of the project and drought, only 56 (of the planned 80) farmers managed to produce QDS, harvesting 60 t (as compared to the targeted 250 t). TOSCI refused to certify some of these seeds. In the 2009/10 season, 168 farmers were trained (of which 20 dropped out), producing 42 t of QDS (drought again). RLDC calculates that this QDS should bring about 7'000 farmer households higher yields in the present planting season.

Sustaining QDS production capacity will require continued village extension services by LGA extensionists. This review had the opportunity to discuss with three village extensionists. They tend to be lead farmers, being paid a minimal fee for their services, and to establish themselves as agro-input dealers, next to their farming activity. RLDC pays them an allowance for what they call extra duty (registration, supervision, etc.) for QDS production. When this incentives ceases and the government continues not to support cash crops like sunflower, village advice and supervision tends to become occasional. RLDC has so far been conceded one meeting with the Minister of Agriculture to discuss perspectives of the government supporting LGA's extension services for cash crops in the context of the new Board for silo crops (cereals and oil seed crops).

Facilitating seed production is of fundamental importance to increase production, quality and farmers' income in the longer run. With the help of RLDC, some districts have stepped up their support for QDS production, with RLDC reducing its support; where district governments did not engage in QDS, RLDC withdrew its support.

Contract farming: So far, farmers did not have any form of formal contractual arrangement with input suppliers or buyers of sunflower seed. A farmer group discussion conducted by the mentioned study (RLDC 2010) revealed that farmers are willing to participate in contract farming if it is well facilitated (i.e. if their fears and interests are adequately taken into account). Farmers hope that such contracts would result in better access to reliable product markets, input supply, and access to adequate extension services, all of which should improve productivity. Feedbacks to this review from partner companies and farmers on the performance of RLDC-supported service provision to farmers have been positive: production volume and quality increased; collection, delivery and payment are better organized; farmers group together (women are more inclined, participate, want to learn), and more permanent business relationships between processors and farmers are established. Indeed, farmer leaders from other villages ask processors why they do not engage also with the neighboring village.

However, bad past experiences with documents signed, particularly concerning loans (seizure of assets following arrears and defaults because of climate-induced losses of production), makes farmers hesitate to sign a contract. Discussions by this review also showed that farmers do not wish to commit to a sales price fixed in advance; they prefer the spot price at sale, be it lower or higher than anticipated (at present, a three-phased price system is being introduced).

Processors, too, are reluctant to provide, under market conditions, inputs and services on credit if they cannot be sure of obtaining the expected production. Both contracting parties consider the establishment of a relationship of trust based on past compliance as the basis of doing business together. RLDC, in its Action Learning program, discussed trust building with processors before these approached farmers and obtained support from RLDC.

This review is nevertheless concerned about the use of RLDC's principal instrument – grant co-financing of partner companies for the provision of services to farmers – for establishing contract farming as an important new market practice. The M4P approach recognizes possible market distortions as one of the main risks of donor interventions, but considers it to be moderate if handled appropriately, e.g. by applying a one-off co-financing of private enterprises for system-building purposes. Contract farming is a particularly delicate area of intervention as it concerns and influences the very terms of market exchange between producers and buyers/processors. Improved transparency and predictability in this mechanism, as provided by contract farming, can be of fundamental importance for market development, if it “sticks” beyond the subsidy period. In the present historical situation of the sunflower sector – an environment of rising demand and prices, allowing increases in production, investment and product quality –, chances that processors will be able to maintain contract arrangements initially subsidized by a facilitator like RLDC are good: they are interested in building, and are likely to be able to sustain, a stable expanded supplier base beyond the subsidy phase (in cotton, this may be less the case).

This review checked the signed standard contracts for the coming planting season in RLDC's office, and others in possession of processors. They are signed but all are blank; contractual conditions have been left undefined. RLDC maintains that these incomplete contracts are of a “temporary nature” and that this procedure corresponds to the dynamics of introducing contract farming step-by-step. However, the latest outcome figure reported by RLDC (as of mid-2010) indicates a total number of 15.878 contracts signed in 12 projects (companies), without specifying their “initial” or “partial” nature. This is one example which called the review team's attention about the quality of the data presented by RLDC.

The review mission encountered similar difficulties in the interpretation of the increase of quantity and value of sunflower grains sold by farmers supported by RLDC. Results against the Logical Framework as per mid-2010 indicate a production increase of 147% and of sales returns of 535% between 2008/9 and 2009/10, due to the use of quality seeds, increased number of farmers and acreage, and almost double the price for grains. To be able to assess these results, a number of variables need to be taken into account, like the general trends in sunflower production in the regions where RLDC supported one or more processors, or the incidence of drought in specific regions and years. This mission tried to collect official sunflower production figures from district agricultural authorities, obtaining the latest of the regions of Dodoma and Singida between 2006/7 and 2007/8, in both cases a strong increase (350% in Dodoma and 72% in Singida). The reviewer was informed that in the 2008/9 cycle, prices dropped while the 2009/10 cycle suffered from drought (so prices went up again). Uncontextualized figures in the log-frame tell little about the effectiveness of RLDC intervention.

RLDC expected to facilitate the introduction of contract farming through the processors apex organizations CEZOSOPA. This review had the opportunity to conduct a meeting with the leaders and members of CEZOSOPA, an association of sunflower oil processors established in 2007 with the help of RLDC (phase I). As RLDC mentions in the performance against its Logical Framework as of mid-2010, this association has stagnated in membership (13

members) and does not avail of the means for operation nor of a strategic plan⁵, although it presents a number of ideas⁶. Most processors introducing contract farming are members of CEZOSOPA. RLDC reports that its initial scheme facilitates training to 7'628 farmers, through five partner companies, in post harvesting handling techniques and the supply of equipments like sieves and drying sheets. A crucial issue for RLDC's effectiveness is the sustainability and replication of skills and organisations at farmers' level once RLDC's support via processors stops.

In general, building trust between contracting parties over more than one planting season is required to establish contract farming, and as in lending, unreliability on both sides (processors not providing adequate inputs, droughts reducing production, farmers illicitly side-selling, etc.) will claim its price. In a (sub)sector hardly regulated by a multi-crop public Board (contrary to what happens in cotton), the introduction of contract farming is left to the market. Market-building efforts like enhancing technical and organizational capacities at farmers' level are crucial elements to speed up this process, but establishing contract farming as a broad market practice is likely to take many years. RLDC may not see its broad take-off.

Further projects: This review did not look into further projects in the pipeline. RLDC's Sector Overview 2011 informs about a successful pollination test as well as the postponement of planned activities like a Challenge Fund for Quality Declared Seeds, the promotion of irrigation, or a consultancy to improve sunflower oil competitiveness.

Gender: While RLDC's sunflower sector analysis did address the gender distribution in production, its market development strategy of November 2008 does not include gender implications. Based on estimations by partner companies, RLDC calculated that 45% of target farmers involved in sunflower production are women⁷. While no further data on gender equity relevant data are available for this sector, RLDC's new M&E tools will produce more data on this. Among the processing companies supported by RLDC, a larger one is operated by a woman owner-entrepreneur; she belongs to the farther-looking processors who support their producer groups providing improved seeds without cost to them. Another initiative by RLDC has been the contract for a pilot project with Itiso Women's Group (25 women beekeepers) to install beehives in a sunflower plantation in Chamwino district, resulting in a production increase of 30% (this after an unsuccessful earlier attempt with another partner because of drought). The discussions of this review with processors and farmers point to a tendency to increasing participation by women in the producer base supported by RLDC; women are said to be more ready to learn, participate in trainings and cooperate than men; they are also considered more reliable in complying with agreed conditions. When including children into the gender equation, the frequent use of increased income for school fees, mentioned in a meeting of this reviewer with 12 sunflower seed farmers, calls the attention.

General assessment: With respect to the outcomes defined by RLDC, sunflower production has increased due to overall market trends (higher production, quality, prices), to which the interventions of RLDC contributed since phase I. Concerning the market system, sustainable service supply and sustainability of approach (= RLDC outcomes), incipient changes in

⁵The Dutch NGO SNV was interested in 2007 to support the elaboration of a strategic plan of CEZOSOPA but has not been able to follow up on this because of lack of resources.

⁶Formation of a national Association of sunflower processors (TASOPA); push for higher refined oil standards (cheap spare parts from China and India favor low-quality refining); import of an oil purifier from China as a demonstration unit, paid by RLDC; lobbying with Parliament and Ministry to impose a 10% import tariff on edible oil; access to financing (big problem); pooled sales (retail shops in cities); participation in events; contract farming; etc.

⁷ Annex 9 of the latest Credit Proposal to SDC (for 2011): Gender: context and mainstreaming.

systems occur in improved agronomic practices and the introduction of improved seed and better business practices among supported processing SMEs. Concerning contract farming, its introduction requires trust-building over a number of years. Interventions by a facilitator need to adapt to this process, as RLDC does through yearly agreements and decreasing support schedules during piloting, scaling up and replication by partner companies. Problems to be further addressed are supplier credit, next to infrastructural improvements (roads, irrigation). Other related issues, like bringing market price information cheaply and timely to farmers as the RLDC-supported INUKA radio programme is doing, or new forms of micro-provision of agricultural inputs through women's groups as TechnoServe is doing for cotton, may merit further attention of RLDC⁸. RLDC-facilitated sector evolution at different levels, from investments in partner companies⁹ to LGA extension services, merits an impact analysis in order to see how contract farming and supplier-facilitated service provision emerges without RLDC involvement¹⁰, and what further facilitation is required. As far as the business environment is concerned, a major issue concerns the new Mixed crop board to be established and its future policies (product regulations, support to LGAs, import tariffs, etc.). In these respects, there have so far been no changes in the business environment favoring domestic production of poor farmers.

3.2 Cotton

Due to the limited time of this assignment as well as long travelling distances, it was not possible to visit and discuss with all partners. Findings are mainly based on the Bariadi project with the local branch of the Tanzanian Cotton Board (TCB) and the organic cotton project with Biosustain (BST) in Singida region. For other projects assessed like Oridoy, BioRe and MSK Solution Ltd, the assessment is based on the analysis of available literature.

RLDC's M&E department is presently capitalizing and assessing the experiences done in the cotton sector. An excellent internal draft document throws a critical look at the different interventions and draws lessons on achievements and shortcomings. It can be a solid basis for revisiting and strengthening the future strategic intervention in the volatile cotton sector.

RLDC works with different models in different districts. Its objectives are to a) improve quality and access to quality and reliable services for poor farmers and b) secure investments by farmers and buyers and increase the farm gate price. The ultimate objective is to increase the net income of poor farmers through higher production, productivity and quality of cotton.

a) The access to quality and reliable services

Improving agronomic practices: In the central corridor, the average productivity of cotton is ranging between 300 and 600 kg/acre, and some up to 1'000. There is room for improvement in applying better agronomic practices. RLDC is trying to foster technical advice to farmers, mainly working with ginners who are offering those services to contracted farmers through locally hired or volunteer extensionists such as lead farmers and area coordinators. Formal district extensionists are also involved in training lead farmers. Most RLDC grant

⁸ RLDC is launching a new radio project for gender-related issues.

⁹ Supported elements in companies typically include: awareness meetings with farmers and village government leaders, agricultural input distribution, training of farmers on agronomic practices and crosscutting issues, provision of extension services, training in post-harvest handling, building and hiring of collection centres.

¹⁰ It is possible for RLDC to evaluate its impact in the sunflower sector already now, given its engagement since five years with over half a dozen processors; this may help to refine its exit strategy for individual cases.

expenditures are given for those services. On average, the grant represents around 50% of costs (see table 2).

Table 2: Investments by RLDC and partners (firms)

| Support / Company | RLDC grant | Partners' investment | Households targeted |
|-------------------|------------|----------------------|---------------------|
| | US \$ | | Nr |
| BST | 533'100 | 528'000 | 5'000 |
| MSK | 116'000 | 70'000 | 2'000 |
| BioRe | 8'733 | 7'800 | 700 |
| Oridoy | 34'169 | 18'600 | 2'000 |

Figures are not exact, some data are real expenditures, some budgets; for BST, the cost of the ginnery has been removed from the calculation so as to compare company and RLDC investment for the same purposes.

This review perceives here the well-known problem of sustainability: the high grant content is only temporarily lowering the price of services. RLDC maintains its support is provided in three main stages: a piloting phase with strong RLDC support (75% to over 90% of cost); scaling up with a lower co-investment, and replication with minimal or no investment by RLDC. The figures in table 2 point to a portfolio situation between stages I and II, too early to measure the sustainability of effects, particularly in a volatile sector like cotton.

Weight control: An important constraint that the transaction between farmers and buyer is facing is the lack of honesty on both sides. Often, buyers are skewing scales, cheating farmers on the weight of delivered cotton. As a “means of compensation”, farmers are adding sand, salt or water to the cotton altering thus the quality of cotton delivered. RLDC has worked with the TCB of Bariadi district to pilot a project which consists of buying scales for 33 villages so that a farmer committee can first weight the cotton before selling it. If the difference exceeds a threshold (2 kg), the farmer can refuse the transaction. The scales have been bought with a repayable loan given by RLDC and as this experience has shown a positive effects, the district TCB has decided to equip all villages with such scales with the district budget – a measure to potentially increase confidence in the system. However, the initiative is still at a pilot level: it depended on RLDC funding, and the farmer committee responsible for it has gained power which in some cases has created tension with established traditional structures. There is also a need to convince farmers to stop practices that are damaging the quality of the cotton. RLDC is designing at present an additional project for the dissemination of this pilot initiative.

b) Security of investment for farmers and buyers, and increasing the farm gate price

Contract farming: One of the major constraints for the expansion of cotton production is the lack of availability of quality and reliable input services for seeds, chemicals and extension. Formalizing its supply based on contracts between cotton producers and buyers/ginners is a further systemic improvement, although contract enforcement will continue to be a major problem.

RLDC has piloted contract farming in the 2007/8 planting cycle in Morogoro. Those contracts foresee that the buyer is providing seeds and chemicals to farmers at the price fixed by TCB as a loan against the exclusive right to buy the produced cotton. The cotton price is not determined in advance, but farmers are usually paid a bottom price which is fixed by TCB at the beginning of the three-months buying season. Due to good prospects for such system, TCB in Bariadi has decided to generalize contract farming in the whole district. TCB at a national level is now planning to expand contract farming quickly and make it compulsory for

the entire cotton sector, with substantial support by TechnoServe (TNS) and the Tanzanian Gatsby Trust (TGT). This practice has important impacts on a systemic level:

- The availability of seeds and chemicals for farmers is improved.
- By giving the ginner a signed document, it reduces the prospects of side selling; this is particularly the case in districts where the competition between buyers is fierce, like in Bariadi.
- It increases the number of farmers cultivating cotton in a region where it was largely abandoned due to the lack of selling opportunities (during the reviewer's visit in Singida, producers mentioned that having a reliable and contractual partner has been the main reason for them to restart producing cotton).
- It increases the district revenues through the 3% tax collected on the cotton sold. In Bariadi where cotton is the main crop, 80% of the district budget is coming from it; ten percent of this revenue should then be allocated to promote the cotton production (e.g. for introducing balances).

