Independent Office of Evaluation

United Republic of Tanzania
Market Infrastructure, Value Addition and Rural Finance Support Programme

PROJECT PERFORMANCE EVALUATION

United Republic of Tanzania

Marketing Infrastructure, Value Addition and Rural Finance Support Programme

Project Performance Evaluation

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Photos of IFAD-supported projects in the United Republic of Tanzania

Front cover: The chairwoman and secretary of a savings and credit group in the village of Nyamisisye, Musoma District.

Back cover: Workers make cement rings that are used to construct wells in Mugumu town, Serengeti District (left); A savings and credit group in the village of Nyamisisye, Musoma District, involved in brickmaking, cloth making, pottery and weaving. The name of the group is Nguvukazi, which means 'using human power' in Swahili. Here, the group can be seen stacking bricks to be fired (right).

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Preface

This report presents the findings of the project performance evaluation of the Market Infrastructure, Value Addition and Rural Finance Support Programme (MIVARF) in Tanzania, undertaken by the Independent Office of Evaluation of IFAD (IOE). The project was implemented between 2011 and 2020.

Smallholders in Tanzania face challenges in accessing markets and, as a result, suffer from relatively higher prices for fertilizers because of higher transportation costs and fewer product marketing options. In addition, access to finance remains a prominent constraint, with the majority of those excluded being people living in rural areas.

MIVARF represented an ambitious attempt by IFAD and the African Development Bank (AfDB) to jointly finance a highly complex programme which could meet the different needs of Tanzanian smallholders, leveraging their individual strengths. AfDB financed hard infrastructure while IFAD financed the capacity-building of financial and community institutions and brought in its ability to target smallholders and the rural poor. On the other hand, this ambition led to a dispersed approach to programme activities, especially capacity-building. The evaluation recommends a more concentrated geographic focus for future programmes.

In large and complex interventions such as MIVARF, with multiple types of target groups, a differentiated approach to targeting is required. Poorer sections of the population require a high level of capacity-building in livelihood development before they can graduate to participate in formal value chains. Better-off farmers are able to participate more readily in agricultural value chains. To that end, the evaluation recommends that future programmes pursue livelihood development interventions for poorer sections, while better-endowed target groups be targeted through value chain interventions.

MIVARF's implementation also highlighted the importance of capacities of institutional and implementation partners to reach target groups and provide them with the necessary backstopping required on an ongoing basis. The evaluation recommends that future programmes undertake a thorough diagnostic assessment of existing institutional capacity and willingness to implement complex interventions.

I hope that the findings of this PPE will be instrumental to improve the results of the collaboration between the Government of Tanzania and IFAD.

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Director
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Acknowledgements

This project performance evaluation was conducted by Prashanth Kotturi, former Evaluation Officer, IOE. Fabrizio Felloni, Deputy Director, Johanna Pennarz, Lead Evaluation Officer and Simona Somma, former Evaluation Officer, provided comments on the draft report. Shaun Ryan, IOE Evaluation Associate, provided administrative support.

The report was prepared with substantial contributions from Calvin Miller, IOE senior consultant, Charles Ogutu and Lilian Simule, IOE national consultants.

IOE is grateful to IFAD's East and Southern Africa Division and to the Government of Tanzania, and in particular the Prime Minister's Office, for their insightful inputs at various stages of the evaluation process and the support they provided to the evaluation team.

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Annexes

Currency equivalent, weights and measures

Currency equivalent

Currency unit = Tanzanian Shilling (TZS)
US$1.00 = TZS 2,331.74 (September 2022)

Weights and measures

1 kilogram (kg)	=	2.204 pounds (lbs)
1 metric tonne (t)	=	1,000 kg
1 kilometre (km)	=	0.62 miles (mi)
1 metre (m)	=	1.09 yards (yd)
1 square metre	=	10.76 square feet
1 acre (ac)	=	0.405 ha
1 hectare (ha)	=	2.47 acres

Abbreviations and acronyms

AfDB	African Development Bank
AGRA	Green Revolution in Africa
AMCOS	agricultural marketing cooperative society
BoT	Bank of Tanzania
COSOP	country strategic opportunities programme
FSDT	Financial Sector Deepening Trust
ISSC	Inter-Sectoral Steering Committee
LGA	local government authority
M&E	monitoring and evaluation
MFI	microfinance institution
MIVARF	Market Infrastructure, Value Addition and Rural Finance Support Programme
MoA	Ministry of Agriculture
MTR	mid-term review
PCR	programme completion report
PCT	programme coordination team
PCU	Programme Coordination Unit
PEML	producer empowerment and market linkages
PPE	project performance evaluation
RIF	Rural Innovation Fund
SACCO	savings and credit cooperative society
SCGS	Smallholder Credit Guarantee Scheme
SP	service provider
TADB	Tanzania Agricultural Development Bank
TIRSAL	Tanzanian Incentive-Based Risk Sharing System for Agricultural Lending
VC	value chain
WRS	warehouse receipt system

Map of the project area

United Republic of Tanzania
Marketing Infrastructure, Value Addition and Rural Finance Support Programme
Project performance evaluation

IFAD

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

Map compiled by IFAD | 10-09-2020

Executive summary

Introduction

1. The Independent Office of Evaluation of IFAD (IOE) undertook a Project Performance Evaluation (PPE) of the Market Infrastructure, Rural Finance and Value Addition Support Programme (MIVARF) in the United Republic of Tanzania. MIVARF was financed by IFAD and the African Development Bank, with IFAD financing going towards rural finance and value chain development and AfDB financing going towards building market infrastructure. The main objectives of the PPE were to: (i) assess the results of the programme; (ii) generate findings and recommendations for the design and implementation of ongoing and future operations in the country; and (iii) identify issues of corporate, operational or strategic interest that merit further evaluative work. In light of COVID-19, the PPE team undertook a local mission by national consultants.

Main evaluation findings

Relevance

2. **Targeting mechanisms of MIVARF.** MIVARF design envisaged working through institutions such as Savings and Credit Cooperatives (SACCOs) and community banks, which were well suited to reach rural populations and low-income households. In terms of targeting women, MIVARF's design report did not undertake an analysis of the roles that women play in numerous value chains and grassroots financial institutions. It did not tailor its interventions to make the value chains gender-sensitive nor did it explicitly analyse the financial institutions most suitable for targeting women.

3. **Mechanisms for ensuring coherence of highly complex programme.** MIVARF was a programme spanning a wide geographical area, thematic focus and institutional focus. Coherence in the efforts of IFAD and AfDB, and between the value chain and rural finance components across the wide geographic target area was an implicit assumption made in the design. However, proper mechanisms to enable this alignment were not put in place in the design report. At design, even targeting strategies for ensuring coherent implementation of the two financiers and multiple interventions were not specified. In addition, MIVARF design lacked a diagnostic assessment of capacities and willingness of partner agencies to accept and/or be equipped to implement its multi-faceted and complex design in an integrated manner.

Effectiveness

4. **Effectiveness of targeting strategy.** MIVARF was able to reach marginalized smallholders through its value chain interventions through selection of smallholder appropriate value chains such as staples. About 45 per cent of the outreach in value chains was in paddy and wheat, both of which are typically grown by smallholder farmers. In terms of targeting women, MIVARF met the quantitative outreach targets. It also targeted those value chains and rural financial institutions that had a large participation of women. Financial institutions critical for ensuring women's financial inclusion were targeted but access and usage of gender-sensitive financial services was not an explicit focus throughout the programme.

5. **Approach to value chains and role of service providers in ensuring linkages to markets.** Given that most of the value chain target groups were made up of smallholders, lacking in surplus production, MIVARF's service providers worked extensively in enhancing production through training sessions on good agricultural practices. MIVARF's use of service providers resulted in some initial delays due to the poor performance of some of the service providers. In terms of facilitating linkages to markets, most of the market access was informal in nature. This is because most of the value chain outreach was through staples, which usually have informal and local markets. Service providers also used the mechanism of value

chain consortium (multi-stakeholder platforms) to enable linkages between various value chain actors.

6. **Results in institutional capacity-building.** Local government capacities were initially weak, but MIVARF supported them in fulfilling their fiduciary and programme responsibilities. MIVARF also undertook capacity-building of value chain stakeholders, to complement local government capacities. MIVARF worked with community marketing groups and agricultural marketing cooperative societies in building their production and marketing capacities. Rural finance institutions, especially community and cooperative banks, were strengthened but this was not sufficient to prevent closure of some of the banks. Coaching and follow up to capacity-building interventions of institutions such as SACCOs was scant. The capacity-building effort of MIVARF was diluted by its ambitious scope with required support for institutions being beyond what can be rendered in the lifetime of one project.

7. **Smallholder credit guarantee scheme (SCGS)** started with numerous challenges but they were resolved with the selection of a new partner institution, Tanzania Agricultural Development Bank (TADB). The effectiveness of the SCGS in stimulating lending with partner institutions was limited to the extent of the guarantee cover. Financial institutions have not assumed additional risks through their own resources by advancing incremental amount of agricultural lending.

Sustainability

8. **Sustainability of SCGS and stability of financial indicators.** SCGS is being managed sustainably by TADB, with revenues able to cover the costs of managing the scheme. In addition, as of the time of writing this report, none of the partner institutions of SCGS have submitted valid claims on the guarantee cover. The envelope of guarantee cover managed by TADB is expected to see an increase with the Agence Française de Développement negotiating a Euro 20 million contribution to the scheme.

9. **Limited capacity of formal and community institutions was a constraint to ensuring sustainability.** In rural finance, community banks, SACCOs and their apexes are at differing levels of sustainability. MIVARF worked with regulatory institutions such as the Tanzania Cooperative Development Committee and Cooperative Audit and Supervision Corporation as entry points and enhanced their capacity to carry out their oversight and policy roles. Institutionally, the community banks and SACCOs have weak financial and managerial capacities to sustain and expand their operations without programme support. Apexes are also under financial stress. In value chains, farmer groups and agricultural marketing cooperative societies (AMCOs) were not able to systematically undertake various levels of collective activity for input acquisition and output marketing.

Conclusions

10. **Complex designs require corresponding institutional coordination and implementation capacity to be elaborated at the design stage, without which integrated delivery of components and activities will not materialize.** Cofinancing and division of responsibilities for themes and components between AfDB and IFAD provided scope for leveraging each institution's comparative advantage. However, AfDB and IFAD have not been able to coordinate to design and manage the MIVARF in an integrated manner. The programme coordination team implemented MIVARF as two different programmes.

11. **Partners selected for implementation of interventions did not have an adequate level of capacity. They required constant backstopping throughout life of the programme to ensure they could handle the coordination and harmonization.** Changes had to be made to suit partners' existing capacities and/or new partners had to be selected leading to substantial delays in implementation of value chains and rural finance interventions and redesign of the implementation arrangements. MIVARF provided useful capacity-building to backstop partner

institutions and fill the capacity gaps. To this end, MIVARF would have benefitted from a diagnostic analysis of potential partner institutions during the design or at the start of the implementation to better direct its capacity-building efforts.

12. **In MIVARF, different target groups were uniformly targeted with value chain development activities, which was not ideal.** Engagement in value chains requires a certain level of quality and quantity of production and capacity and skills to engage with market actors. Marginalized sections of the population and poorer smallholders require a high level of capacity-building for on- and off-farm livelihood activities and production enhancement before they can participate in value chain development activities. In MIVARF, such a requirement was more than what could be realistically rendered by one programme in its lifespan.

13. **A focused geographic area and more systematic approach to capacity-building would have helped the MIVARF consolidate results and ensure better institutional capacity**. In following its ambitious design, MIVARF undertook capacity-building of a wide range of stakeholders across a wide geographic area. It spread financial and management resources thin, which precluded coaching, follow up and adaptive management. The scattered and discrete nature of capacity-building for marketing groups and financial institutions meant that most of the groups and institutions had lingering capacity challenges. This prevented MIVARF from building an exit strategy into its capacity-building efforts during implementation.

14. **Stronger emphasis on community financial institutions would have bolstered MIVARF's financial inclusion outreach to poorer sections and the creation of linkages between productive activities and finance.** Timely and affordable access to finance remains critical for promoting participation of target groups in livelihood activities and value chain development alike for rural poor. Community-based financial institutions such as SACCOs and community banks are the closest to the rural communities and their functioning is familiar to rural poor. MIVARF worked with such institutions. However, given the wide thematic, institutional and geographic focus of MIVARF the capacity-building and backstopping were not systematically provided to address residual capacity gaps. MIVARF's ambitious scope did not allow for it to consolidate its capacity-building.

Recommendations

15. **Recommendation 1**: **Future programmes should undertake a thorough diagnostic assessment of existing institutional capacity and willingness to implement complex interventions.** This should be initiated at the design stage or at the early stages of the programme to ensure that programmes do not need to be substantially redesigned in the course of their lifetime.

16. **Recommendation 2**: **Programmes need differentiated approaches when engaging with significantly different groups**. Value chain development activities should be targeted at those value chains and target groups which are characterized by suitable quality and quantity of production and capacity to participate in value chain development activities. Programmes should also focus on a limited number of value chains which lend themselves to value chain development and the formalization of market linkages rather than working in a wide range of value chains which may or may not be suitable for further formalization. In MIVARF, examples of such value chains included cash crops such as sunflower.

17. **Recommendation 3**: **Poorer target groups require a higher level of focus on capacity-building, coaching and mentoring for livelihood activities before they can be linked to value chains**. On- and off-farm livelihood activities will enable programmes to engage those groups which do not have production of sufficient quality and quantity. Livelihood development will also help smallholders graduate to participation in value chain development once they reach a certain level of capacity and maturity. Livelihood development activities and value chain development can be part of a single programme targeted towards different target groups.

18. **Recommendation 4**: Future programmes should have a **more concentrated geographic and thematic focus** to ensure focused capacity-building, mentoring, backstopping and integrated delivery of interventions. This will ensure that management, administrative and financial resources are not dispersed and are centred on achieving, consolidating and sustaining development results. Such focus will help ensure better results for interventions and also build suitable exit strategies for IFAD's target groups.

IFAD Management's response[1]

1. Management welcomes the overall evaluation findings of the Market Infrastructure, Value Addition And Rural Finance (MIVARF) project performance evaluation (PPE) conducted by the Independent Office of Evaluation of IFAD (IOE).

2. Management agrees with the report's assessment of the overall performance of the project, including ratings for overall project achievement and performance of partners. Management also appreciates the responses to the previous round of Management comments on the draft PPE and the adjustments made for the final version, especially in recognising the benefits of simplified storage facilities that did not adopt the Warehouse Receipt System.

3. Overall, Management acknowledges the quality and fairness of the report, and particularly appreciates the recognition of the improvements made after the Mid-Term Review. While not wanting to shy-away from ambition and complexity where appropriate, Management agrees with the need to implement appropriate implementation arrangements for complex designs, and to ensure appropriate linkages across components and implementing partners. Management also agrees with IOE's view that future projects could adopt a more nuanced approach to capacity-building for beneficiaries, institutions and service providers, informed by advanced mapping of existing capacities and needs.

4. Management is pleased to confirm that, capitalizing on MIVARF's successful experience with the Tanzania Agriculture Development Bank (TADB), the French Development Agency is financially investing in the Smallholder Credit Guarantee Scheme (SCGS) established under MIVARF also supporting its institutionalization. This will enhance the prospects of long-term sustainability of the SCGS, which is expected to play a key role in facilitating access to loans for the beneficiaries of the ongoing IFAD-funded Agriculture and Fisheries Development Programme (AFDP) and future IFAD-supported projects in Tanzania. Management would also like to highlight that the Agricultural Marketing Cooperative Society (AMCOS) and district facilitation teams (DFTs) supported by the project are currently playing a key role in managing seed and input distribution to the farmers under the ongoing Rural Poor Stimulus Facility (RPSF) initiative.