So far (as of June 2010), RLDC has facilitated contract farming among 6.975 cotton farmers in 5 projects. On average, they managed to increase production by 56% in the 2009/10 cycle, but because of diving international prices in the aftermath of the global financial crisis, they earned overall 15% less than in the previous production cycle.

Contract farming can also have some negative effects if not checked adequately, e.g of monopolization or in getting locked into TCB price fixing. Every year, at the beginning of the buying season, TCB calculates a minimum price for cotton based on cotton prices in the international market, minus the costs of ginning and a 10% benefit for ginners. The calculation of this minimum price is intransparent and mainly benefits ginners (although TCB is said to introduce measures to increase farm gate prices). Buyers are offering this price to small farmers, many of whom have to sell their products early due to cash needs. Last year, this minimum price was fixed at 600 Tshs, but in Bariadi, some buyers (without having delivered any service to producers) were offering up to 1200 Tshs per kg cotton, providing alternatives to farmers. Up to next year, the TCB minimum price will be calculated every week during the three-months selling season. RLDC should closely monitor the impact of this important change on the profitability of cotton for small farmers and continue to improve the system to ensure a fair repartition of the benefits.

It is this review's assessment that RLDC should seek closer collaboration with other supporters of the cotton sector like TNS/TGT. TNS supported a pilot intervention of contract farming with TCB/Ministry of Agriculture and ginners in the 2008/9 cycle in Mara and Bariadi, recommending templates and procedures. Ginners were reluctant to enter into this since they were supposed to fully carry the risk of non-repayment of supplier credit to producers. TNS has therefore looked for, and managed to find a bank willing to provide credit, although it only entered the scheme when TNS offered a 30% first loss guarantee incentive. The scheme covered 2000 farmers, with 2 ginners. Repayment was high (91%). In 2009/10, the scheme was rolled out to 17'000 farmers (repayment over 80%) and their intention is to expand contract farming in the next cycle to 40'000 farmers, with 7 ginners.

Organic farming: The partner company Biosustain (BST) has recently started its operation in three districts of Singida district with substantial support of RLDC (see table 2). Almost 5'000 farmers have or will start to produce organic cotton and are thus expected to receive a – rather modest – premium price of 5 to 10% over the minimum price. BST had a difficult start, with one year of extremely low price of cotton on the international market followed by a drought year. The investment costs for buying and rehabilitating the ginnery have been

important. Due to this initial investment, the District has granted BST the exclusivity of the organic cotton produced. Nevertheless, the cost of establishing this organic scheme looks high: more than one million dollar for rehabilitating the ginnery and having 5'000 farmers certified and under contract (trainings included). This review wonders whether this is a replicable business model in view of BST's strong dependence on external financial sources (credits from several banks, and donor support) in a volatile sector like cotton.

Warehouses and buying points: Besides getting support from RLDC for improving agricultural practices to their contracted farmers, ORIDOY Rural Cooperative Society is implementing a warehouse receipt model. Cotton is stocked directly after the harvest and a bank is providing credit to the Society to immediately pay the minimum price to farmers. Then, when cotton is sold at a higher market price, contracted farmers should get a dividend. Until now, mainly due to lower prices on the international market, this dividend could not be paid. In 2010 farmers have however received a premium. This model could benefit farmers and increase their revenue.

Gender: RLDC's Revised Strategic Intervention Strategy for Cotton Development 2010 - 2011 does not refer to gender issues. Based on estimates by partner companies, RLDC calculated that about 20% of target farmers involved in cotton production are women¹¹. However, the reviewer investigating this sector learned from male farmers in Bariadi that men prepare the field before the rainy season and then organize the intensive planting, maintenance and harvesting work to be performed also, if not mainly, by women and children, while the sale of raw cotton is again done mainly by men. This suggests a stronger involvement by women in the sector, but under a division of labor characterized by strong gender inequality. RLDC did not deal with this aspect and there are no further gender-differentiated cotton sector data available from RLDC documents.

Overall assessment: While interventions by RLDC to make the volatile cotton market work better for the poor do address market system-relevant aspects, this review questions the economic rationale of an intervention based on a high grant content (paying for extension services and partner investments). With contract farming, RLDC is promoting a substantial change in market integration of and for poor farmers. This happens, in the cotton sector, under strong government intervention (TCB price fixing). While this feature may speed up the introduction of contract farming, is it crucial to assure that poor producers do benefit in the end from government-determined market development conditions. Rather than taking benefits for contracted farmers for granted, the impact of contract farming on poor farmers and on the underlying weaknesses which so far maintained poverty (probably related to costs and service offers¹²), should be (case-)studied and conclusions for further facilitation drawn. Gender equity considerations should be part of this analysis. The fourth outcome of RLDC's present logical framework states that the sustainability of RLDC's approach is achieved by anchoring improved market practices with market system actors. A clear vision of the respective risks – for ginners and farmers to work together – and their implications for the continuation of their operations in the market after RLDC's intervention ceases, is required.

¹¹ Annex 9 of the latest Credit Proposal to SDC (for 2011): Gender: context and mainstreaming.

¹² See Review of the Draft Business Plan of RLDC 2008-2011, FINAL REPORT August 2007, the Springfield Centre.

3.3 Dairy

The assessment of this sector was based on studies done by RLDC and others, short field visits and focused group discussions in the Central Corridor (Morogoro and Dodoma) with primary sector actors (Livestock / dairy farmers) and private sector milk processing companies (RLDC partners) and also discussions with RLDC partners who are working at national level (Tanzania Dairy Board (TDB), Tanzania Milk Processors Association (TAMPA) and Tanzania Milk Producers Association (TAMPRODA)).

RLDC in its previous phase had supported among others a livestock producer group on cattle management and marketing (Dodoma), and in Morogoro and Shinyanga the strengthening of the milk collection system. In the new phase with the M4P approach, RLDC commissioned a Milk Collection Centre Study in the Central Corridor (Morogoro, Dodoma, Singida, Tabora, Manyara and Shinyanga) to identify milk pockets, processing capacities and the marketing system. Another study by the NGO NIRAS in 2010 surveyed dairy products markets in Tanzania. Some of the main highlights of the dairy sector in Tanzania from those studies include the following:

- Around 71% of milk produced in Tanzania is from indigenous cattle which is essentially kept for meat and whose milk production genetic potential is low (0.5 to 1.2 Litres / day); The Central Corridor marketable milk (246.6 mil litres per annum) is around 20% of national milk production;
- Almost 72% of the annual milk production (826 million litres) in the Central Corridor is consumed on farm; some of the reasons for low levels of marketing have to do with scattered milk pockets where infrastructure costs of collection and marketing are prohibitive;
- In the Central Corridor there are only a few (small) milk processors who could try to develop the sector; the low processing capacity is, in fact, a challenge at national level: hardly 8% of milk production is processed, and even then due to fluctuations in supply in peak and lean seasons, plants are operating on average below 50% of their installed capacity.
- Studies have also established that 90% of the milk, after deducting self-consumption, is marketed through informal channels (unprocessed), although this is against the regulation;
- Total annual demand for milk products in Tanzania is estimated to be worth 74 million USD; Tanzania imports about 30% of its formal milk market; this potential is yet to be tapped as the supply chains are inefficient, the cost of doing business is high and the regulatory environment is unfavorable.

In summary, RLDC assessment to justify its intervention came to the following conclusion in its strategy document: *“It is obvious that the formal milk-processing segment can grow both in terms of capacity and technology in order to cope with the future milk demand. A steady flow of milk from the producers to processors / consumers will be successful if RLDC and other dairy subsector development agencies will focus on reducing the quantity of milk consumed on the farm (826 million litres / year) and the 295 million litres marketed informally to be marketed in the formal system. This will also increase the current under capacitated milk processing units of 88,290 litres / day (24%)”.*

RLDC Board approved a dairy sector strategy in April 2009 with the objective of improving the formal milk market system and the income of milk chain actors in Central Tanzania. RLDC targets by December 2010 included: i) the formal processed milk reaches 40 million litres in Tanzania; ii) the Central Corridor increases its supply from 1 million to 2.5 million litres (150% growth); iii) 4,000 household are reached; iv) the capacity of service provision

increases in the value chain and the business environment / regulations improve. RLDC has focused on three strategic interventions areas:

i) Lobby & Advocacy and Collective action, with TAMPA and TAMPRODA as partners. The objective of this intervention is to develop capacities of these national level organizations to improve services of TAMPA and TAMPRODA, influence policies, expand production, processing and formal distribution systems. A contract has been signed with TAMPA whereby RLDC would contribute 67.4% of project costs. RLDC has not yet managed to agree with TAMPRODA on a support program; TAMPRODA remains a weak party.

ii) Strengthening selected enterprises in the Sector. TAN DAIRIES Ltd (Dar-based), SHAMBANI GRADUATES (based in Morogoro) and GONDI FOODS Ltd (based in Dodoma) are the contracted partners. The objective is to support these strategic enterprises such that they offer a reliable market for milk producers who are organized around collection centres. These companies have also agreed to train producers on issues of drought mitigation (feed supplementation & fodder conservation) and organization of savings and credit schemes.

iii) Strengthening the regulatory capacities in the dairy sector, by supporting the Tanzania Dairy Board to have a qualified staff and engage stakeholders in regulatory review and harmonization.

RLDC dairy sector interventions have taken a fairly broad and systemic view of the dairy market system in Tanzania, thanks also to the rather advanced initiatives in the sector that were ongoing when RLDC came in. The Dairy Act, The Dairy Regulations, Dairy Board, Dairy Council, TAMPA (Processors), TAMPRODA (producers) were all in place, with different levels of capacity.

The business model: In the interventions of RLDC so far, the M4P has been adapted to the local context. The interventions started with tackling the business environment (regulatory framework by TDB) and improving the capacity of TAMPA for lobbying and advocacy, with quite some success. The three private sector partners are contracted to provide market linkages services through a substantial contribution to costs by RLDC. The target of increased processed milk from the central zone by 150% has not been achieved. Milk production was estimated to have increased by only 50% during this period. However, all the three processors have shown commitment and plan to expand their processing facilities. Tan Dairies has managed to influence and work with local authorities, which is a good sign for forging strategic collaboration that RLDC could stimulate.

There has been therefore a fair balance of facilitating the interface of the regulatory / business environment with support functions on the dairy sub sector / dairy value chain (demand and supply). However, despite the private sector commitment and readiness to pioneer with innovations (with RLDC funding), it was noted that partners had agreed to take on ambitious roles and functions, some of which were beyond their mandate and capacity. For instance, initiating and promoting SACCOs among producers by Tan Dairies is hardly in their capacity to do effectively; it needs to work with the District Cooperatives Office, among others. This review wonders about the advice capacity of RLDC in this respect.

Association of milk producers (TAMPRODA): The organization of the dairy producers is the weakest link in the chain. TAMPRODA members are scattered all over the country and its leadership has not yet managed to put together an agenda for developing a common voice. This is an area where RLDC support ought to focus as well in building up the market system.

Of course TAMPRODA is a national organization, more active in the dairy-producing zones outside the Central Corridor, but RLDC could not offer convincing ground during this review as to why they have not facilitated the strengthening of TAMPRODA who was in the first place identified to be a potential partner. Leadership in TAMPRODA is scattered in different regions, which is likely to remain so due to the location of producers. The Chairman of the association feels that they have lacked capacity to be able to prepare a clear proposal and a sound plan for capacity strengthening to win the members' support; nor do they have the resources to assemble members. TDB feels that by leaving behind TAMPRODA, the lobby and advocacy is mainly leaning towards the interests of processors.

Linkages and synergies with other programmes: RLDC is collaborating with other like-minded organizations in the sector, like BEST AC (Advocacy); HEIFER International (Heifers, producer Groups); SNV (Capacity development, market promotion via TAMPA for school milk program); Inter-ministerial Committee (for regulations / act review). In fact RLDC is seen as a leader in supporting the sector.

Some systemic changes in the dairy sector are now emerging:

- *Regulatory body & framework review (TDB) in place.* TDB has become, with the support of RLDC, functional, with key personnel in place. The exercise of reviewing the duplication of roles in regulating the dairy sector is halfway done and they are determined to accomplish the harmonization exercise and review of the relevant sections of the Act soon. A system is also in place through Dairy Council for continued dialogue with private sector.
- *Association of Processors (TAMPA).* TAMPA is active and is the voice of dairy processors.
- *Embedded services: Extension/Training.* Private sector companies are offering a package of services as part of transaction with producers, but there are other critical services such as coping with drought mitigation, which are not yet developed, and it is doubtful whether the private sector alone will be able to resolve it.
- *Access to market through Private sector led Collection Centres.* A Market access framework is functional through collection centres. These centres would require further strengthening to be able to offer reliable services to its members (e.g. feed and other inputs), which is not forthcoming presently.

Outreach: Total smallholder farmers reached so far through the three partner firms are 3,449 (60% men & 40% women), 86% of the target set in the strategy. Dairy business in agro-pastoralist's communities is essentially a women business; men are concerned more with cattle. Interestingly, more men have registered in the collection centres than women since according to prevalent cultural norms, men have to grant women permission to be registered in any business that involves the family.

Up scaling and sustainability: Dairy development has potential in Tanzania, but one wonders if working with indigenous animals – kept primarily as an asset store – as is the case in the Central Corridor, can indeed provide the basis for a viable market-oriented dairy production. The fact that the private sector has hardly invested in processing in the Central Corridor points to low viability for a variety of reasons (feed, low production, collection distances, lack of infrastructure (cooling, roads, etc.), etc.). The genetic potential for milk production is low, even in areas where cross breeding has taken place, with traditional livestock being well

adapted to environmental conditions. To make dairy investments more attractive, the business model is to focus on areas where dairy animals have potential, like Morogoro and Manyara. RLDC with its present partners does not operate in the areas with highest milk production indicated by the Milk pocket study. Actually of the top ten potential areas, they only operate in one, Chamwino Dodoma (see table 3 page 13 of strategy paper).

Gender: The Survey on Dairy Products Market in Tanzania of May 2010 does not refer to gender aspects. The Dairy Sector Development Strategy of April 2009 states (p. 23) that “traditionally cattle ownership is a male domain while women provide most of the labor input for animal husbandry, e.g. feeding and milking. In pastoralist societies, dairy is mostly women’s business and they have control over the milk and its revenue. RLDC will be proactive ensuring increase in number of women participating in the milk business, improving business and increasing income, issues related to division of labor, control of milk for family nutrition and food security, fair control over income generated from milk sales. The experience of strong women milk producer groups in Shinyanga could be used as a role model.” Annex 9 of the latest SDC Credit Proposal indicates a 40% participation of women in the dairy business. No further gender-differentiated data are available.