5. Management appreciates the PPE recommendations, to which detailed comments are presented below:

6. ***Recommendation 1. Future programmes should undertake a thorough diagnostic assessment of existing institutional capacity and willingness to implement complex interventions.*** *This should be undertaken at the design stage or at the initial stages of programme to ensure that programmes do not need to be substantially redesigned in the course of their lifetime.*

7. **Agreed.** Management agrees that MIVARF's experience has shown the importance of adequate institutional capacity for successful programme implementation. Programme implementation was considerably slowed down in its first years by the optimistic assumption that project staff and implementing partners would have adequate capacity to: (i) effectively engage policy makers to introduce the required changes; and (ii) implement MIVARF's multi-faceted and complex design in an integrated manner. Another major hindrance appeared during implementation when strategic partnerships with AGRA and Financial Sector Deepening Tanzania (FSDT) that were assumed to take place at design did not materialize. AGRA should have managed the smallholder credit guarantee scheme, while FSDT the Rural Innovation Fund (RIF). As in the case of the new Agriculture and Fisheries Development

[1] The Programme Management Department sent the final Management's response to the Independent Office of Evaluation of IFAD on 18 March 2022.

Programme (AFDP), government counterparts and relevant implementing partners will be closely engaged throughout the design process. This will not only increase the ownership and buy-in of the government but also allow to understand better the institutional capacity, roles and responsibilities of key players as well as capacity gaps that need to be filled.

8. ***Recommendation 2. Programmes need differentiation in approaches when engaging with significantly different groups.*** *Value chain development activities should be targeted at those value chains and target groups, which are characterized, by suitable quality and quantity of production and capacity to participate in value chain development activities. Programmes should also focus on a limited number of value chains which lend themselves to value chain development and formalization of market linkages rather than work in a wide range of value chains which may or may not be suitable for formalization. In MIVARF examples of such value chains included cash crops such as sunflower**.***

9. **Agreed.** Management agrees on the importance of tailoring projects' interventions and approaches to meet the needs and capacities of the different target groups. Adopting a more holistic approach to value chain development, taking into account the needs of various actors within the chain is a core tenet of the new COSOP for 2022-2027 currently being finalized for submission to the IFAD Executive Board. Building on the lessons learned with MIVARF, Management confirms that the new Country Programme will sustain and deepen impacts, by concentrating interventions in a limited number of priority value chains in a reduced geographic area.

10. ***Recommendation 3. Poorer target groups require a higher level of focus on capacity-building, coaching and mentoring for livelihood activities before they can be linked to value chains.*** *On and off-farm livelihood activities will enable programmes to engage those groups which do not have production of sufficient quality and quantity. Livelihood development will also help smallholders graduate to participation in value chain development once they reach a certain level of capacity and maturity. Livelihoods development activities and value chain development can be part of a single programme targeted towards different target groups.*

11. **Agreed.** Management agrees on the need to proactively invest in capacity-building, coaching and mentoring to promote poorer target groups' gradual access to sustainable value chains The targeting process in IFAD-funded projects will involve a thorough analysis and prioritization of target groups and a tailored targeting strategy. The new 2022-2027 COSOP has adopted a pro-poor targeting strategy to ensure that those with fewer assets and opportunities, especially youth and women, receive adequate support to realize their growth and productive potential. Pro-poor value chain approaches will allow to promote the gradual inclusion and empowerment of poorer target groups in value chains, with the expectation to increase their income and improving their well-being. Moving forward, IFAD supported interventions in the country will promote a cluster growth model that will imply step-by-step approaches to build the capacity of the different target groups through proximity coaching and mentoring.

12. ***Recommendation 4. Future programmes should have a more concentrated geographic and thematic focus*** *to ensure focused capacity-building, mentoring, backstopping and integrated delivery of interventions. This will ensure that management, administrative and financial resources are not dispersed and are focused on achieving, consolidating and sustaining development results. Such focus will help in ensuring better results for interventions and also build suitable exit strategies for IFAD's target groups*

13. **Agreed.** Management recognizes the importance of promoting geographic concentration and thematic focus in order to deepen and sustain impacts. Nationwide and multipurpose projects and programmes have often faced implementation challenges and generated fragmented development results by spreading resources too thinly. The new 2022-2027 COSOP aims to achieve greater geographic concentration by consolidating and deepening investments in the mainland's central corridor and in Zanzibar, where poverty and climate change vulnerabilities are higher. It will gradually expand into parts of the Southern Highlands for dairy value chain, and to the Northern and coast regions for high-value horticulture.

14. ***Recommendation 5. Future programmes should engage more systematically with community-based and grassroots financial institutions,*** *such as SACCOS, cooperative banks, community banks as they are at the frontline in providing access to finance for the poor. In a differentiated targeting approach community based and grassroots financial institutions are suitable for providing access to finance to both smallholders engaged in livelihood activities and those who are capacitated to participate in value chains. The support should be provided throughout the life of the project with special emphasis on ensuring a coherent exit strategy. This will enable better sequencing of access to finance with other interventions*

15. **Agreed.** Management recognizes the importance of systematically engaging with community-based and grassroots financial institutions. These financial institutions have a comparative advantage to deliver proximity services to smallholder farmers and rural dwellers. Management is also aware that these institutions often face serious governance, management, human resources and financial challenges that result in a limited range of financial products that only partially meet the needs of IFAD target groups. Hence the need to engage and support a wide range of financial institutions to ensure they are able to provide tailored financial services to rural households, smallholder farmers and VC players. 'Linkage strategies' to connect formal financial institutions with decentralized community-based financial service providers proved to be effective in several countries, including Tanzania.

16. Management commends IOE for a thorough and comprehensive evaluation, which brings out useful lessons and recommendations for IFAD's future engagement in Tanzania.

Cattle owners Gaudensia Ndibalema and Mossi Kassim, herd cattle towards a dip in Surubu town, Tarime District.

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United Republic of Tanzania
Market Infrastructure, Value Addition and Rural Finance Support Programme
Project Performance Evaluation

I. Evaluation objectives, methodology and process

1. **Evaluation objectives.** The main objectives of the project performance evaluation (PPE) are to: (i) assess the results of the Market Infrastructure, Value Addition and Rural Finance Support Programme (MIVARF); (ii) generate findings and recommendations for the design and implementation of ongoing and future operations in Tanzania; and (iii) identify issues of corporate, operational or strategic interest that merit further evaluative work.

2. **Scope of the evaluation.** The structure of the Market Infrastructure, Value Addition and Rural Finance Support Programme (MIVARF) is characterized by its two parallel components as financed by IFAD and the African Development Bank (AfDB). The AfDB mainly financed the first component, marketing infrastructure systems, which focused on improving market infrastructure, primarily warehouses and connector roads. IFAD financed the subcomponent of producer empowerment and market linkages under the first component, which aimed at creating sustainable linkages between smallholders and market actors. IFAD also financed the entire second component on rural finance, which aimed to support institutions and systems development for the rural/microfinance industry, establishment of a risk-sharing facility and setting up of an innovation fund.

3. This evaluation will focus on the IFAD-financed subcomponent of producer empowerment and market linkages under component 1 and the entire component 2 on rural finance. There are two main reasons for such focus.

   - **First**, the programme components and subcomponents financed by IFAD and AfDB have been largely implemented in parallel. The financing by AfDB and IFAD are referred to as parallel financing rather than cofinancing. IFAD's supervision reports also largely cover only IFAD-financed subcomponent 1.3 and component 2. Thus, IFAD's focus during the implementation was on managing components financed through its own funds. A focus on the subcomponent 1.3 and component 2 will enable the evaluation to focus on the value addition of IFAD to the project.

   - **Second**, in December 2020, IFAD approved financing of a new project: the Agriculture and Fisheries Development Programme. The programme has heavy emphasis on access to finance, public-private-producer partnerships and value chains. Thus, a sharper focus on the IFAD-financed subcomponent 1.3 and component 2 will help generate more relevant recommendations for the new project.

4. The evaluation will look at the AfDB-financed part of component 1 on market infrastructure to the extent that it pertains to coherence and harmonization between different components and interventions financed by IFAD and AfDB respectively.

5. **Methodology.** The PPE comprised of: (i) extensive desk review of project documents; (ii) key informant interviews with key implementing partners of MIVARF; (iii) phone and video interviews with beneficiaries including informal financial institutions, savings and credit cooperative societies (SACCOs), microfinance institutions (MFIs), apex institutions, community banks and farmers; (iv) phone and video conference interviews with programme staff for both the mainland and Zanzibar, including district focal point, regional focal point, programme coordination team (PCT) and Zanzibar programme coordination unit (PCU), Programme Steering Committee and the Zanzibar Inter-Sectoral Steering Committee (ISSC), local

government authorities (LGAs), and the former M&E Coordinator; (v) use of available monitoring and evaluation (M&E) data; (vi) field visits in selected, sampled project sites in the Southern Highlands of mainland Tanzania and Unguja in Zanzibar. The PPE team is also cognizant of the impact assessment exercise of MIVARF being undertaken by IFAD's Research and Impact Assessment division. As of the time of writing this document, the impact assessment results were not available for the evaluation team to incorporate into its analysis.

6. **Sampling strategy for interviewing field stakeholders.** In terms of institutional stakeholders who collaborated with the programme, especially in rural finance, the evaluation team interviewed all the institutions ranging from the Bank of Tanzania, Tanzania Cooperative Development Commission to community banks and microfinance institutions. The commercial banks using the Smallholder Credit Guarantee Scheme (SCGS) were also interviewed. The list of institutions interviewed is included in annex VI. The evaluation team also used purposive sampling to select value chains for data collection.

7. MIVARF supported a total of 14 value chains across the project location. To ensure that the information gathered is relevant to the objectives of the evaluation, sampling was done at two levels, namely, selection of value chains and then selection of groups in the value chains. For selection of value chains the evaluation followed a criteria based approach mixed with purposive sampling. The first criterion was the profit margin for each value chain so that for the provided data, the average margin for the three years will be computed to identify those with highest and lowest margins. The sample included value chains with atypical trends to understand conditions that might have led to such fluctuations. This led to a selection of the following value chains in the zones below. The team has also purposefully included a high number of paddy value chains, given that they account for over a third of the value chain outreach. Similarly, vegetable and livestock value chains were deliberately sampled to ensure inclusivity of the former and to include the export-oriented nature of the latter. In addition to the groups, the project also interviewed any associated SACCOs, local government officials and service providers (SPs) associated with the value chains.

Table 1
Value chains and districts/zones sampled[1]

Value chains	*Average margin*
Paddy Central	63%
Garlic Mbulu district	58%
Ginger Same district	55%
Sunflower Central Zone	-2%
Maize Northern Zone	20%
Paddy Southern Highland	46%
Paddy Kakonko district	26%
Livestock Northern Zone	N/A
Vegetable Unguja	N/A

8. For selection of groups, the sampling was done at two levels. First purposive sampling was done within Southern Highlands, which was selected as the area for physical field visits given the density of interventions in that area. In this case, maize groups were also selected. Here, groups were randomly selected within individual districts in the Southern Highlands. Similarly, for remote/phone interviews, groups

[1] Initially Garlic in Mbulu district was also selected but was dropped to ensure a manageable sample size for the evaluation team.

were selected randomly within value chains (VCs) and districts already selected. In addition, other related stakeholders pertaining to the pre-selected groups such as local governments, SACCOs and SPs were also interviewed remotely. The list of groups and stakeholders selected on these bases are contained in annex VI. The evaluation sampled at least 15 agricultural marketing cooperative societies (AMCOS)[2]/groups across the project locations covering both the Tanzania mainland and Zanzibar.

9. **Limitations.** MIVARF has a large geographic scope, covering 72 districts spread across all parts of the country with operations across 14 value chains. These sites also extend over diverse agro-ecological and socio-economic contexts in different parts of Tanzania. Remote interviews and field visits do not cover all the regions and districts where programme activities were implemented. Thus, the findings from field visits might have reduced external validity, outside the sample. To cover this, the evaluation has attempted to sample a higher proportion of value chains which have high outreach. It is for this reason that 5 out of 15 groups/AMCOSs selected pertained to paddy alone.

10. A second limitation is the highly complex nature of the programme with a very wide variety of interventions and activities. This requires different layers of analysis which are very difficult to capture, especially when part of the PPE mission is done remotely. To overcome this, the evaluation started with the value chain groups as the entry point for selection and analysis of all other interventions in the field. For example, rural finance activities in the field were evaluated based on whether they were linked to the value chain groups or AMCOSs and the nature of such linkages. A similar approach was adopted for warehouses.

11. MIVARF undertook a wide variety of surveys. These surveys include the baseline survey 2015, first outcome survey 2017, impact assessment of MIVARF-supported financial partners 2018, second outcome survey 2020 and attribution study of outcomes to MIVARF support to financial partners report. Observations on the limitations of the individual surveys are outlined below.

[2] An AMCOS is a small local cooperative society which provides for the local purchase of agricultural input supplies and helps the farmer market their crops. Tanzanian AMCOS provide the farmers with the local services that are lacking in most areas.

Table 2
Surveys produced by MIVARF and IOE's observations

Survey/document	*Limitations identified by IOE*
First outcome survey 2017	The outcome survey was conducted in 2017 when the programme was still in the process of accelerating implementation of activities. Hence the outcomes identified therein are not attributable entirely to MIVARF. There is no control group to the survey. Total of 1,040 respondents interviewed through focus groups and in-depth interviews. There is no control group to the survey.
Impact assessment of MIVARF-supported financial partners 2018	The survey looks at financial and outreach data of the respective financial institutions along with qualitative interviews of selected client groups of financial institutions. It doesn't contain a sampling strategy for selecting clients of financial institutions nor does it contain quantitative data of impact. Increased client outreach and usage is not attributable entirely to MIVARF.
Attribution study of outcomes to MIVARF support to financial partners	The survey was undertaken to attribute the impacts under the 2018 impact assessment to MIVARF. The methodology is unclear and the survey document does not contain a quantitative methodology for attribution. The qualitative method for attribution, while theory-based, comes up with a quantitative number of how much of the outreach and usage is attributable to MIVARF. The method for calculating it is not clear.
Second outcome survey 2020	Sample size of 1,100 consisting of men and women through group discussions. Most of the indicators are reported at project level with individual data points being at the ward (ward is the unit of account). This was done presumably through consolidation of group discussion data at the ward level. The methodology for consolidating group discussion data at the ward level is not specified in the survey document. There is no control group to the survey.

12. Given that all the produced surveys had some measure of limitation, the PPE used the data in the surveys judiciously and mostly in cases where triangulation was possible through other sources, including the evaluation team's interviews and field visits, and/or the data was logically consistent with the theory of change (annex V). This ensured that the M&E data that was used by the PPE team was credible and the findings that emerged out of the data are robust.

II. Country and project context

A. Country context

13. **Country context.** The United Republic of Tanzania is a member of the East African Community, which also includes Kenya, Uganda, Rwanda and Burundi. GDP per capita at current prices has seen a strong increase in the past decade and the poverty headcount ratio has declined modestly over time. Agriculture is a major source of income, employment and food security, especially for the rural population. Agriculture is also closely associated with rural poverty. Following the Household Budget Survey 2017-2018 (NBS, 2019), about 81 per cent of the poor in mainland Tanzania in 2018 (84.1 per cent in 2012) are in rural areas and depend on the sale of agricultural products for most of their household cash income.

14. The Zanzibar archipelago consists of several islands with an area of 2,654 km and a total population of about 1.3 million in 2017. Unguja, the largest island, has a population of about 900,000, followed by Pemba with over 400,000 people, according to the 2012 census. Table 1, table 2 and table 3 in annex VIII contain detailed information on economic and poverty indicators in Tanzania.

15. **Social context.** Despite sustained economic growth and a persistent decline in poverty, the absolute number of poor people grew from 13 million in 2007 to 14 million in 2020. Vulnerability is also reported to remain high; for every four Tanzanians who moved out of poverty, three fell into it. A large number of non-poor people living just above the poverty line are at risk of falling into poverty. Beyond the persistent gaps between urban and rural areas, there are large disparities in the distribution of poverty across geographic regions. Poverty is highly concentrated in the western and lake zones, and lowest in the eastern zones (World Bank, 2019).