Overall Assessment: M4P has been applied to a limited extent in the dairy sector. There are a number of challenges to be addressed for this sector to make a significant contribution to poverty reduction. The critical issue is on the viability of the milk production and collection system in the central corridor due to low dairy genetic potential of animals in the zone. Furthermore, TAMPRODA is not yet functional, which leaves the production part of the dairy value chain to the outreach of the few existing processors, supported by RLDC. RLDC has made improvements in the service provision by working with private sector companies, but outreach and replicability will not be achievable without substantial further program funding, and RLDC may consider expanding it through working with the private sector in other areas of the corridor where dairy farming has higher potential. RLDC has made significant contribution at the regulatory level and at creating a threshold for lobbying and advocacy of processors; it may have to consider supporting the final phases of harmonizing the regulatory framework.

3.4 Poultry

In its first phase, RLDC has supported a project on improved production and marketing of poultry products in piloting a model originally developed in Bangladesh. The hypothesis behind this model states that instead of “everyone does everything”, the delegation of tasks to specialist sub-groups e.g. breeders, hatchers, vet workers and feed mixers will increase productivity as a whole. In 2008, this model was tested in Baridi district, in two different villages, Bupandagali and Mbiti, benefiting from an adaptation in Kenya of an acclaimed “commercial village” approach. This model was then adapted to local conditions by RLDC. In parallel, RLDC has undertaken a poultry market and value chain analysis and the combination of the two types of activities has led to the development of a poultry sector strategy in 2009¹³.

RLDC’s market analysis specified the market constraints (lack of concern for health and animal welfare, lack of slaughtering and dressing facilities in regional markets, local chicken are marketed as a commodity, traders associations do not cooperate, no umbrella organisation) and productivity constraints (high mortality due to poor health control, poor

¹³Poultry sector, Commercialisation of chicken production and marketing in the central corridor. RLDC June 2009.

housing and inadequate feeding, poor breeds, poultry is not seen as a serious business) leading to the observed mismatch between supply and demand. From this analysis, RLDC has identified a number of opportunities showing the potential of chicken raising for poverty reduction in the central corridor. The so-called Bariadi model¹⁴ aims at using those opportunities and solve the market constraints.

Sector intervention assessment:

The original model in Bariadi, visited by this mission, is complex, with many do's and don't's, sub-groups and an elected committee in place for the model to run well. From the group experience this review has visited in Mbiti village in Bariadi, supported by RLDC between September 2007 and February 2009, it is evident that the model required adaptation. (for reason of time and distance, this mission could only visit one districts)..

In Bariadi, the veterinary subgroup has vaccinated about 1'500 chicken against Newcastle disease in a first campaign but is not providing services any more. Individual rearers are purchasing the vaccine directly in Bariadi and administer it on their own. According to the farmers, fowl pox is now a major threat for their chicken. A majority of the animals are wiped out by this disease and according to RLDC the vaccine is almost not available in Tanzania due to its high price (imported from England). However, during our discussion with Oxfam GB which also supports poultry production in the area, it was mentioned that the groups they are supporting are getting this service from the district veterinary office (OXFAM is probably providing the vaccine). Equally, the feed group is also not providing any more services. Some component of the diet, e.g. fish, bones, sunflower cake, have to be purchased in Bariadi and their availability is not always granted. As to reproduction, an electric incubator provided by the project did not work well because of power fluctuations in the village; it was sold. Traditional hatching methods, combined with reduced mortality, have shown to produce substantial chicken stock increases. As to selling, the model foresees individual sales in a weekly chicken market supposed to be established in the village. During our visit, farmers have confirmed that this is not the case; chicken producers sell individually when a buyer is coming. In the revised model, the marketing sub-group is charged with establishing linkages to traders. In the meeting with Mme Minza, who is the most initiative person in the visited

¹⁴The community group is constituted by chicken keepers in a village. Each member must rear chicken from the age of one month until they are ready to be sold. Traders, chicken feed producers, para vets, and any other person are not allowed to become members of the community group unless they also keep chicken. In this respect the community group is a producer group.

Each member of the community group must also be a member in any of the six subgroups which means that each member has at least two roles to perform in the group. The subgroups focus on the following tasks: a)breeding and hatching, b) rearing day-old-chicks (DOCs) c) animal health workers, d) chicken feed producers, e) marketing and promotion, and f) saving and lending. The first two subgroups might also be combined into one group depending on the situation in the village. This is discussed in the initial training on group formation.

Each subgroup elects a chairperson and a deputy chairperson from among its members. The entire community group elects as well a chairperson and a deputy chairperson who should not hold office in any of the subgroups at the same time. All chairpersons and deputy chairpersons form the Executive Committee (EC) that meets regularly, whenever required. The EC receives reports and proposals from the subgroups and has overall decision making power in the community group. In particular, based on proposals by the subgroups, the EC will decide on all prices within the community group, such as: - the price of day old chicks, - the price of five week old chicks, - the price for drugs and vaccinations, - the price for chicken feeds, - the fees for participating in joint marketing and promotion, - the regulations and interest rates for loans. The decision on the pricing should be mainly based on costs (including amortization of investments) and the subgroups therefore should attach cost details with their price proposal.

Members of the entire community group and each subgroup are trained for their membership roles in respect of technical and management skills. There is also written reference material available for the various roles.

group, she said she can gain up to 4000 Tshs per chicken sold and she is very satisfied with it. She is thus able to send her three children to school. The revised model shows a substantial income increase through improved poultry production, but due to the fact that the local breeds are less productive and that the rearing period lasts up to 8 months, the costs of feed, vaccine, and chicken housing can probably be further optimised.

RLDC has chosen to focus more on the supply than the demand side to overcome the mismatch between demand and supply. Since increased chicken sales have not encountered any difficulties, RLDC feels confirmed in this approach. An M4P approach building on the relationship between buyers and producers is also valid for the interlinked markets, i.e. of animal health issues and feed. RLDC is searching for ways to incentivate the rise of such markets, based on the lessons from the Bariadi experience. At present, the strategy in animal health matters is to work with vet shops and paravets. RLDC's present strategy is to improve poultry production in a limited number of districts up to a level where it becomes interesting for vaccine suppliers and traders to engage; both of these processes have now started. A next strategic step will be to entice them to enter into a contractual relationship with community producer groups.

Scaling up: According to data provided by RLDC, 1822 farmers have been supported until June 2010 with feed and supplementary supplies, vet care, marketing, village saving and lending, and hatchery services, leading to overall income increases of 200% due to the more commercial approach promoted. More than 1.000 women are currently involved as poultry micro-entrepreneurs, some of them with substantially increased chicken stock. RLDC targets 8'100 households in 9 districts of six regions in the poultry sector. For this, so called co-facilitators and service providers have been selected to replicate the Bariadi model in 133 villages¹⁵. These are international development NGOs paid by RLDC to replicate the model: promotion campaigns, awareness raising, group formation, technical trainings, etc. District officers are also part of this project. All those actors are not traditional markets players, but development project implementers¹⁶. The implication may be that replication will require donor money rather than being market-driven, a feature which, for a programme which applies a M4P approach, calls the attention of this review.

Saving and lending groups: RLDC proposes: *The saving and lending subgroup take the lead in organising and administering saving and lending in the entire community group. RLDC intends here to adopt the tested VSL model of Care International and introduce it by ways of training. It will be proposed to apply compulsory saving from every external sale of eggs and chicken but it is up to each community group to agree with the proposal and set the rate of compulsory saving.*¹⁷ The review report of the Springfield center in 2007¹⁸ commented such activities as follows: *"The review team does not believe that RLDC should be doing this itself. Setting up (microfinance activities) is a specialised and long term commitment – and still*

¹⁵RLDC has tendered out the position of "qualified co-facilitators". The co-facilitator(s) is supposed to maintain a presence in the respective regions. In collaboration with the co-facilitator(s) RLDC shall seek regional training providers through open tender or on invitation tender. Ideally RLDC wants to have at least one training provider per region. For the positions of co-facilitator and training provider, detailed TOR have been worked out. Training is conducted on the basis of manuals produced in the initial Training Of Trainers course conducted by SUA / LITI(University of agriculture and livestock training institute) and a specialised training provider for the introduction of saving and lending.

¹⁶OXFAM UK has facilitated since 2007 the reduction of mortality and collective marketing of chicken of some 6'000 households in Shinyanga and Tanga, but productivity is still very low.

¹⁷Poultry sector, Commercialisation of chicken production and marketing in the central corridor.. RLDC June 2009.

¹⁸ Review of the Draft Business Plan of RLDC 2008-2011, FINAL REPORT August 2007

many / most are so weak that they fail shortly after support ends. What makes more sense is RLDC seeking to “crowd in” players whose business is financial services”. Interest rates are an illustration of some lack of professionalism in dealing with those issues: according to the reviewer’s discussion, the interviewed group said they have set the interest rate for all credits at a full 10% per month. As mentioned in the Springfield report, this topic is a long term commitment comparable to a specialized sector engagement over a longer period of time and can hardly be dealt with as a side-activity of a production sector intervention.

Gender: RLDC’s poultry strategy document refers to the fact that a relatively high number of women is engaged in chicken production (Annex 9 of the latest SDC Credit Proposal indicates that an estimated 60% of producers are women), less so in their sale. More than 1.000 women-microentrepreneurs are currently reached by RLDC. In terms of sheer numbers, gender equity is more easily observed in this sector. However, RLDC’s results against the Logical Framework of mid-2010 states that the promotion of women as entrepreneurs is an activity to be strengthened in the extension phase. Indeed, this review’s discussion with the poultry group in Bariadi, and Mme Minza in particular, confirmed that in terms of decisions, functions and division of labor, the traditional gender inequality is being reproduced through sector expansion and may actually lead to a worsening of gender inequality, if this issue is not addressed and dealt with adequately.

Overall assessment: This sector intervention of RLDC is at an early stage. RLDC has learned from the problems encountered in its pilot scheme in Bariadi for its replication – or rather extension for further learning – in two other districts and evidently needed to adapt the model in order to achieve sustainable market changes. This intervention is still in an exploratory stage concerning the development of market mechanisms. Good demand perspectives for local chicken provide an essential basis for further testing, and then replicating, new market arrangements leading to sector expansion and increased income for rural producer families. RLDC needs to make sure that economic success is translated into a better gender-balanced livelihood in and for the producer families.

3.5 Rice

This review is taking place after less than one year of implementation and in most cases before the first rice agricultural season has been accomplished. Hence the review focuses mostly on the processes followed and the emerging picture of systemic changes in the rice marketing system.

The RLDC Board approved the strategy in December 2009 and actual implementation started in the first quarter 2010. The three most important criteria for rice sub sector selection included: the potential number of households that could engage in it; that rice is grown in at least 3 regions in the corridor; and its potential to reduce poverty (market growth).

The initial assessment and strategy development done by an in-house team was comprehensive, it took cognizance to a large degree of earlier assessments / value chain analyses undertaken by other agencies and conclusions were in line with them¹⁹. Some of the main dynamics of the Rice sector in Tanzania include:

¹⁹There have been a number of Rice value chain analyses undertaken in the past two years in Tanzania: Rice VCA in Shinyanga by MatchMakerAssociates for OXFAM GB in 2008, Rice VCA for TAP in 2010, SAGCOT Quick scan of Rice 2010, etc.

- Tanzanian rice farmers have one of the lowest yields in the world (1.5 - 4 Mt/ha). Poor agronomic skills, use of mix rice varieties / low yielding inputs are some of the reasons for low yields;
- Tanzania is not yet self sufficient in rice, imports are often cheaper and exports are relatively small (informal routes);
- East Africa region is a net importer of rice and Tanzania has a comparative advantage to access such markets;
- The Central Corridor occupies over 48% of rice-cultivated land in Tanzania;
- The rice supply chains are cumbersome and inefficient, often involving many brokers;
- Infrastructure (irrigation, roads, storage) is poorly developed and ill maintained;
- The government has developed a National Rice Development Strategy, which aspires to double rice production in 10 years time; this strategy is yet to be implemented;
- Recently there are several large scale investors into the sector and also donor supported programs such as USAID “Feed the Future” (yet to start), TAP with EU funding, SAGCOT with multi-donor support, etc. all of which may influence the sector;
- On a policy and regulatory level, the government is setting up a Mixed Crop Board / Authority, which will not only regulate but also participate in trading activities in cereals, which may distort the market and discourage investments if not well implemented; the government from time to time introduces export bans due to food security concerns, which is not favorable to long-term investments targeting export markets.

RLDC’s Rice Sector Strategy proposed four key intervention areas and for each component RLDC has contracted a partner to spearhead it as follows:

| Intervention area | Partner |
|--|--|
| <ul style="list-style-type: none"> • Awareness and access of farmers to improved seeds | <ul style="list-style-type: none"> • Agricultural Seed Agency/ASA (government body); contract from April – December 2010 |
| <ul style="list-style-type: none"> • Improved agronomic skills and enhancement of farmer organizations | <ul style="list-style-type: none"> • MVIWATA (A national smallholder farmers network); March – December 2010 |
| <ul style="list-style-type: none"> • Innovative marketing and business linkages with private sector market actors | <ul style="list-style-type: none"> • MVIWATA: Agricultural Market Information System & Producer Marketing Groups • CAMILU Ltd (SACCO) in Manyoni District to pilot a Warehouse Receipt System • Roko Investment Company in Igunga piloting Contract Farming |
| <ul style="list-style-type: none"> • Networking for synergies and cooperation with other facilitators | <ul style="list-style-type: none"> • Informal collaboration arrangements for experiences sharing with e.g. OXFAM GB in Shinyanga & Agha Khan Foundation etc. |

Selection of intervention areas: RLDC has identified four regions within the Central Corridor (Tabora, Singida, Manyara and Morogoro) and in each region one district that has favorable agro ecological potential for rice production. The selection of the areas, which are mainly around irrigation schemes, excluded those areas where there are other ongoing development interventions. For instance, in Morogoro region the area with highest potential is Kilombero district, but this was excluded as there are other interventions by Tanzania Agricultural Partnership (TAP) and Rural and Urban Development Initiative (RUDI) as well as R&D institutions.

RLDC has agreed with partners to design and pilot different intervention approaches. It is too early to assess their success and replicability potential. With ASA, an input supply support project (quality seeds – semi aromatic variety) is under development. Based on an agro-dealer

survey conducted in May 2010, ASA has identified 8 of them and developed a training package of business management including distribution system. Also, training to farmers on good agronomic practices has been prepared and a booklet printed; trainings are ongoing. ASA informed the mission that due to this intervention they have increased seeds production and opened their seeds distribution network in the corridor.

MVIWATA is piloting on Producer Marketing Group (PMG) and Farmer Field School (FFS) for access to markets and agronomic skills. MVIWATA has a national network and developed a market information system through which these new groups can be connected. Part of RLDC's support to MVIWATA was to hire new staff reducing their capacity gap. The question is whether MVIWATA will be able to sustain this new personnel.

With Roko Investment Company, a private sector operator, a contract farming operation is being piloted and with CAMILU SACCOs a warehouse receipt system is set up. During the review mission, the construction of the warehouse was at the foundation stage.

The business model: RLDC's business model has a narrow focus of tackling production- and market access-related constraints in the Central Corridor, rather than broader rice sector development issues in the policy and regulatory environment, all of which have a strong bearing on the rice marketing system in Tanzania. The implementation progress made so far has not yet clearly tackled the market access and synergy areas in the strategy, which ideally should have come at the outset. Interventions carried out by partners (ASA and MVIWATA) have taken the market for granted. Furthermore, value chain development interventions are about forging deliberate market-focused collaboration within markets that are clearly segmented. Other rice value chain analyses have segmented Tanzanian rice market into i) urban middle/high income segment, ii) institutional markets, and iii) regional markets (Kenya, Democratic Republic of Congo, etc.), each with different critical success factors and a specific value chain upgrading strategy to reach them. Which market segment and value chain approach RLDC is pursuing is not clear.

The issue of piloting with the different business models raises a number of questions and may be uncalled for. The Warehouse Receipt System and Producer Marketing Group as well as agro-dealer business models have already been piloted in Tanzania, although not necessarily using a M4P approach. But lessons have been learnt. What is important is to work with partners like Rural & Urban Development Initiatives (RUDI) on the Warehouse Receipt System and with the CNFA²⁰ Program of Agro dealer capacity strengthening, which obtained remarkable achievements, and to build on the lessons learned by them.

Linkages and synergies with other programmes: Looking for and taking advantage of synergies is crucial at this time in Tanzania in the rice market system. In November 2010 Matchmaker Associates identified 24 secondary actors that are active in the rice sub sector. RLDC is one of them and is coming in a sector with much on-going support activity. A strategy of synergy building / strategic alliances by RLDC is needed in this area. We were informed that RLDC and OXFAM GB are working on plans to develop a Rice Stakeholders Forum, which is likely to be a useful platform for learning and coordination, but more synergy is needed. The Rice Sector is expected to receive much attention as one of the core food/cash crops in Tanzania in the coming years. The government, through the National Rice Development Strategy, is planning to step up its support. USAID (Feed the Future Program), ACT-TAP (Cereals VCD scale up), the SAGCOT program and others offer potential synergies that RLDC should seek to establish.

²⁰CNFA is a large French NGO active in 38 countries.

On the regulatory environment, attention to which is also quite necessary at the moment, some entry points have been highlighted in recent rice studies. A new Mixed Crop Board is been launched, and the Government's system of periodic export bans remains unclear. These are enabling environment issues that RLDC should address together with other stakeholders.

Initiated changes in systems: The changes in the rice system arising from RLDC intervention are yet to mature. There are positive signals for the following:

- Improved access to Quality Seeds through the work of ASA with its agro dealer network in the areas where the program is active;
- Improved Agronomic Practices arising from farmer to farmer (FFS) extension model promoted by MVIWATA;
- Market Access Models of WRS and Contract farming promoted by Farmers Organizations-SACCOs and private companies;
- Producer Marketing Associations in the different Rice Schemes, which are assuming bulking and negotiation functions in the supply chain.

Outreach, Up-scaling and sustainability: RLDC's intervention in this sector is recent. The first activities reached some 4000 farmers as well as a number of promoters using the FFS approach, and agro-dealers. The different pilot initiatives are yet to be assessed on their suitability for up-scaling. Experience has shown that the pilot has to run for at least 2-3 agricultural seasons before replication of the model can be undertaken. However as mentioned, some of the business models are also being piloted by others and hence there is a need to learn from them.

Gender: RLDC's November 2009 Rice Sector Strategy refers to the gender dimensions in the following terms (p. 13): "A majority of Tanzanian farmers are women and make a significant contribution to food production and to the processing and marketing of foodstuffs. They form 60 – 80% of the agricultural labor force in the rural areas. Women play a major role in rice production in the country. They are involved in all aspects of the rice value chain, particularly planting, weeding, bird scaring, harvesting, processing and trading. It is observed that men are mostly involved in land preparation. Both men and women are engaged in rice harvesting and threshing, while selling the rice is traditionally men's domain. Generally, the women in agriculture experience excessive workload due to farm work and household chores and difficulty in accessing the key factors of production – land, water, credit, capital and appropriate technologies. It is far easier for men to access these inputs. Therefore monitoring the impact of the strategic interventions will have to consider the gender issues to ensure that gender balance is taken into account and that women are not left out." Annex 9 to SDC's Credit Proposal 2011 estimates a participation of 55% of women in the sector, but such indications miss the point: men, women and children are involved; the question is how, and on this, there are no further indications about the effect of RLDC's intervention.

Overall assessment: The Rice Sector has great market potential in Tanzania and in the region. RLDC's market system development ought to take a broader and systemic view beyond the Central Corridor, although concentrating intervention in it. There are many development practitioners (USAID, SAGCOT etc.) and private sector agents in the rice sector and hence room for inter-institutional synergy. The services market is emerging with ASA and MVIWATA, as this is their core business, supported by RLDC. However, the range of services they provide is limited and some of them are dependent on government subsidy. RLDC should work more with private sector service providers as well as with relevant secondary actors so as to influence the creation of a more favorable business-enabling environment.

3.6 Radio

This rapid sector assessment has benefited from a visit to a major service provider – the Steadman Group, now Synovate –, an international (Market) Research and Intelligence Consulting Group specialized also in media research. Since Radio Free Africa which broadcasts RLDC-induced emissions is located in Mwanza, a visit has not been possible during this mission.

„The introduction of new technology, the widespread use of mobile phones, the reduction in cost of FM transmitters and the replacement of state broadcasting monopolies by private sector and association-based radio, in recent years, led to the development of new forms of radio in rural communities.“²¹ RLDC seized the opportunity to entice existing radio stations geared to rural areas to reach its large audience with information and instruction on micro business practices, marketing and agricultural activities. One of them – Radio Free Africa (RFA) – accepted the challenge to develop and establish a commercial radio program with a view to continue afterwards on its own. The one-year program called INUKA went on air in March 2009.

Motivated by successful rural radio programmes in other East African countries, RLDC engaged the services of a co-facilitator – FIT Tanzania – specialized in radio programs production and media business management to introduce a commercial approach to „developmental“ radio programs. It performed the functions of program production, content management and linkages, business management, marketing support, external marketing services, capacity building and management of information value chains. The main role of Synovate has been to establish the outreach program to listeners, including a baseline survey, and enable feedback of listeners to RFA, including an end-line survey of results.

RLDC's just finished final report on the INUKA programme includes the results of a representative survey (with non-listener control group) of households by Synovate on exposure and possible impact, crop farming and livestock (data are not gender-differentiated). It presents a wealth of information on RLDC's potential target groups. Selected results:

- 17% spontaneously mention INUKA as an agricultural educational programme on radio; a majority associate it correctly with Radio Free Africa (one of the most listened to rural radio stations).
- Total awareness of INUKA is 29%, placing it second to Mkulima Wa Kisasa (59%).
- Almost 400'000 rural listeners have listened at least once to the INUKA program, and in the last 7 days, the listenership reached 276'000, mainly in Tabora, Shinyanga and Singida; it is the second most popular agricultural programme, appreciated mainly for its educational content;
- Topics on market prices record the highest recall (22%) and farmers are more likely to implement those dealing with good farming practices (28%);
- Radio (47%) is an important source of agricultural information and 80% rate it positively;
- Other farmers (45%) and agricultural extension workers (45%) are commonly used information sources on these topics;
- Concerning income, a significantly higher proportion of listeners (31%) report an increase in income compared to non-listeners (19%), „despite the general decline in income“;
- INUKA listeners are less likely to miss school as a result of lack of school fees (6%) compared to non-listeners (29%);

²¹RLDC Flyer: Commercial Radio Programs for rural listeners, 2009, citing a FAO source

- Contract farming is still low; INUKA listeners have a higher probability of being in it (11%) than non-listeners (5%);
- Farmers mistrust contract farming (42%) but 15% feel they will get a better price with it;
- Market prices are the main challenge farmers are facing (84%); besides marketing, climatic conditions range second among challenges (62%);
- Only 16% have ever heard of the term organic farming, more likely INUKA listeners (24%) than non-listeners (13%);
- 44% of rice farmers have heard rice farming discussed on radio of which half credit it to INUKA; what they have learned most is planting rice in rows; 60% indicated that they put in practice what they have learned;
- 46% of sunflower farmers have heard sunflower farming discussed on radio, of which half credit it to INUKA; what they learned most was about the use of improved seeds;
- 47% of cotton farmers have heard cotton farming discussed on radio, but less than a third of them attribute it to INUKA; pricing for cotton tops the list of specific issues of interest;
- 66% of livestock farmers who are INUKA listeners sold some livestock in the past year; their main challenge is low prices;
- 53% of dairy farmers have heard dairy issues discussed on radio, slightly less than a third attribute it to INUKA;
- 29% of poultry farmers have heard information on poultry discussed on radio, and 24% attribute it to INUKA; close to 9 in every 10 farmer (both listeners and non-listeners) keep local chicken, with flocks of no less than 48 birds; 35% sell chicken products (eggs or chicken); poultry disease incidence is high (80%) and is the main concern; only 14% of poultry farmers attended a training on poultry management.

INUKA emission from 18:00 to 18:30 on Tuesdays is a time with a high rural audience rate. Systematic feedbacks from the listenership resulted in consistently over half of them wishing more time to be allotted to the INUKA program. RFA is perfecting the system for listener feedbacks.

Derived from the above mentioned final reports, RLDC calculated the number of farmers who actually applied and improved agricultural practices based on information transmitted by radio, arriving at an estimated 10% of frequent listeners or some 27.600 farmers benefiting in this way from radio emissions (probably in conjunction with other sources like lead farmers and extensionists, as similar percentages of listeners in the survey suggest).

RLDC's intervention has fostered two innovations which can be assigned systemic character: the introduction of a commercial/business approach to agricultural development radio programmes²², and the improvement of public-interest journalism to provide (better) researched content for radio programmes, sourced from competent sources. RLDC itself introduced only one topic: gender equity in agriculture. While the first emissions on this topic did not appeal to female rural listeners, the direct participation of the target groups in the program brought more approval. RLDC is preparing at present another programme for rural women, for which a feasibility study has been done; three radio stations declared an interest to apply for its implementation.

According to Synovate, there are huge untapped possibilities to reach a rural listenership, e.g. for educational purposes or for marketing support (where to obtain what product). Other

²²If before, mainly agricultural input providers placed ads in such radios, now telecommunication and financial service providers are among the main advertisers. Other sponsors are mills, water pump providers, etc.

facilitators like the Gates Foundation (Voice of farmers) are increasingly making use of such means of communication²³.

4. Alignment with government strategies

RLDP's aim to help reduce poverty fully concurs with the main thrust of the National Strategy for Growth and Reduction of Poverty (NSGRP 2005) enshrined in the National Development Vision 2025. RLDC's strengthening of agriculture contributes to the implementation of the agricultural sector development strategy (2001) and the District Agricultural Development Plans (DADPs), the Agricultural Marketing Policy (2008), Livestock development strategy and to the more recent government and private sector resolution of Kilimo Kwanza („Agriculture First”). DADPs follow a participatory approach of facilitating rural communities to prioritize areas of interventions by the government (using DADP funds) in order to improve agriculture in their districts – a first effort to decentralize public support to agriculture. Kilimo Kwanza is just gaining momentum; different approaches have been pursued including the mobilization of donors and the private sector to invest in agriculture. The Southern Agricultural Growth Corridor of Tanzania (SAGCOT 2010/11) is one of those initiatives which will cut across some areas of the Central Corridor, especially Morogoro. Likewise USAID, through its new program initiative of “Feed the Future”²⁴ which is focusing on rice, maize and horticulture is likely to attract substantial resources and will focus mostly on Morogoro, Dodoma and Manyara regions where RLDC is also active.

An OECD review of coordination among donor-supported projects in agriculture revealed in 2008 that there is a diverse and somewhat dispersed portfolio of about 140 different donor-supported activities targeting private sector development in agriculture. The total commitment is significant - about US\$ 445 million. While individual donors including SDC have provided significant targeted support to specific projects and organizations, there has been no coordinated effort. Consequently there has been little overall impact on the implementation of policy supportive of private sector-led agricultural growth, neither within nor outside the Agricultural Sector Development Programme (ASDP 2006 - 2012/Support through Basket Fund though not from Switzerland). It is important therefore that RLDC interventions continue to be aligned and to build synergies with other development partners and Local Government, especially at district level (DADPs).

The Agriculture Non-State Actors' Forum (ANSAF), established in 2006, a group lobbying for agricultural development which is now chaired by RLDC, summarized its annual learning events from 2008 and 2009 in publications. The latest one: Kilimo Kwanza: Experience from Implementation of DADPs, 2010, responds to the question: How could Kilimo Kwanza interact with DADPs for better results in agricultural transformation?: „Currently, Kilimo Kwanza is not clear in the mind of many stakeholders; most consider it another agricultural development programme parallel to ASDP.“ The document formulates a number of recommendations which characterize the situation at district (and LGA) level; these include:

- Tanzania's budget should reflect Kilimo Kwanza's vision through increased allocation to agriculture;
- Kilimo Kwanza should be implemented in the framework of ASDP and DADPs to improve effectiveness;

²³ The African Farm Radio Research Initiative (AFRRI – www.farmradio.org) was launched in April, 2007; it is a 42-month action research project supported by Bill & Melinda Gates Foundation, implemented by Farm Radio International, in partnership with the World University Services of Canada (WUSC); its aim is to assess the effectiveness of farm radio on meeting the food security objectives of rural farming households in Africa.

²⁴ www.feedthefuture.gov

- Kilimo Kwanza should facilitate harmonization of roles and functions of government, Civil Society Organizations and donors in planning and implementation of DADPs;
- Priority crops for food security in each district should be identified and treated differently;
- Districts need to focus on implementing DADPs to avoid spreading thinly with no significant impact.

These and other information obtained during this review point to the fact that the concept and organization of Local Economic Development in a market framework is still very much at the beginning in Tanzania, particularly in the poorer Central Corridor.