16. **Access to markets.** Access to markets is limited, particularly in the northwest and southeast, areas typically characterized by severe poverty. Farmers in rural areas with limited market access suffer from relatively higher prices for fertilizers because of higher transportation costs and fewer product options. These farmers also have little access to output markets and must take less competitive prices. Lack of market access thus traps rural farmers in poverty and exacerbates inequalities between rural and urban areas. The poor quality of rural roads deters connectivity between rural areas and urban markets. Rural roads tend to be rudimentary, and transport services and facilities are unreliable and inadequate; in many remote parts of the country high post-harvest losses are an estimated 35 per cent of total production. Thus, few and poorly maintained rural roads are a serious deterrent to the development of commercial agriculture (World Bank, 2019).

17. **Financial inclusion**. Tanzania has recorded a significant growth in the level of financial inclusion in the last decade. The level of financial exclusion has almost been halved between 2009 and 2017. The percentage of the adult population using formal financial services has quadrupled in the same period (from 16 per cent to 65 per cent). Despite these achievements, the level of financial exclusion is still high, at 28 per cent, with the majority of those excluded being people living in rural areas, smallholder farmers, youth and women (National Financial Inclusion Council, 2018).

18. The financial sector in Tanzania has a wide variety of regulated and unregulated players. The regulated sector consists of commercial banks, insurance firms, pension funds, and SACCOs. The unregulated sector till recently consisted of institutions such as microfinance institutions, village community banks, savings and credit associations. Microfinance institutions (MFIs) were formalized after the introduction of national microfinance policy in 2017.

B. Project description

19. **Programme objectives.** The overall rationale for IFAD's investment in the programme was to support the Government of the United Republic of Tanzania to

scale up the successful activities implemented under the Rural Financial Services Programme[3] and the Agricultural Marketing Systems Development Programme[4], whilst using some of the experience of the value chain approach applied under MUVI[5] (Kiswahili acronym for Rural Micro Small and Medium Enterprise Support Programme). The goal of the programme was to reduce rural poverty and enhance rural economic growth in the participating districts on a sustainable basis. The supporting programme's objectives were to enhance the income and food security for the target group through improving access of poor rural households to a broad range of financial services, coupled with the necessary capacity-building and linkages to markets.

20. **Programme components.** MIVARF comprised three components: (i) marketing infrastructure; (ii) rural finance; and (iii) programme coordination.

21. **Component 1 - Marketing Infrastructure and Systems.** The marketing infrastructure and systems development component was designed to enhance market access for producers by improving market infrastructure such as rural roads, storage facilities and marketplaces and structures while building the capacities of producers to enable them to increase production and productivity so that they can effectively compete in the market by taking advantage of available value addition opportunities. This component was financed by both AfDB and IFAD, as well as the districts, the Government of Tanzania and beneficiary communities. The component has three subcomponents: (a) marketing infrastructure; (b) value addition (both financed by AfDB) and; (c) producer empowerment and market linkages (financed by IFAD).

    a. **Marketing infrastructure:** which aimed at the establishment and sustainable maintenance of improved marketing infrastructure (warehouses, markets, roads). This subcomponent supported: (i) improved market centre buildings and associated facilities; (ii) the rehabilitation of about 1,550 km district roads to all-weather status; (iii) capacity-building of government staff (regional and district engineers) for planning, execution and supervision of marketing infrastructure; and (iv) consultancy services for the detailed design of standard marketing infrastructure and district roads and assistance during the tendering process.

    b. **Value addition:** which aimed at institutionalizing post-harvest management capacity to beneficiaries who would eventually add value to agricultural produce and hence reduce post-harvest losses and earn more from their produce. This subcomponent supported: (i) the rehabilitation and equipping of post-harvest management training centres to demonstrate and disseminate technology to beneficiaries, promote entrepreneurship and preparation of bankable proposals, and facilitate linkages with finance providers for processing and other value addition investments (such as cold storage facilities, grading and packing facilities, and agro-processing plants) on a public-private partnership basis; (ii) institutions and service providers of on-the-job training to farmers and processor groups; and (iii) conducting a comprehensive need assessment survey to assess the specific requirements of different user groups and for the development of a post-harvest management curriculum and training modules.

[3] The RFSP supported the efforts of the Government and other development partners to build a strong, extensive rural finance system. The objective was to increase the access of the rural poor to sustainable financial services. Source: https://www.ifad.org/en/web/operations/-/project/1100001151
[4] AMSDP assisted the Government in bringing about a wide-ranging change in the agricultural marketing subsector, with the aim to link producers to markets and to create opportunities for rural enterprise development. Source: https://www.ifad.org/en/web/operations/project/id/1100001166
[5] MUVI used a value chain approach to provide selected medium and small-scale rural entrepreneurs with improved skills training, knowledge and access to markets to help increase productivity, profitability and off-farm incomes. Source: https://www.ifad.org/en/web/operations/project/id/1100001363

c. **Producer empowerment and market linkages:** which aimed to provide the necessary capacity-building to producers and marketing groups and facilitate the establishment of sustainable market linkages through a public-private partnership-based market information system. This subcomponent supported: (i) sensitization, training, capacity-building and knowledge management of the warehouse receipt system (WRS), and assessment of the feasibility of launching an agricultural commodity exchange linked to the WRS; (ii) preparation of intervention proposals and training of trainers for marketing and value addition issues; (iii) managerial and technical capacity-building of producer and marketing groups; (iv) provision of coaching and brokering services to facilitate market linkages between farmer groups and processors and traders; and (v) support to market information systems based on public-private partnerships.

22. **Component 2 - Rural Finance.** The rural finance component aimed to support institutions and systems development for the rural microfinance industry, the establishment of a risk-sharing facility and setting up of an innovation fund and has two subcomponents:

a. **Grassroots Financial Services:** which aimed to provide: (i) specific support (i.e. capacity-building and technical support) to different financial institutions (including informal financial institutions, rural SACCOs, microfinance institutions and community banks) with the aim of increasing rural outreach; and (ii) support to apex institutions to strengthen their capacity to oversee activities as well as monitor performance of the financial institutions.

b. **Rural Financial Systems:** which aimed to: (i) enhance the risk appetite of commercial banks for rural and agricultural lending; (ii) increase leverage for substantial commercial funds; (iii) increase capacity-building of the target group; (iv) enable eligible institutions to test new approaches, methods and financial services in rural areas; (v) improve the legal and policy framework for rural micro finance; and (vi) facilitate knowledge management.

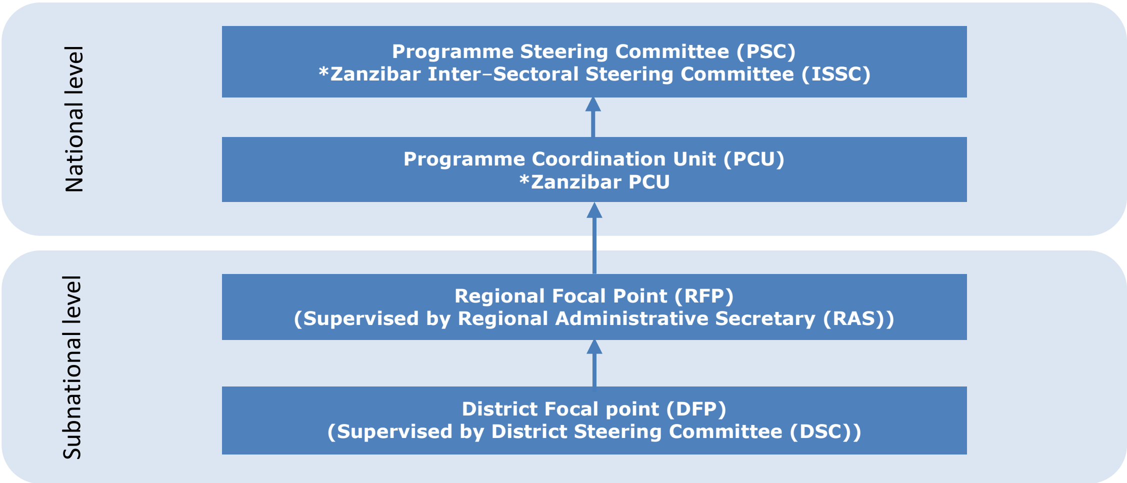
23. **Component 3 - Programme Coordination.** The programme coordination component served to ensure efficient and effective programme management that ensures the compliance of MIVARF activities with technical, financial, and regulatory standards.