RLDC Board members interviewed (the Director of Empowerment at the National Economic and Empowerment Council; the Ministry of Industry, Trade and Marketing; the Chairman of RLDC's Board of Directors (Swisscontact)) spoke highly of RLDC: it is perceived as a private-sector led example of a public-private partnership, fully congruent with Kilimo Kwanza. There is total agreement on the approach to enable people to gain higher income through their own efforts and market integration. MITM wishes RLDC to expand to other areas. RLDC's first National Market Development Forum, a national event where stakeholders discuss market development for rural producers, is highly appreciated by MITM as it provides visibility to a market-driven approach in line with M4P, considered valid nation-wide. In this respect, it is stated that RLDC is so far little known beyond the Central Corridor, to which its networking has largely been confined to. The impression of reviewers from the discussions with Board members is that they are not very deeply involved in the complexities of the RLDP as implemented by RLDC.

5. RLDC

5.1 Structure

In the mindset of the Business Development Services (BDS) approach prevalent at the time of designing RLDP, RLDC was established at the request of SDC with the intention that the implementing agencies create a self-sustaining service provider, in and for the Central Corridor. The review in 2007 led to a change in intention by both SDC and the implementing consortium, which materialized in a conceptual expansion of the approach and an adaptation at the operational level, but within the existing corporate structure of the RLDC. Since 2008 RLDP is a donor project and SDC started asking the consortium to raise financial support from other donors for the RLDP; the corresponding search for funds has so far not been successful and is considered by the implementing agencies as a factor of uncertainty for the planning and implementation of the RLDP.

Several discussion partners during the review mission, from the Swiss and Tanzanian side, observed the somewhat confusing set-up of mandated agencies owning the implementation structure of a project limited in time, a structure reminding of a trust with commissioned owners. Accordingly, the decision structure of the RLDP is *sui generis*, with SDC sustaining the entire operation and forming part of RLDC's Council but not of the Board of Directors; recently, SDC-COOF has been integrated into the Project Advisory Committee, which is associated to the Board of Directors and constituted and chaired by Tanzanian professionals. The implementing institutions, as owners, are members of the Board and one chairs it. The two external advisors of IC and SC, respectively, which assist RLDC's management permanently, have formerly been Directors of RLDC but left this function since the second quarter of 2010.

The implementing institutions always insisted that as company owners, they are responsible for its orientation, performance and future. They must, therefore, be able to take essential decisions at both the strategic and operational level. But at the same time they depend(ed) on SDC not only for RLDCs financing but for the strategic orientation of the RLDP. This situation has caused, in the past (both phases), a substantial amount of resources-consuming discussion, not in the interest of optimal resource use, and not always resulting in strategic clarity. An example is the discussions on where to concentrate RLDPs attention for the second phase. SDC argued in the common planning workshop that RLDC check opportunities in up to eight sectors, choosing then the most promising, taking the concentration on the Central Corridor as given. This was done irrespective of the implications of a sector-oriented M4P approach, i.e. sector-wide market construction, which is difficult to conceive without following national sector dynamics. Approaching market-constructing sector promotion from, and exclusively for, the weak Central Corridor is a rather unusual perspective.

Overall, therefore, the structure created for the implementation of the RLDP has been sub-optimal.

5.2 *Role, organisation and human resources*

RLDC's role as a builder of market linkages was clearer than its present role of facilitator of market development. The latter requires more analysis and it is harder to define interventions along and around value chains with a view to achieve permanent improvements of market arrangements and practices. These are also more difficult to capture during project or program implementation, since their impact is likely to become visible mainly later when they are amply adopted²⁵. The confusion in terms – co-facilitators, partners (companies), service providers – whose function tend to overlap, attests to a lack of clarity in roles²⁶. The intervention conceptualization is somehow overdone; less effort should be wasted on such conceptual matters, a more pragmatic approach is advisable.

RLDC's sector analyses done in 2008 benefited from RLDP's experience during phase I, extending its attention to additional dimensions. But RLDC hardly changed its principal instrument: grant investments in partner companies. With the step from building direct market linkages to „systemic“ interventions of the contract farming type (see sunflower and cotton above), the new role of RLDC called for a reflection also on the instruments applied.

RLDC basically maintained its organizational structure from phase I. This called the attention of this review, for the following reason: sector interventions require profound and detailed sector knowledge being available in-house. Studies can be commissioned any time, as RLDC has done extensively. But the crucial knowledge from sector interventions requires advice, when needed, from a person immersed in the sector, at best a processor with a medium- to large-sized plant willing to look at the development of the entire industry and advising on pro-poor initiatives to be taken by RLDC to improve the longer-term development perspectives. Per sector, one such lead advisor should have been identified, to be available upon request.

Instead, the implementers maintained a „business“ structure composed of

- The RLDC office in Dodoma

²⁵This may present a problem for a development project bound to demonstrate its outreach in order to justify its investment.

²⁶ Facilitators like INADES, an church-based NGO present in 9 African countries, is a provider of training services to communities (e.g. in chicken production and marketing); service providers like LGA extensionists or lead farmers provide partly the same services as partner companies; etc.

- Advisors sent by the implementing agencies
- A Project Advisory Committee formed in phase II

Implementers and RLDC management and staff stressed the fact that it is difficult to find qualified personnel in and for the Central Corridor (Dodoma). RLDC experienced much change of personnel up to and in 2008. Since then, its staff is younger – mainly university graduates with some limited experience, usually not in the sector they attend – and more inclined to stay. The more so a highly knowledgeable specialist advisor per sector is needed.

The recommendation of the review in 2007 to remove RLDC's intervention from the core market relationship fostered a tendency in RLDC not to be too much involved with market actors, reinforcing its distance to the field. This tendency combined with the impression of a certain isolation of RLDC in Dodoma, i.e. lack of presence to exert influence on industry-related issues in Dar-es-Salaam, raises the question whether an M4P approach, requiring an industry-wide development vision and intervention, can be effective when operated from a relatively marginalized region of the country.

It is the impression of this review that the consequences of the change in concept in 2007/8 have not been sufficiently thought through by the implementing agencies, and that the way it has been implemented during phase II raises questions about its cost-benefit.

5.3 *M&E, Capitalisation, Communication*

M&E: An M4P approach has different objectives and requires different indicators than a market linkage approach; it presents, furthermore, particular challenges to capture the concept in measurable indicators, although a M4P operational manual is available.

In the internal division of labor between the consortium members, Intercooperation assumed the responsibility for working out RLDC's M&E system. It sent a consultant in 2008 for this purpose, who tried to combine various approaches (causal model, structured tree, log-frame), resulting in an overly complex M&E system. A manual was developed but little applied, and the consultant left. The following advisor had the task to ensure the implementation of the M&E system and a communication strategy; because of the difficulties to implant the designed M&E system, she concentrated on communication but her proposals did, equally, not lead to applicable policies. She left, too. RLDC-internal cooperation (between the Market Development operational team and the other departments) has been deficient in this period and the operational process protracted and expensive, with insufficient results: output and poverty impact had not been measured, and economic data on the performance of partner firms and their business partners were not available at the start of 2010.

In January 2010, the task to revise the manual and log-frame indicators, with the participation of the operational team and a new IC advisor started. A first task consisted in obtaining operational results in order to be able to provide results data on the indicators specified in the log-frame; before, RLDC relied on not very systematic reports by partners (a template was missing). This process required going back to partner firms, in some cases repeatedly. By the end of June 2010, the M&E department had collected to the best of their knowledge the results data for the log-frame. These have been the RLDP output references put at the disposition of this review.

The present M&E team is elaborating a monitoring system specifying actors, products and tools. It stipulates quarterly partners' monitoring and report templates, as well as annual

surveys of enterprises, households and service providers, plus continuous business environment monitoring, allowing to respond to the requirements of the log-frame. However, the review team thinks that conceptually, the M&E system still needs reflection along the lines indicated in annex 3. In particular, result measurement should refer less to project results (outreach) but systemic changes promising leverage for the future, and result and impact measurement should be concentrated on easier-to-collect data (imperfect but consistent ones so as to show time series).

The new M&E team tried to collect, in the first half of 2010, as many data as possible to measure the results to which the log-frame indicators refer. The corresponding data were put at the disposition of this mission and served as a basis for the Credit Proposal to SDC for the 2011 extension. The team responsible for collecting the data mentioned the difficulties to collect these data; in a number of cases, they had to return to partner companies, to some of them repeatedly, to obtain data. The review mission, probing the quality of the data, is of the opinion that the lack of systematic collection of data raises question marks on the data collected ex post (a case in question is presented in the sunflower sector analysis above).

Communication: RLDC devised an ambitious strategy of internal and external communication in 2009 (including visits to media, brochures, etc.), which has been very partially applied. The programme avails of some flyers and a half-finished website. It also started initiatives like the National Market Development Forum which brought national and international stakeholders together, an important initiative which brought RLDC out of the Central Corridor to a related national audience. RLDC also assumed in 2010 the Chair of the Agricultural Non State Actors Forum ANSAF. And it participated in the Nane-Nane Exhibition 2010 in Dodoma of the Millenium Challenge Account Compact, which counted with high-level participation of Ministries and the Parliament, civil society and many stakeholders; this Compact, based on the National Strategy for Growth and Reduction of Poverty (MKUKUTA), aims at addressing key impediments to economic growth. Nevertheless, RLDC's perception and visibility beyond the Central Corridor has been limited.

Capitalisation: The history of the RLDP is characterized by the search for ways to reduce rural poverty permanently through the strengthening of market arrangements and practices. The market environment has been relatively favourable for this in view of the opportunities presented by government policies, IT developments, the expansion of product and production standards, increasing agricultural prices, etc. It is crucial that the difficulties and opportunities, failures and successes perceived by RLDC staff during their search are captured and transmitted for learning in Tanzanian and other contexts. So far, the efforts by RLDC – and the external advisors in particular – concentrated on proposals and projects. Experiences have not been systematized for an outside public. RLDC has now defined the topics to be dealt with first : cotton, rural radio, collection centres, the Bariadi model, QDS, contract farming, and advocacy for business environment. RLDC should also capitalise on its role of facilitator in an intermediate assessment on the way, helping others to apply a M4P approach.

Gender: On the inclusion of gender equality as transversal theme in RLDC, much has already been assessed and written²⁷. The M4P approach concentrates on markets without stressing gender equality. RLDC, like many other projects, dealt with gender equity basically in an equal opportunity perspective.

Gender inequality is rampant in rural Tanzania, as many texts confirm²⁸. The crucial issue is how this problem can be addressed in practice, in view of entrenched social norms. RLDC did take gender into account in several programmes. It has chosen to support the poultry sector mainly because of the involvement of women. It also insisted on gender aspects being discussed on rural radio and continues now with a second programme along these lines. Some sub-sector strategies addressed the role and involvement of women. But a gender equality checklist attached to the latest credit proposal documentation for the extension phase 2011 states that gender mainstreaming and equity remained modest. There has not been a general inclination in RLDC to take gender (in)equality into consideration, despite being a fundamental factor for development.

One issue is attitude: being open to the topic and looking actively for ways of dealing with it. This review noted a relatively high conformity of RLDC staff with the present gender situation as a consequence of prevalent social norms. A second issue is how gender inequality can be addressed in a sensitive and intelligent way so as to gradually introduce changes in the relationship between women and men. Here, more can be done. An example is TechnoServe's idea to start approaching rural women for the (mini-)distribution of agricultural inputs in the cotton sector. As in the case of microcredit, such economic empowerment measures can lead to a great change of recognition and standing of rural women. RLDC staff can and should, when dealing with partner firms, insist also on the possible negative implications (like work overload, exclusion from crop payment, etc.) of processors' preference to deal with women groups (as mentioned by interviewed sunflower processors) since these are said to be more inclined to learn and more reliable and honest than men. As the discussion with sunflower QDS producing farmers (a third were women, mostly in village leading positions) by this review has demonstrated, there are advances in gender equity to be noted, although these are overall probably still modest. Anthropological studies, e.g. by students of the university of Dodoma, on processes of changes in gender equity-related issues, incentivated by RLDC, would be a means to find out more about it.

HIV/AIDS: In the document produced by SDC on RLDC and gender, some questions are related to HIV/AIDS: Is there recognition in the project of the link between poverty, migration and HIV prevalence? What can be the share of responsibility for these issues for a programme such as that of RLDC? RLDC's reply is that this topic has been amply addressed in the past years by entities better qualified to treat it. HIV/AIDS is said to be known to the population RLDC deals with and RLDC does not feel to be in a position to claim this problematique to be dealt with by its partner companies.

6. Conclusions

²⁷ M4P Approach and Gender, Case Study: Rural Livelihood Development Company. Evaluation of Mainstreaming Gender and HIV/AIDS in SDC Tanzania, May 2010. N. Taher

²⁸ E.g. Oxfam GB Tanzania Annual Report 2007-9: Picture This: A Tanzania without poverty; or: Farmland Consultants Ltd. with ANSAF: Sustainable Farming Outreach, Vol. 2 No 6, October – December 2010

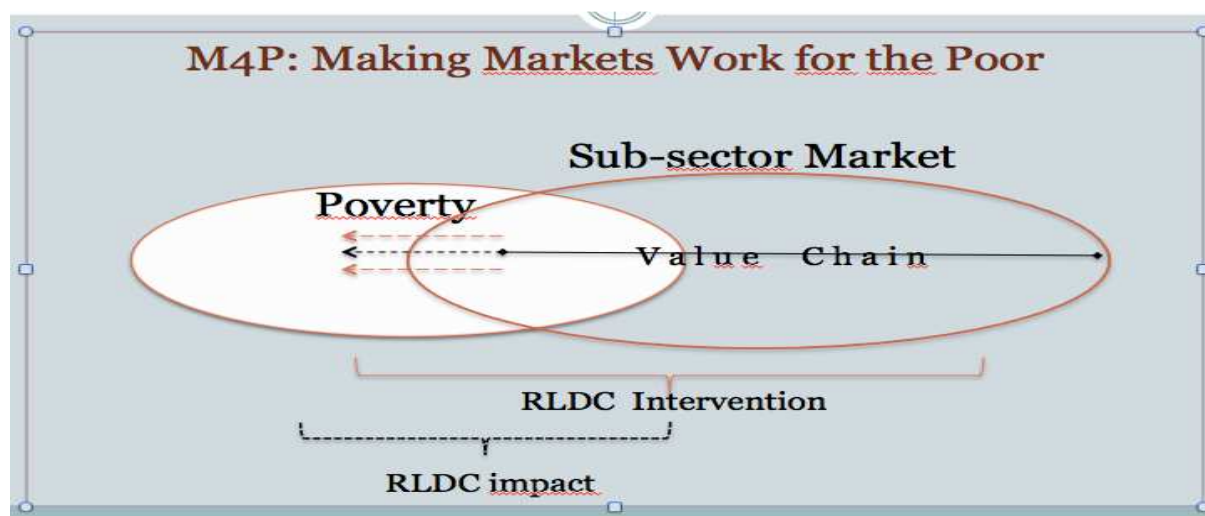
6.1 Design, approach, strategy

There is a myriad of ways to arrange market systems, i.e. to define and apply a framework for production, price fixing and exchange, not to speak of the public enforcement capacity of formal rules and regulations and their appropriateness for broad-based development. The question is *which* (more or less regulated) market arrangements will soonest bring development to the poor majority in specific circumstances, how committed elites are to this purpose, and what room and capacity exists for „development from below“.

These are large and complicated questions, touching on national and sub-national policies, capacities, cultural norms, power relationships and the way markets work today. This review thinks that a perspective concentrating on the linkage and performance of economic actors, as M4P is doing, is a promising development strategy. So far it seems, however, that technological developments – the Green Revolution (improved seeds), telecommunications, microfinance, etc. – have been the principal agents for catapulting pro-poor growth, when facilitated by government policy and regulations.

The use of market development for poverty reduction is well described in SDC's M4P approach documents, including the challenges it implies. This review conceptualized one of the essential issues – the congruence between market functioning and reaching poverty pockets – as follows:

Figure 1: Integration of rural producers into the market system



A principal challenge of this approach consists in having to intervene and make work better the entire (sub-)sector market, not only the section afflicted by poverty²⁹. There will – and must – be an impact of the intervention on the non-poor part of the value chain to be able to achieve a notable poverty reduction impact. The desired impact will depend on the entire market working better, but the rationale and objective of the intervention is that through its facilitation, more poor families are included in the value chain and/or are able to lift themselves out of poverty, than without the intervention. Outcomes and measurement tools of effects and impact must be defined accordingly.

The country context is determinant for the shape of a concrete M4P project. It is likely to look rather different in an Asian context compared to an Eastern African context. Sparsely

²⁹ Locating an intervention centre in the poverty part of the market is therefore questionable.

populated country like Tanzania with only incipient market institutions (rules and regulations), private enterprises and market-oriented public agencies require decades to evolve into a smoothly functioning market economy. There are hardly any blueprints for M4P intervention; experimentation and initiative in applying the approach are crucial, based on profound knowledge of the sector markets to be intervened.

In phase I, RLDP concentrated on market linkage between poor producers and buyers. Phase II opened the approach to all aspects of making markets work for the poor. Did this conceptual widening in the way it is enacted by RLDC pay off in terms of longer-term pro-poor development? This review's major reservations refer to a certain isolation of RLDC in the Central Corridor, with a sector perspective narrowed down to the Central Corridor and insufficient linkages at national level besides the public sector, which RLDC only recently started to deal with (e.g. chair of ANSAF; the NMDF). It called this review's attention that relevant facilitators like USAID and TechnoServe know little about RLDC, although they are about to intervene substantially in the Central Corridor (next to other regions).

RLDC's valuable innovative market-oriented solutions are not easily detectable; they exist, as the initiatives to introduce contract farming, to use rural radio for agro-educational and information purposes, to incentivize viable local poultry markets demonstrate. But results have not been sufficiently recorded nor communicated; this, however, linked with networking, is a must, particularly if the intervention centre is located in the poverty part of the value chain.

The conceptual change introduced by and in RLDP in 2007/8 had the intended effect to remove RLDC to a hands-off facilitation role „above the core market relationship“, but it continued to work with the same principal instruments (grants). It called the attention of this review that the introduction of contract farming in cotton supported by TechnoServe is done without subsidizing processors (except indirectly, through a bank guarantee), or that this NGO's idea to try to gain rural women for the mini-distribution of agricultural inputs is highly appealing from a gender equity point of view. More mutual “fertilization” between facilitators is desirable.

This review suspects that the combination of remaining centered on the Central Corridor with a sub-optimal advisory system – not sufficiently emanating from and immersed in the sectors to be supported – produced a „light touch“ operation with system-changing effects (e.g. QDS production expansion; sunflower and cotton contract farming; poultry production) which may take many years to benefit a substantial number of poor producers, due both to location, design and operation of the RLDP.

Overall, it is the perception of this review of RLDP that the M4P approach has been strong in concept but difficult to transform into practical action. Even if most of RLDC's business advisors/analysts have been trained, the transfer of a theoretical knowledge gained during a course to practical action is challenging. While the experience of phase I has been useful to be informed about product lines with potential in the Central Corridor, the migration to a M4P approach remained a somehow incomplete process (e.g. insufficient links to national industry; lack of revision of instruments; clearer definition of facilitation; etc.).

Discussions of reviewers within RLDC, SDC, IC/SC and other persons revealed that much questioning about translating the M4P approach into action remains. In particular, a major question refers to what is meant with facilitation of market development: how and where a facilitator is supposed to intervene, improving the market exchange framework and incentivizing private sector actors to develop permanent pro-poor business practices and

leverage private investments. Such clarifications require concerted search efforts by involved parties on the ground (including sector specialists); they can hardly be provided by short-term external consultants, wherever they come from.

6.2 Performance and cost-benefit

Despite the introduction of the M4P approach, a tendency to be able to show outreach as proof of systemic effectiveness rather than concentrating on changes in systems has remained from the first phase and is insisted upon by SDC. The M4P approach, however, focuses on system-building measures, targeting a higher leverage of donor investment through improved market systems in favor of much larger numbers of poor farmers. But this takes time, usually beyond the horizon of donor projects. The log-frame should reflect the nature of this approach and not mix it with differently oriented preferences of donors (basically, to show maximum outreach during project implementation).

If RLDP would have entered from the beginning with an M4P approach, this review thinks that the programme would have looked differently: it would have defined one or two product lines, e.g. cotton and sunflower, to start with, and maybe have added another after two or three years. And it would almost certainly not have been located, at least not only, in a poverty-stricken area like the Central Corridor. With the market linkage entry, RLDP dealt with ten products in the central regions and then reduced its attention to three and adding two (rice and poultry), following the rationale of poverty reduction potential with large outreach prospects. Trying to induce systemic change in five product lines at once, with emphasis on achieving poverty reduction, may be too much of a challenge and may have spread RLDC's attention too thinly and too exclusively to the Central Corridor.

The exercise of the M&E team to collect output information in the first half of 2010 has provided some preliminary data, but the review does not feel comfortable to form a judgement on this basis. Systematic data collection by RLDC is still not in place. It is therefore difficult for the review to assess performance, not knowing the quality of the data presented. However, this review's impression is that programme cost in relation to achievements has been high, although the incipient market-institutional context needs to be taken into account.

Furthermore, in view of the new actors on the scene today, compared to 2004, an operation more interlinked with upcoming new initiatives is likely to increase the chances for systemic leverage of RLDC's interventions.

7. Recommendations

RLDC has now been active for 5 ½ years and is completing this year its second phase of operation. SDC is considering a further support phase. The time horizon for building markets which reduce poverty in an incipient market environment like that of Tanzania is a matter of decades rather than years. Flexible, clever and innovative market facilitation is likely to be needed over a long period of time in such a setting to reduce rural poverty. SDC may leave open, at this stage, the time horizon of its support beyond the next phase as it may be advisable to continue providing it after 2014.

First, it is recommended that the mandator confirm that (s)he supports the further application of an M4P approach by and for RLDP, accepting its implications and being ready to negotiate

M4P-consistent implementing conditions with the operators. Below, essential implications and conditions as perceived by this review are presented.

RLDC has accumulated much sector knowledge and defined interventions which promise market system-relevant leverage effects with a view to include poor farmer families to their benefit. This is valuable knowledge, on which the coming support phase should build. This review does not support the idea of a change in operator in the middle of shaping and applying a M4P approach by the RLDP but rather a stronger building of alliances with other facilitators.

The review recommends to the RLDP mandator and operators to consider the following measures for the next phase:

1. *Location*: Reflect on the location of the RLDP and consider a relocation, e.g. of the main office to Morogoro, with a small office also in Dar-es-Salaam. This move needs to be assessed balancing the proximity of intervention in public and private market-building institutions and organizations (public product boards, larger companies, national associations, other facilitators, etc.) with knowledge of supported sectors and proximity to the poverty-afflicted part of attended value chains in the Central Corridor.
2. *Sectors*: Focus rather than expand for the rest of the duration of the RLDP. The review is not convinced that RLDP can reduce rural poverty substantially through its intervention in the dairy sector, the main reasons being the high investment in new breeds and raising conditions needed to increase productivity; the complexity of new cattle management and of milk collection in poverty-stricken areas with insufficient infrastructure; traditional cattle being adapted to the environment, easy to keep and fulfilling important functions for poor people (asset store, food security, etc.); etc. The review suggests a short assessment by a dairy specialist with ample international experience. A concentration of market facilitation efforts on grain products (cotton, rice, sunflower) and on building chicken markets is recommended. Facilitating the use of radio to reach the widely dispersed rural populations has been and continues to be an interesting complementary sector to promote. This review does not recommend an expansion into further sectors in the coming implementation phase but rather to strengthen interventions in the selected ones.
3. *Target groups and gender (in)equality*: M4P as a systemic approach works with market-relevant actors, among which poor farming families – and how they benefit from market integration – are the primary target groups; RLDC's application of market development instruments – like contracts, agreements, etc. – are to consider their effect on gender equity and measures to improve it.
4. *Implementation structure*: Do not spend more time on corporate structure issues but continue in the given framework. While a development project structure would have substantially simplified the entire operation, undoing the present structure would detract too many resources from the main concern to optimize project implementation up to RLDP completion.
5. *Alliances*: Look for and negotiate with at least one co-facilitator per sector (e.g. USAID in rice, TechnoServe and Gatsby Trust in cotton, TechnoServe in sunflower, possibly national initiatives like TAP or SAGCOT), heading for substantial cooperation, i.e. common sectoral annual work plans in overlapping work fields (e.g. interventions at policy level; overlapping geographical area).

6. *Advisory system:* Two measures are recommended:
 - assure, per sector, the support of a national sector advisor immersed in the sector – e.g. a social-entrepreneur type processor or trader with a broad sector development view – who can regularly advise on sector-relevant operational questions and decisions;
 - revise external advisory support, reducing it to one external advisor (and JPOs where useful) and limiting the cost of external support and management to a maximum percentage of total RLDP cost.

7. *Facilitating role and instruments:* In view of the often-heard question what market facilitation refers to and consists of, it is suggested to hold a workshop with a view to the next implementation phase (e.g. in the planning workshop) where this issue is discussed and defined among involved agents and then laid to rest, avoiding further fruitless conceptual debates (a small compendium of intervention tools applied may be helpful for this purpose); the range of instruments applied merits further reflection which may benefit from discussions with co-facilitators, in particular the use of grants offered to market actors.

8. *Planning:* The existing Logical Framework (goal, purpose, outcomes) is an adequate framework for further RLDP implementation. However, a simplification and adaptations at output and indicator level is recommended:
 - the log-frame should prioritize market system changes rather than outreach as the principal result of RLDP's intervention, per sector, with milestones to reach during programme implementation as well as e.g. by partner companies two or three years after RLDP support has ceased;
 - reduce the number of indicators by at least 1/3 – even half – of the existing ones; the present log-frame is too complex to measure, and there are questionable indicators like the number of sectors promoted (where more is not equal to higher achievement or impact); the same applies to other indicators like “increase in value sold in the market” when referring to volatile commodity markets.

9. *M&E:* in view of the complexity of the M4P approach, it is crucial to have sufficient information about the changes RLDP effects, and their gender-differentiated impact on poor farming families; it is recommended to:
 - assure that the existing sector facilitation knowledge is RLDC-internally recorded in a suitable form and used for further shaping RLDP's interventions;
 - structure RLDC's M&E system reflecting the M4P approach adequately, as indicated in annex 3, combining market system changes with impact on poor farming families;
 - capitalize the experiences of RLDC's application of the M4P approach considering other similar initiatives and applying a sector-wide view; such efforts should also define, before its start, the dissemination channels and target persons/groups to be reached with the lessons to be learned;
 - system changes should lead later to far greater impacts at outreach level, so the mandator may include an RLDP impact study in its corporate evaluation programme five years after closing it.

Rural Livelihood Development Program RLDP

Mid Term Review

Terms of Reference (TOR)

Date: January 2011 – February 2011

Team: aa

bb

cc: SDC intern

1. Background

Most small rural producers (especially farmers, livestock keepers etc) have difficulties to access profitable and sustainable markets while many medium and large scale processors and traders see business opportunities but cannot get adequate supplies in *quantity* and *quality* from the small rural producers. The lack of cooperation between the two groups results in small cash income to rural households and lower revenue to private enterprises.

The Rural Livelihood Development Program (RLDP) addresses this problem. RLDP works in the central corridor regions; the regions which are resource poor, economically scattered, and demonstrate relatively high levels of poverty. It consists of the *Rural Livelihood Development Company (RLDC)*(www.rldc.co.tz), based in Dodoma, Tanzania, and the advisory support program by a Consortium, established by the two Swiss implementing organisations *Intercooperation* (Bern) and *Swisscontact* (Zurich). RLDC started its operations in 2005.

Through working directly with and co-financing private companies (in the form of grants), Phase I of the RLDP (April 2005 – March 2008; CHF 12.5 Mio) focused on linking buyers (traders, processors) with rural producers and building up a reliable and beneficial business relationship. Activities included provision of extension services, farmers' group formation, improved agronomic practices, quality control and establishment of buying centres. Overall the project was quite successful in reaching about 23'000 households against the target of 15'000. Monitoring over the first phase showed increased household capital up to two times although it was sometimes difficult to attribute this increase to RLDC interventions only. The experience of RLDP has shown that the initial willingness of the private sector to take risks and invest into market linkages with producers is relatively low but increases when its benefits become clearer. However through the intensive role RLDC played in linking market actors, there was the risk of RLDC to become itself a market actor too, thus undermining the basis of sustainability of the interventions. Moreover, the approach showed clear limitations in achieving higher outreach to rural households.

The method chosen in Phase II (January 2008 – December 2010, CHF 7.8 Mio) is following the *Making Market Work for the Poor* (M4P) approach. RLDP continues with linking producers and private companies, but also takes a wider approach focusing on the sustainability and pro-poor orientation of markets in the long run. Concretely, this involves strengthening the provision of supporting services (dissemination of market information, BDS, and financial services) as well as supporting the improvement of business environment (policy dialogue). In all its actions, RLDC fulfils the role of a facilitator in a multi stakeholder system i.e. is not a market (system) actor.

The current phase will be extended by one year until end of 2011 with an additional budgetary attribution of approximately CHF 3.5 mio CHF (for RLDC and the Consortium).

Currently a new SDC Country Strategy for Tanzania is under development; as far as possible this new strategy should be considered in the development of recommendations by the evaluation team.

RLDP's goal is that poor rural households in central Tanzania improve their welfare by using additional income and employment created through broad-based economic growth to increase their livelihood assets. The purpose of RLDP is to enhance the competitiveness of the private sector and rural producers in selected sectors.

The expected outcomes of the current Phase II are:

1. Selected sectors are expanding and market systems function better by directly addressing the opportunities & constraints in the value chain
2. Services are developed and service markets function better
3. Development of improved business environment in selected sectors is facilitated
4. Sustainability of RLDC's approach is achieved by anchoring improved market practices with market system actors and facilitators

Phase I was not evaluated but the Business Plan developed by RLDC was examined by the Springfield Centre in 2007. The updated Business Plan is the essential document of this phase.