24. **Implementation arrangements.** At the national level, MIVARF was overseen by the Programme Steering Committee, chaired by the Permanent Secretary of the Prime Minister's Office, having representatives of relevant sectoral ministries and the private sector. The Programme Steering Committee was responsible for overall policy guidance, approval of programme plans and budget, implementation oversight and performance monitoring. The PCT, which also served as the secretariat of the Programme Steering Committee, was a lean non–autonomous unit established within the Prime Minister's Office and comprised of a programme coordinator, planning, monitoring and evaluation specialist, financial controller and a technical support unit of three specialists covering rural finance, marketing and value addition. The PCT also consisted of an infrastructure engineer, in charge of AfDB activities related to road, warehouse and post-harvest training centres, a WRS specialist and a procurement specialist. In Zanzibar, the ISSC chaired by the Principal Secretary of the Ministry of Agriculture, Livestock and Environment assumed the role of the Programme Steering Committee.

25. MIVARF headquarters were hosted in the existing Prime Minister's Office facilities at Arusha, but given the national scope of the programme, a sub-office was also established in Dar es Salaam, and a small programme coordination team was operating directly from Zanzibar to coordinate MIVARF activities in Unguja and Pemba islands. This PCT consisted of a programme coordinator, M&E specialist, an accountant and a liaison officer for Pemba Island.

26. On the subnational level of the 26 regions, 21 on the mainland and five in Zanzibar, each region had a regional focal point, a planning, monitoring and evaluation officer and a knowledge management officer. The regional focal point coordinated and facilitated programme implementation. Each participating district had a district focal point and a planning, monitoring and evaluation officer for the coordination and monitoring of programme activities, consolidation of the district work plan and budget, submission of physical and financial progress reports to the regional focal point and ensuring compliance by programme participants with agreed eligibility criteria. The reporting is elaborated in figure 1 below.

Figure 1
The main implementing agencies and their roles



Source: IOE team based on PDR.

27. **Implementing partners.** Technical support to the programme activities on both the mainland and Zanzibar was provided by the technical support unit, which acted as the technical advisory arm of the PCU. The technical support unit mainly worked through contracted SPs. Furthermore, for both components, MIVARF engaged with an extensive number of partners to facilitate programme implementation. For the subcomponents value addition and producer empowerment and market linkages MIVARF collaborated with local government authorities (LGAs) of mainland Tanzania and Zanzibar.

28. **Component 1 - Marketing Infrastructure and Systems.** With regard to the marketing infrastructure subcomponent, MIVARF collaborated with the AfDB Tanzania field office to provide training and included procurement of several construction contracts. The project coordination team provided the participating LGAs with technical and financial assistance for managing the procurement of SPs. SPs were a critical part of implementing this component and were used to engage with groups and AMCOS and provide linkages to markets and promote participation in value chains.

29. **Component 2 - Rural Finance.** For the subcomponent of grassroots financial services, the project had entered into 34 memoranda of understanding with various institutions, both financial (Bank of Tanzania, community/cooperative banks and microfinance institutions) and non-financial (such as government institutions, networks/apexes, academic institutions, NGOs). The Tanzanian Incentive-Based Risk Sharing System for Agricultural Lending (TIRSAL)[6] (known as the Smallholder Credit Guarantee Scheme during implementation) for financial institutions was to be

[6] As per initial design, MIVARF was expected to set up the TIRSAL in partnership with AGRA, this mechanism aiming at enhancing risk appetite of commercial banks to deliver financial services to rural Tanzanians. It was expected that the TIRSAL would be leveraged 10 times during the life of MIVARF, so that the US$20 million contributed by IFAD would be able to secure US$200 million for rural and agricultural lending. The programme design specified that AGRA would co-finance the scheme and manage the fund.

originally implemented by the Alliance for a Green Revolution in Africa (AGRA), but was moved to the Tanzania Agricultural Development Bank (TADB). The Rural Innovation Fund was originally intended to be implemented by the Financial Sector Deepening Trust (FSDT) before being moved to TADB as well.

30. **Project financing at design.** MIVARF was designed as a seven-year programme with a total cost estimated at US$169.46 million, distributed as follows: IFAD US$90.59 million, AfDB US$62.91 million, Alliance for a Green Revolution in Africa (AGRA) US$6.92 million, Government of Tanzania counterpart fund US$3.76 million, Tanzania Districts US$3.10 million, unidentified cofinancier US$2 million and beneficiary communities US$0.18 million.

31. AGRA's contributions were meant to finance the subcomponents of producer empowerment and market linkages and rural finance development. However, during discussions in 2013 it became clear that AGRA could not materialize their contribution (IFAD 2013b). AGRA disclosed that the institution had not budgeted funds for MIVARF (IFAD 2015b). The other financier expected to support the programme was the Swedish Ministry for Foreign Affairs through its Swedish International Development Cooperation Agency, for a total amount of US$2.0 million. Only US$995,000 were disbursed and used for start-up activities of the rural finance systems subcomponent of the Programme.

32. **Actual project financing.** The table below reflects actual MIVARF costs as of 31 December 2020, by financier, by component and by category.

Table 3
Actual project costs by component and financier (USD '000)[7]

Component	*IFAD loan*	*Swedish grant*	*AfDB loan*	*Government*	*Districts*	*Beneficiaries*	*Total*	*Percentage of total*
A. Marketing Infrastructure Systems	**21 637.84**		**61 277.43**		**1 124**	**155**	**84 194.89**	**54%**
Marketing Infrastructure			55 264		1 124	155	56 543.83	
Value Addition			6 013				6 013.06	
Producer Empowerment	21 637.84						21 637.84	
B. Rural Finance	**55 181.82**	**995**		**605**			**56 781.82**	**36.4%**
Development of Grassroots Financial Services	25 397.1			605			26 002.1	
Rural Financial Systems	29 784.72	995					30 779.72	
C. Programme Management & Coordination	13 729.89		342.61	809			14 881.5	
Programme Management & Coordination	**13 729.89**		**342.61**	**809**			**14 881.5**	**9.5%**
Total	**90 549.55**		**61 620.04**	**1 414**	**1 124**	**155**	**155 858.21**	

Source: MIVARF PCR (2021).

33. **Evolution of MIVARF.** MIVARF was a countrywide programme approved by IFAD on 15 December 2010 and it became effective on 25 February 2011. Both IFAD and AfDB undertook the **financing of the components on a parallel basis** and undertook supervision missions separately.

[7] Financing by AGRA failed to materialize.

Table 4
Appraised and actual project costs by financier

Financier	*Appraisal (US$ '000)*	*Disbursements (US$ '000)*	*Per cent disbursed*
IFAD loan	90 591.06	90 549.55	100%
Swedish grant	995.00	995.00	100%
Govt of Tanzania	3 754.57	1 414.81	38%
Districts	3 101.40	1 124.22	36%
Beneficiaries	180.55	155.24	86%
AfDB	62 919.18	61 620.04	98%
Total actual	**161 541.76**	**155 858.86**	**96%**
Add: PDR financiers not on board			
AGRA	6 915.0		0%
Unidentified	1 005.0		0%
Total not financed	**7 920.0**		
Total appraisal and disbursement	**169 461.49**	**155 858.86**	**92%**

Source: IFAD. MIVARF PCR – Annex 3: Actual Project costs. 2021.

34. In the period before mid-term, the programme suffered significant delays due to partnerships under the rural finance component that did not materialize. The delays are reflected in the slow disbursement of funds (table 4), which picked up in the course of 2016. After mid-term review (MTR), there was increased emphasis in supervision and implementation support missions to fully link and integrate the marketing infrastructure, value addition, WRS, grassroots financial services and rural financial systems interventions. Furthermore, the use of SPs under the producer empowerment and market linkages subcomponent (component 1.3) was concentrated on a selection of service providers that were able to facilitate backward and forward linkages with the various value chain stakeholders through a zonal approach (as opposed to district). In terms of key partnerships, in 2017, both financial instruments under the rural finance component were put under the responsibility and management of the TADB.

35. The programme first received a 21-month extension from AfDB to be able to complete the construction of planned infrastructure. This was followed by a two-year extension granted by IFAD in January 2018, based on the review by IFAD's East and Southern Africa Division portfolio advisory team that concluded that although MIVARF still presented a challenging and complex project, it was no longer considered at risk (IFAD 2021). New completion and closing dates were set at 31 March 2020 and 30 September 2020, respectively. On 1 October 2020, a second extension was granted by IFAD on an extraordinary basis in the COVID-19 context, to back the consolidation of the MIVARF Smallholder Credit Guarantee Scheme. Final dates for both completion and closing were thus set at 31 December 2020.

Key points

- MIVARF was financed through parallel financing from AfDB and IFAD. AfDB financed the components focused on market infrastructure and roads. IFAD financed value chain development and rural finance interventions.
- Significant delays were experienced during the implementation due to changes in implementation modalities.
- Changes in the implementation modalities were made for the rural finance component, and implementation modalities for the SCGS and Rural Innovation Fund (RIF) were changed in the aftermath of the MTR.
- Due to the significant changes the programme was given two extensions to its closing date.

III. Main evaluation findings

A. Project performance and rural poverty impact

Relevance

Relevance to national and IFAD policies

36. **The project was aligned with national policies and development strategies**. The MIVARF design was in line with the Agricultural Sector Development Strategy (MoA, 2001) of Tanzania. The strategy identified five strategic areas of intervention in the agricultural sector, namely (i) strengthening the institutional framework; (ii) creating a favourable environment for commercial activities; (iii) identifying public and private sector roles in improving supporting services delivery; (iv) strengthening marketing efficiency; and (v) mainstreaming planning for agricultural development in other sectors. The first four strategic areas were within the priorities of MIVARF as it aimed to contribute to the development of marketing infrastructure and systems, as well as to create an enabling environment for access to finance.

37. **The project was aligned with IFAD COSOPs for Tanzania.** Furthermore, the project aligned with two of the four objectives outlined in IFAD's Country Strategic Opportunities Programme (COSOP) for Tanzania 2007-2013 (IFAD 2007): (a) increased access to sustainable rural financial services; and (b) increased access to markets and opportunities for rural enterprises. The programme remained aligned with the two strategic objectives of the COSOP 2016-21, namely, improved institutional performance, coordination and accountability to IFAD target groups and their organizations at central and local levels and more inclusive and resilient value chains of priority commodities, driven by expanded and sustainable access to markets and financial services and by a more inclusive private sector.

Relevance of design

38. As described earlier in the report, the project underwent significant changes in its approach after the mid-term review. Thus, when referring to the relevance of design the PPE refers to the original design as well as the programme design that emerged in the course of evolution and redesigning following supervisions and mid-term review. To that extent, it looks at the targeting strategy that was envisaged in the design report and that which evolved as MIVARF was redesigned during implementation.

39. **Incongruence between intention and implementation modalities of the MIVARF programme.** The design of the project intended close coordination between IFAD-funded and AfDB-funded components to deliver the interventions as an integrated package. However, no clear modalities were set out on how to ensure such integration. For example, IFAD's appraisal report (2010) lays out the criteria to be used for selecting districts (poverty levels, district level ownership, willingness for cofinancing, technical support, presence of private sector etc.). However, congruence with AfDB-financed interventions was not one of the criteria. Similarly, joint supervision missions and implementation support missions were also not foreseen in the project design and were not undertaken in the lifetime of the programme. AfDB and IFAD financed the programme in a parallel financing modality. This led to a situation where AfDB's financed infrastructure component and IFAD's financed rural finance component and value chain subcomponent were implemented as distinct interventions until after mid-term review. It also affected the ability for IFAD-financed producer empowerment and market linkage subcomponents (PEML) and the rural finance component to work in congruence with AfDB-financed market infrastructure.

40. **The various components and activities were in line with needs of various categories of beneficiaries.** Programme interventions, as envisaged in the original design, were relevant to the needs of different kinds of beneficiaries. Capacity-building of producer groups, market linkages and support to local financial

institutions like SACCOs, cooperative and community banks were particularly relevant for lower-income rural smallholders. The programme's support to the SCGS, especially commercial banks, and the WRS were more relevant for the agribusinesses and commercial farmers engaged in cash crops. The SCGS was also relevant to the needs of smallholder farmers to the extent of its support to MFIs and community and cooperative banks. A number of the key challenges identified by the Agricultural Marketing Policy of 2008 describing limited access to markets were: (i) inadequate value addition in agricultural produce; (ii) inadequate adherence to grades, standards and quality; (iii) weak legal, regulatory and institutional framework; (iv) poor marketing infrastructure; and (v) inadequate access to financial services for agricultural marketing. In relation to the priorities and needs of the project target groups described above, MIVARF programme interventions were relevant in addressing the common challenges faced by Tanzanian smallholder farmers as they focused on infrastructure, rural finance and value chains. However, the design of MIVARF missed the opportunity to interlink interventions due to the parallel implementation of the IFAD and AfDB components set out in the design.

41. **There was a lack of sufficient diagnostic assessment of the capacities of implementing agencies to implement a highly ambitious and complex design.** The programme was extremely ambitious and complex in its scope, trying to bring about change at multiple levels and across multiple components, such as rural finance, market infrastructure and value chains. The complexity was exacerbated due to the need for integrated delivery of different components and subcomponents financed by different financiers as an integrated package. The scale and scope of such change required robust institutional capacities to implement the programme interventions. Weak institutional capacities affected implementation of rural finance as well as value chain interventions. In the rural finance component, the withdrawal of two key implementation partners AGRA[8] and FSDT, for the fulfilment of the smallholder credit guarantee scheme and the RIF, respectively, was a result of inadequate consultations and assessment of the capacity of the respective institutions to fulfil the outlined responsibilities. This was corrected subsequently through the appointment of TADB as the custodian of SCGS and RIF. The capacity of local governments to recruit service providers of value chain interventions and manage them was found to be wanting, with substantial delays and gaps experienced throughout the process. IFAD supervision and implementation support missions had to provide handholding support in the process of procuring service providers and their subsequent performance appraisal and contract extension.

42. **The lack of diagnostic analysis of institutional capacity and interlinkages between components precluded systematic and logical scheduling and sequencing of interventions.** For example, infrastructure financed by AfDB was completed but could not be sufficiently utilized by IFAD-financed components due to the lack of timely capacity-building of the intended stakeholders. As an illustration, only nine out of the 35 warehouses which were constructed through AfDB funding were turned into WRS-enabled warehouses as of the time of writing the programme completion report (PCR). This was due to the absence of operational and well-developed SACCOs or MFIs in the warehouse area; willingness of a commercial bank to lend to the SACCOs/MFIs based on farmers' goods deposits; presence and payment of a trained collateral manager; and pre-identified offtakers ready to engage in marketing arrangements with farmer depositors. The SCGS partner institutions also did not receive technical backstopping and training for scaling up their agricultural lending operations. A uniform gap identified by all value chain groups and AMCOS met during field visits was the lack of access to capital. Thus,

[8] As per initial design, MIVARF was expected to set up the TIRSAL in partnership with AGRA, with this mechanism aiming at enhancing risk appetite of commercial banks to deliver financial services to rural Tanzanians. It was expected that the TIRSAL would be leveraged 10 times during the life of MIVARF, so that the US$20 million contributed by IFAD would be able to secure US$200 million for rural and agricultural lending. The programme design specified that AGRA would cofinance the scheme and manage the fund.

interventions could not be sequenced in a manner that optimized the relevance of the programme's interventions to the various target groups.

43. **The programme's targeting strategy was not well-defined and followed the targeting strategy and priorities defined by implementing partners.** The programme target groups per design report includes (i) smallholder farmers, herders and fishers; (ii) small rural-based entrepreneurs, traders and artisans; (iii) grassroots microfinance institutions and (iv) primary societies/associations involved in processing and marketing. However, during implementation, the programme took a more specific approach to targeting. In the rural finance component, especially grassroots financial services, the project's target group was, in effect, the client base of its partner financial institutions. The client profile of the chosen financial institutions was largely rural in nature given that the financial institutions selected were community banks and microfinance institutions.[9] The impact assessment of MIVARF-supported financial partners (2018) estimates that about 80 per cent of the incremental client outreach[10] of the partner financial institutions between 2013 and 2018 was rural. Programme M&E did not capture any other element of the client profile of the partner financial institutions.