2. Objectives of the Mid Term Review 2010

The actual Phase II will be followed by an exit phase (Phase III) of comparable financial volume as Phase II³⁰. The focus of this review is therefore to acquire information to assess the intervention policy and the programme's current progress in order to derive recommendations helping to increase relevance and effectiveness of RLDP in the last year of Phase II and in Phase III.

2.1 Key questions

The following key questions shall be evaluated with regard to the aims of Phase II. This list shall also be considered in the yearly plan of operation 2011 and the following Phase III.

A) Objectives of the Evaluation

1. Evaluate program approach/ strategy and performance with regard to preparation and implementation of plans and achievement of immediate objectives (outcome), with their outreach to men and women, as well as programme approach (M4P)
2. Recommend possible improvements on program design and organisation, and on modification to objectives and plans for future implementation (end of actual phase and following phase)
3. Assess the relevance and scope of RLDC in the Tanzanian national and local policy context: agriculture strategy, PSD and DP coordination

B) Scope of Work

The evaluation shall comprise but not necessarily be limited to the following aspects and make recommendations for the future implementation of the program and further activities in the development of the private sector. All analysis shall consider gender aspects.

1. Review and analyse the general implementation and performance of RLDC in terms of **achievements, outreaches and outcomes** / effects.
2. Review and analyse if the RLDC **M4P approach** (incl. RLDC's role as facilitator) and current portfolio are coherent with the project's objectives of contributing to

³⁰ Under reserve of SDC's internal approval procedures for credit proposals

sustainable pro-poor growth in Tanzania, as well as the potential for **scaling-up and leverage**.

3. Comment on how the program is positioned within the landscape of private sector and market development in Tanzania and to what extent it makes use of **potential linkages and synergies** with other programs or initiatives?
4. Review and analyse if the current **organisational structure** is efficient and effective (including adequacy and timing of inputs, relevance and appropriateness of activities, organisational structure/staffing/advisory support, and outputs)
5. Review and analyse the achievement of the objectives related to cross-cutting issues such as **gender mainstreaming aspects and HIV/AIDS**
6. Review and analyse the **Monitoring System**, especially in view of its appropriateness and adaptation to the needs of RLDC
7. Review and analyse RLDC's **Communication Strategy** regarding outreach, recognition, and donor support (positioning of RLDC in the current PSD/Agriculture landscape)
8. Review and analyse the process of selection, modalities of collaboration (contractual agreement), and performance of **partners and co-facilitators**, as well as to what extent capacity development took place.
9. Review the future prospects for the program with regard to **political, organisational and financial sustainability** and the roles and capacities of stakeholders (private and sector) in this regard.

C) Specific aspects

- ❖ Poverty alleviation and pro-poor growth potential, with a special focus on inputs regarding increase of livelihood assets
- ❖ RLDC's contribution towards implementation of and alignment with the Mkukuta I/II (Tanzania's National Strategy for Growth and Reduction of Poverty)
- ❖ RLDC facilitation role: progress over the years
- ❖ Overall feasibility of selected sectors and the roles of actors
- ❖ RLDC's comparative advantage
- ❖ Gender (HIV/AIDS) mainstreaming in the sectors and the organisation

2.2 Procedure and Methods

Markus Reichmuth will act as team leader. As such he is responsible for the supervision, organisation and coordination of the review team. The field work is jointly organised with RLDC. *Specific tasks of the team leader:* coordination and management of the review team; study of relevant documents; briefing and interviews in Dar es Salaam and Dodoma as well as field visits on the Central Corridor; writing, compiling and timely submitting of the review report.

Peniel Uliwa and **Michel Evéquoz** will act as review team members. They will join the team leader during the field visits and will contribute to the report. The review team will consensually agree on an adequate allocation of specific tasks to each review team member. While doing so, the evaluation team will pay attention to make observations and formulate recommendations from academic, public and institutional perspectives.

As for the composition of the team it is recommended to have a gender and geographically mixed composition of three persons, whereas one person should be from Tanzania and/or being based in Tanzania. In addition one of the consultant should entail over a prominent gender expert profile. The third member of the evaluation team will be a peer reviewer from another SDC country office or the headquarter. Her/his role will be two-fold, a general one of bringing in relevant information on how SDC operates and a more particular one of experience/knowledge

sharing regarding related SDC planned and/or implemented projects. For more information on the expertise required please refer to section 3.

Methodological approaches:

- study of relevant project documentation
- interview with SDC Coordination Office in Dar es Salaam
- interview with SDC headquarter and Consortium partners (Intercooperation and Swisscontact) (by phone)
- interview with RLDC management in Dodoma
- interviews with selected RLDC board, council and project appraisal committee members
- interviews with selected RLDC partners and beneficiaries
- interviews with selected stakeholders in Tanzania
- briefing and debriefing sessions in Dar es Salaam

Desk study: All relevant documentation will be made available to the consultants by RLDC (Dodoma, Tanzania), Intercooperation (Bern, Switzerland), Swisscontact (Zurich, Switzerland) and SDC's Cooperation Office (Dar es Salaam, Tanzania).

Approximately 3 working days are foreseen for this task.

In-country study: Interviews, focus group discussions and mini-workshops with RLDC management and field staff, local stakeholder, visits and interviews with a cross-cutting sample of players.

Approximately 12 working days have to be scheduled.

3. Expertise required

Lead consultant-general:

- Expertise in PSD (including value chain development enterprise development, jobs creation and improvement of livelihoods and economic empowerment) and agriculture (work experience in SSA/Tanzania is an advantage)
- Sound working experiences in managing and/or designing PSD/Agriculture Programs (work experience in SSA/Tanzania is an advantage)
- Sound knowledge of the M4P approach (including facilitation, value chain development, enterprise development, jobs creation and economic empowerment)
- Good analytical capacities, able to produce material of the highest quality, and good communication and facilitation skills
- Track record in leading reviews and managing teams including assigning of tasks and roles

Lead consultant - specific professional expertise in the following areas:

- Minimum 8 years of relevant working experience in the fields of agriculture/PSD/M4P preferably in Africa
- Master and/or higher degree in relevant field
- Previous experiences in conducting case studies and reviews and planning of programs in the field of agriculture/PSD/M4P preferably Africa
- Practical experiences of training and capacity building of service and business providers in agriculture
- Prior work experience with NSAs, government and private sector in Africa and a good understanding of the agriculture sector and its dynamic in the socio-economic context and political of Tanzania

- Familiar with the Tanzania's poverty reduction strategy (Mkukuta I) and the new Mkukuta II
- Good network with relevant partners in the field of PSD/agriculture/M4P in Tanzania
- Knowledge about Swiss Cooperation's policies, strategies and tools, a clear asset
- Excellent written and spoken English; Working knowledge of Kiswahili desirable

Review team member – second consultant with complementary specific expertise to lead consultant in the following areas

- Minimum 5 years of relevant working experience in the fields of agriculture/PSD/M4P and/or gender/rural livelihoods/agriculture/PSD/economic empowerment
- Master and/or higher degree in relevant field
- Previous experiences in conducting reviews in the field of agriculture/PSD/M4P preferably Tanzania a clear asset
- Good analytical capacities, able to produce material of the highest quality, and good communication and facilitation skills

One of the team member with sound and excellent gender expertise in PSD/agriculture/M4P is a requirement.

Review team member (Peer reviewer) – from Swiss Development Cooperation:

- Minimum 5 years of relevant working experience at SDC including field office experiences (work experience in SSA is an advantage)
- Master and/or higher degree in relevant field
- Previous experiences in conducting reviews in the field a clear asset
- Expertise in planning and management of similar programmes in the area of PSD/M4P
- Excellent knowledge about SDC internal processes

4. Timing and Budget

The review is planned to take place in January-February 2011. The budget will be according to Swiss Cooperation payment schedule and the consultant's offer.

5. Expected results of the review

- During the first preparatory week the consultants will design an appropriate methodology to complete the assignment which should be presented to SDC COOF Dar es Salaam by the first week of in-country mission. The design shall include a description of the roles and tasks of each member of the team.
 - Presentation of preliminary results and debriefing meeting with SDC COOF Dar es Salaam at the end of the mission in Tanzania
 - A final review report of maximum 20 pages with concise and comprehensive overview of conclusions and recommendations plus relevant annexes
 - A short review abstract
- => Closing date is February 28, 2011.**

List of relevant documents (All relevant documentation will be made available to the consultants by RLDC)

- ❖ RLDC: First Phase Monitoring Report 2005-2008

- ❖ RLDC Business Plan 2008-2011
- ❖ Credit proposal RLDC phase 1 and phase 2
- ❖ RLDC Phase 2 extension proposal up to 2011
- ❖ RLDC annual reports including finance reports (2008, 2009),
- ❖ RLDC sector strategies (cotton, rice, poultry, sunflower, dairy, radio, communication), M&E framework, and other relevant RLDC documents
- ❖ Context: Kilimo Kwanza, MKUKUTA I and II, and relevant MKUKUTA and or agricultural sector review studies such as: Performance of agriculture sector and its contribution to economic growth and poverty reduction; Pro-poor growth issues; ASDP reviews, etc.
- ❖ New SDC Country Strategy

Possible partners/organisations/persons to be contacted but not limited

- Coordination Office Dar es Salaam
- RLDC Management Dodoma
- Selected RLDC partners (including public and private sector partners, local and national government)
- Key persons of selected programs working in similar areas in Tanzania
- Development partners (selected members of the DPG agriculture and trade)
- Beneficiaries of RLDC activities
- Gender: TGNP Tanzania Gender Networking Programme?

Tentative roadmap for team leader (total days: up to 24)

| | |
|---------------------|---|
| January 2011 | <ul style="list-style-type: none"> ❖ Study of documents ❖ Interviews of responsible persons in Intercooperation and Swisscontact ❖ Writing of the Inception Report |
| January 2011 | <ul style="list-style-type: none"> ❖ Briefing in Dar es Salaam, preparation, and first interviews in Dar es Salaam ❖ Mission to Dodoma according to detailed schedule (incl. workshop, field visits, interviews and start report writing) |
| February | <ul style="list-style-type: none"> ❖ Report writing, submission of draft report to SDC Coof Dar es Salaam by |
| February | <ul style="list-style-type: none"> ❖ Report final version by February 28, 2011 |

Roadmap for team members (total days: 15 days each)

| | |
|--|---|
| | <ul style="list-style-type: none"> ❖ Briefing in Dar es Salaam, preparation, and first interviews in Dar es Salaam ❖ Mission to Dodoma according to detailed schedule (incl. workshop, field visits, interviews and start report writing) |
|--|---|

List of people met

| Name | Function, Institution |
|-------------------------|--|
| Adrian Schläpfer | Swiss Ambassador |
| Carin Salerno | Head of Cooperation, SDC; RLDC Council member |
| Katharina Jenny | Deputy Head of Cooperation, SDC; member of RLDC PAC |
| Philippe Monteil | Program Manager, SDC (Bern) |
| Jacqueline Matoro | Programme Officer Health and Gender, SDC |
| Martin Fischler | Programme Officer, Intercooperation (in Bern); Council member |
| Florian Meister | Deputy Director, Swisscontact (in Zürich); RLDC Council member |
| Ralph Engelmann | Business Advisor, Swisscontact-RLDC; member of RLDC PAC |
| Alain Cuverlier | Business Advisor, Intercooperation-RLDC; member of RLDC PAC |
| Maya Rüegg | International Programme Officer, Intercooperation-RLDC |
| Charles Ogutu | CEO, RLDC |
| Tumaini Manjale Nkonya | Internal Resources Manager, RLDC |
| Sunga David Mabeja | Marketing Development Manager, RLDC |
| Godfrey Gideon Bwana | Capitalization and Communications Manager, RLDC |
| Susan Kimangano Lyaro | Monitoring and Evaluation Officer, RLDC |
| Braison Malimi Salisali | Business Analyst, RLDC |
| Ibrahim Marko Kisungwe | Business Analyst, RLDC |
| Gema Guerino Nganyagwa | Business Analyst, RLDC |
| Ajuaye Luhuvilo Sigalla | Business Analyst, RLDC |
| William Emmanuel Mato | Business Analyst Associate, RLDC |
| Terry Gilead | Business Analyst, RLDC |
| Kibibi Ramos Makindara | Business Analyst, RLDC |
| Stefan Butscher | Chairman of the Board; Resident Representative, Swisscontact |
| Joyce Peters Chonjo | Vice-Chair RLDC, Director of Empowerment and Facilitation, National Economic Empowerment Council |
| Steven Ruvuga | RLDC Council member, Executive Director, MVIWATA |
| Alfred R. Mapunda | RLC Board member; Assistant Director, Marketing Research, Information and Promotion, CFC Project Country Coordinator, Ministry of Industry, Trade and Marketing (MITM) |
| Chibole T. Manumbu | Principal Economist, MITM |
| Audax Rukange | Executive Secretary, ANSAF |
| Regina Mongi | Coordinator, ANSAF |
| Mark J. Magila | National Coordinator, Tanzania Agricultural Partnership (TAP) |
| John Mathew Mnali | Investment Promotion Manager, Tanzania Investment Center (TIC) |
| Olive D. Luena | CEO, Tanzania Gatsby Trust |
| David Nyange | Senior Agricultural Economist, USAID |
| Hillary Miller-Wise | Country Director, TechnoServe Tanzania |
| Ralph Roothaert | Programme Coordinator, Tanzania Agricultural Scale Up (TASU), OXFAM GB |
| Jan de Witte | Country Director, SNV |
| Monsiapike Kajimbwa | Portfolio Coordinator, SNV |
| Aggrey Oriwo | Country Manager, The Steadman Group now Synovate |
| Paivi Lehtonen | Country Representative, NIRAS Tanzania |
| Alphonse Katunzi | Director, INADES (in Dodoma) |
| Victor George | Researcher, University of Dodoma |

Field visit, Markus Reichmuth

| | |
|---------|---|
| 24.1.11 | Meetings with RLDC staff and advisors (also intermittently during the week) |
| 25.1.11 | Meeting with LGA representatives from Chamwino, Kongwa, Kondoa, Bahi (extension agents, sunflower seeds production) |
| | Meeting with 17 sunflower QDS farmers (5 of which women) |
| 26.1.11 | Meeting with 13 CEZOSOPA members |
| | Meeting with Steven Henry, Owner, STRAD Company, and Mr. Maina, Farm Manager |
| 27.1.11 | Visit to 3 processing companies: Joseph Lwoga, Uncle Milo Sunflower Cooking Oil; Theogen Bana, Director-owner, RIG Investments; Rashid Ali Mamu, Director-owner, NYEMO Investment Company |

Field visit, Michel Évéquoz

| | |
|---------|--|
| 24.1.11 | - Travel to Chinanga |
| 25.1.11 | - Travel to Bariadi - Visit Local government authorities, District agriculture services - Tanzanian Cotton Board Bariadi - Meeting with farmers, village extension officers, village cotton committee |
| 26.1.11 | - Travel to Mbiti village - Visit and discussion with Ms Minza, Husband - Meeting with poultry group - Meeting with women separately - Travel to Singida |
| 27.1.11 | - Meeting at Biosustain premises: project coordinator, district extension service, area coordinators, lead farmers. - Visit to acting director district agricultural council - Visit to regional agricultural service - Meeting with Mr. Riyaz, director BST - Travel back to Dodoma |

Field visit, Peniel Uliwa

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|---------|--|
| 25.1.11 | - Travel to Singida and Morogoro - Visit CAMILU Saccos / Rice irrigation Scheme Singida & Agriculture Extension Office - Tanzania Seed Agency with Mr Filemon Kawamara- Marketing Manager |
| 26.1.11 | - Visit to MVIWATA HeadOffice with Mr Ruvuga CEO & Mr Imanuel Mwandike PO - Visit to Shambani Graduates Ltd with Mr Mfinanga - Meeting with Dairy farmers / Leaders of Collection Centres - Visit to Muungano Rice FFS - Meeting with Lead Farmers / Promoters and Extension Officer |
| 27.1.11 | - Visit to Tan Dairies Ltd with Mr Mmari & Mr Kileo - Meeting with Dairy Farmers at Dumila Milk Collection Centre - Travel to Juva Holdings Dodoma with Mr Mahava & livestock farmers - Travel back to Dodoma |
| 28.1.11 | - Meeting with Gondi Foods Ltd & Dairy Farmers |
| 31.1.11 | - Meeting (in Dar) with TDB, TAMPA and tele conference with TAMPRODA Chairman |

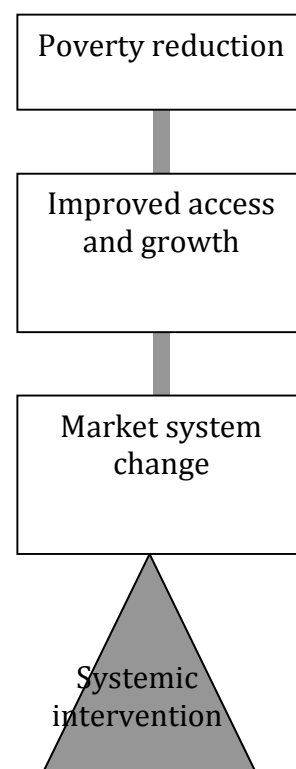
Elements of a monitoring system

(by Michel Évéquoz)

1. Setting the strategic framework³¹

M4P programmes need a clear strategic framework, a hierarchy of objectives, which coherently links the goal of large-scale poverty reduction with a focus on sustainable market system change.

- A) Reducing poverty is the basic rationale for any M4P project
 - *Which group of poor people is being targeted and their economic profile?*
 - *What is the final impact on the target group?*
- B) Enhancing the poor's access to opportunities and their capacity to respond to opportunities is the route through with poverty is reduced
 - *What is the pro-poor market objective?*
 - *How might the target group's position in the market be improved?*
- C) Stimulating sustainable change in market system that are important for the poor
 - *Why isn't the market working?*
 - *In what way does the market system need to change so that it better serves the poor?*
- D) changing market system through intervention



A monitoring system for M4P project should have two main features: it should have a clear and logically established poverty focus and being able to measure sustainable changes.

Poverty focus: Establishing a clear logical link between project interventions and the ultimate objective of poverty reduction is important for understanding the impact of projects. Without effectively establishing the logic for intervention, interventions can be perceived as being not pro-poor and projects can lose their sight of the ultimate social objective (the end) by focusing on the upstream market changes (the means to the end). This is one of the weakness of RLDC, not being able to show impact on poverty.

Measuring sustainable change: M4P projects should primarily be judged on what they leave behind (market change) rather than what they do during their life time (project activity, immediate outreach). The impact monitoring and evaluation processes and procedures therefore need to be adapted to pick up 'real' impact through systemic change rather than the temporary impact of donor supported and driven activity.

³¹The operational guide for M4P approach, the Springfield centre.

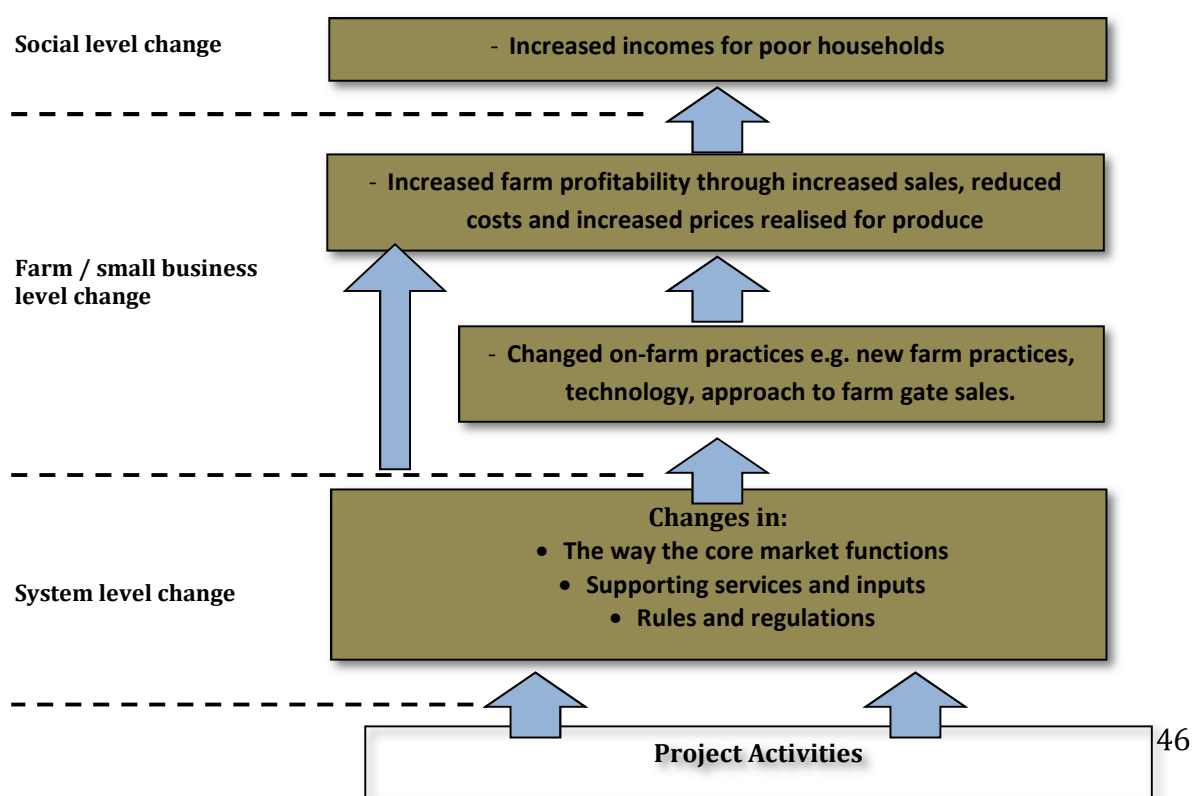
In that regard, there is a tension between setting high impact targets for projects and the desire of sustainability of changes as it is illustrated in the following figure. If a project is driven by targets, the danger of intervening too much in market system to deliver results in the allocated time is putting sustainability at risk.



2. Impact logics

An impact logic clearly defines the ‘hypothesis’ of an intervention. The projected changes (or impacts) at the various levels of intervention are clearly defined in an impact logic. The rationale for the project will result in activities primarily focusing on bringing about changes in the ‘system’ level to achieve sustainable change for smallholder farmers and poor households.

The overall impact framework for the project



System level change: As an M4P focused project, interventions will primarily focus directly on changes within the wider system in which small farmers and micro and small enterprises operate. These system level changes include:

- Core market: Changes in the way in which the core transactions at the centre of the market occur. For example changed practices of formal buyers.
- Supporting services: Changes in service provision, technology, infrastructure and information.
- Rules: Changes in the regulations, policy and rules which define and impact on the market (this is likely to be a lesser focus of this project and will only be tackled where it is a key binding constraint).

Farm/small business level change: This project will primarily focus on improving incomes among smallholder farmers (and to a lesser degree agri-related micro and small enterprises). The project is therefore primarily an income focused project rather than a project aiming at creating employment opportunities for the poor through industrial or medium sized enterprise growth. System level changes should therefore impact directly on small farms and small businesses owned by poor men and women. Changes brought about by the project at the system level will directly impact on the profitability of farms and small agri- businesses by increasing sales, reducing costs and/or increasing prices realised for farm produce or agri-related products. This link between system level change and direct benefit to smallholder farmers must be explicit, tangible and credible in all the sub-projects.

Social Level Change: The overall goal of the project is to impact on the welfare by increasing household incomes. Rigorous monitoring of changes brought about by the interventions will enable the project to identify and attribute changes that have a direct impact on the incomes of farming households. The Donor committee for Enterprises Development (DCDE) has defined 3 indicators which should be used by all projects working with markets and private sector. These indicators are recommended for use by all participating programmes so that donors and other stakeholders can aggregate impact across programmes, wherever possible.

Scale: Number of target enterprises and farmers who realize a financial benefit as a result of the programme's activities per year and cumulatively.

Net income: Net additional income (additional sales minus additional costs) accrued to target enterprises and farmers as a result of the programme per year and cumulatively. In addition, the program must explain why this income is likely to be sustainable.

Net additional jobs created: Net additional, full time equivalent jobs created in target enterprises as a result of the programme, per year and cumulatively. "Additional" means jobs created minus jobs lost. "Per year" comprises 240 working days. The program must explain why these jobs are likely to be sustainable. Jobs saved or sustained may be reported separately.

There is a last link in the chain which is more difficult to apprehend, the attribution of increased income to the welfare or the improvement of livelihoods of farmers. Welfare and livelihood are generic terminologies encompassing more than only revenue. Increased income can have negative effect on other aspects like increase workload which can be detrimental to child education, to social relationship etc. Additional income could also be used for other

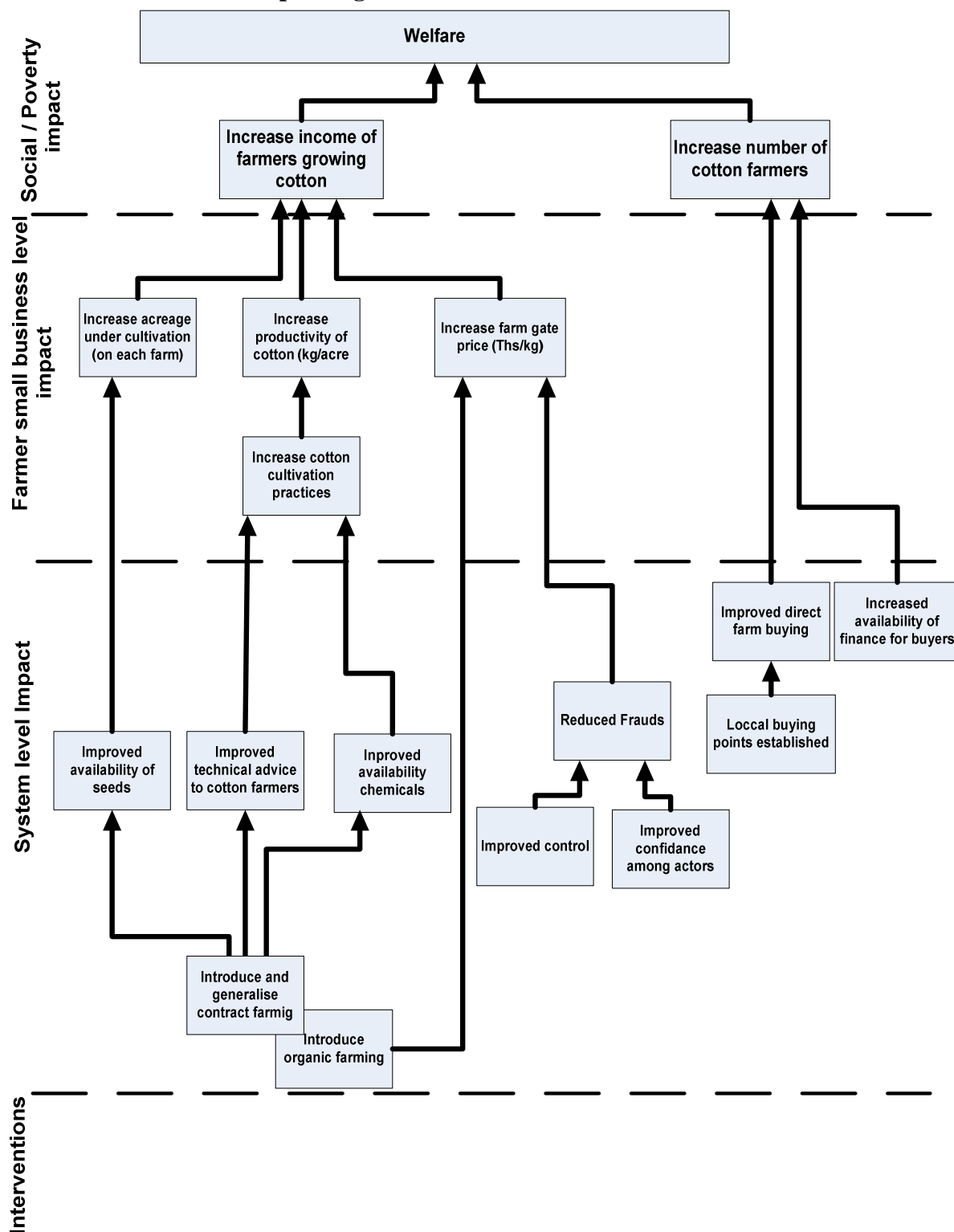
purposes than welfare. Those aspects have more to do with private and individual strategies but are very important in a poverty reduction perspective. However, aiming at “proving” the project impact on that level is a complicated and intensive (financially and human resources) endeavor. RLDC should “scientifically” prove the impact on the three DCED indicator and illustrate the link with welfare with some case studies.

An example of a preliminary impact logic based on the cotton sector interventions is presented below. It is not complete and consolidated but shows how RLDC should elaborate its monitoring system. An other example of such impact monitoring system, based on a dairy project implemented by SDC in Armenia shows the impact of the project after the first phase of implementation.

3. Monitoring sustainability

As mentioned above, the success of M4P projects should be measured by the sustainable changes brought about by a project rather than the impact achieved during the life of a project. In the longer term of this project, impact monitoring should continue after activities have ended to assess the level of sustainability achieved.

4. Tentative cotton impact logic



Analysis of impact