44. **As pertains to smallholder credit guarantee scheme, neither the original design nor the evolving design elaborates on the kind of institutions that smallholder credit guarantee scheme would target**. This is important as different kinds of institutions are suited to targeting different clientele. In the interviews with various banks and financial institutions it was clear that commercial banks preferred lending to established cash crops such as cashew, cotton and sugar and to medium and large agribusinesses while community banks, cooperative banks and microfinance institutions had a longer history of serving rural populations and the smallholder agriculture sector. However, all banks and MFIs preferred lending to smallholders with VC linkages. As of July 2021, the SCGS had seven commercial banks, three community banks and one microfinance institution as its partner financial institutions.[11] The selection of institutions was largely driven by Tanzania Agricultural Development Bank and did not target only those institutions most suited for smallholder lending.[12] This is not necessarily a negative finding as TADB has only just started managing SCGS and it is logical to start with institutions which have the capacity to leverage the guarantee fund. In addition, many community and cooperative banks and MFIs lack capacity. In terms of value chains, the project followed value chains that were selected by local governments for their respective district. Paddy and maize formed nearly 45 per cent of the programme outreach in value chains. Maize is the staple smallholder crop in Tanzania while paddy cultivation is undertaken under the smallholder farming system with an average landholding size of 1.3 hectares (MoA, 2019).

45. **A dependence on the implementing partners' targeting efforts meant that there was a significant risk of targeting better off institutions and beneficiaries.** The targeting strategy pertaining to value chains set at design aimed to include individuals and existing groups that had previous experience with processing and were already in business, for participation in value chains. The mid-term review (2015) reported that in some cases these groups were well established

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[9] According to the Impact Assessment of MIVARF-supported financial partners, in 2018 the programme's financial partners included; Mwanga Community Bank (MCB), Uchumi Commercial Bank (UCB) MUCOBA Bank PLC, Meru Community Bank (MECOBA), Njombe Community Bank (NJOCOBA), Mbinga Community Bank (MCB), Tandahimba Community Bank (TACOBA), Kilimanjaro Cooperative Bank (KCBL), Kagera Farmers Cooperative Bank (KFCBL), and microfinance institution partners included, CRDB Microfinance Consultant Services Company Ltd (CRDBMFSC), Tujijenge Tanzania (TJT), Vision Fund Microfinance Bank (VFT) and Brac Tanzania.

[10] The impact survey also estimated that the total incremental client outreach of the partner financial institutions in that period was about three million.

[11] According to the write up shared by TADB with PPE team on 27 July 2021.

[12] Of the 11,581 loan accounts covered by the guarantee funds, 10,425 were those advanced by commercial banks. Similarly, over 25 per cent of the approved funding guaranteed was provided towards only two cash crops of cotton and cashew.

and had prohibitively high entrance fees that were effectively precluding marginalized farmers who were not already group members from participating in and benefitting from the programme. The selection of products for value chains was largely dependent on the criteria of employment and development potential of products as defined by local governments.

46. **Within the rural finance component, banks were incentivized to work with high-savings-generating SACCOs in order to be able to lend money and generate a profit on loans, leaving out the weaker SACCOs which are most in need of capacity-building and capital.** Therefore, MIVARF's support to cooperative banks was inclined to benefit the stronger SACCOs while weaker savings cooperatives and savings groups may not receive similar support. Since the cooperative banks also often struggled, their focus on stronger SACCOs was not illogical. This approach to build the capacity of SACCOs was changed after MTR when Moshi Co-operative University was used to build the capacity of SACCOs. This approach ensured that weaker SACCOs could also participate in availing of capacity-building and mobilization of capital. Furthermore, the MTR (2015) reports that there was no statute in the memorandum of understanding between the banks and MIVARF to guarantee that MIVARF funding should only or primarily benefit the rural poor. Even in the SCGS, there was a tendency to work with commercial banks, as mentioned earlier. This should be acknowledged alongside the nuances of TADB working with commercial banks, covered in paragraph 44.

47. **The gender targeting was initially weak but had been addressed at the mid-term, resulting in a quantitative increase in outreach to women**. The quality of women's participation was not the prime focus of the project. The design of the MIVARF required that at least 45 per cent of the participants were women and a series of measures were set to ensure gender-sensitive targeting. However, the MTR (2015) reported that the measures were not deemed relevant by the programme in its early years, resulting in a majority of them not being implemented. In qualitative terms, there was no specific focus on gender targeting through the development of gender-sensitive financial products or engaging in niche-value chains of high-interest for women. Thus, until MTR (2015) gender targeting had been weak, with measures at design not being implemented. After the MTR in 2015, there was some turnaround.[13]

48. **In summary**, MIVARF was in line with national, IFAD and beneficiary priorities. However, the programme design did not undertake suitable diagnostic analysis of institutional capacities in the country. This was corrected on an ongoing basis during the life of the programme. In addition, the original design lacked suitable mechanisms to ensure integrated delivery of discrete interventions. The targeting strategy of the project was unclear at design and evolved as the project was implemented. It largely depended on the priorities and focus areas of its implementation partners. The project did target value chains which are smallholder-centric. The gender targeting was unclear in the original design, but was addressed during implementation.

49. In light of the assessment above relevance is rated as **moderately satisfactory (4)**.

[13] The supervision mission report of November 2016 elaborates on the improvement of gender targeting, especially in numerical terms. The supervision mission report (November 2016) indicated that overall women's participation in groups increased from 30 per cent in 2013 to 46 per cent in 2016. Women were not only members in groups, but some of them played key roles such as chairperson, secretary or treasurer. The level of gender targeting and participation was maintained as reported by the supervision mission reports in the years thereafter. The project M&E system did not measure any other qualitative information on women's participation and the impact of programme activities on men and women, and gender relations. The value chain selection did not have an analysis of gender dynamics and roles of women within them, as covered later under the gender section.

Effectiveness

50. This section analyses the effectiveness of MIVARF according to its outcomes in achieving the development objectives, taking into account their relative importance. The outcomes outlined here are those elaborated in the programme's theory of change outlined in the PCR. To ensure seamlessness of the analysis, "rural producer organisations engaged in formal partnerships/agreements" and "increased profit from production and value addition" are covered under a single heading. The theory of change is also contained in annex V. However, before going into the analysis by outcome the PPE will elaborate some of the key overarching challenges to effectiveness.

51. Inadequate coordination and harmonization of components and activities of MIVARF was one of the most significant implementation bottlenecks of the programme. The programme was ambitious and complex in terms of coverage, target groups and interventions, with co-dependent, but parallel, implementation of interventions with AfDB. This resulted in low initial performance and coordination in the implementation, up until MTR. Capacity-building efforts, in particular, were untimely and underfunded and did not follow an integrated, cohesive strategy of training implementation or follow-up, as reported by the Moshi Co-operative University (MoCU) under rural finance (Moshi Co-operative University 2021), and as noted by outcome and impact surveys for value chain beneficiaries. These issues contributed to the reduced effectiveness of some component outcomes. Other logistical bottlenecks existed. For example the MTR (2015) observed that about half of the new and rehabilitated warehouses were in districts where the producer empowerment groups had no suitable access to finance, which constrained opportunities for effective coordination and WRS operations (IFAD 2015b, 7). In addition, the capacity of at least some of the warehouses was less than was required for effective WRS.

52. **The design of MIVARF as a holistic programme without an integrated implementation plan contributed to a lack of synchronization and harmonization** between component activities and implementing partners. The programme design explicitly identified the need for grassroots financial services to support the production, marketing and processing groups. However, PEML activities and rural finance ones were implemented separately, often involving different beneficiaries. Throughout much of the project, access to suitable rural finance services was a major constraint for development of value addition and market linkages activities, causing producer and processing groups to source much of their financing through local and informal financing channels.

53. **Coordination and effectiveness improved as programme implementation progressed.** After mid-term adjustments, the PCR reported that linkages between the marketing/value addition and the rural finance activities steadily increased, especially in the last two years of the programme (2019 and 2020), with 104,410 out of the 245,740 members of PEML groups linked to SACCOs,[14] community banks, commercial banks and MFIs. According to the second outcome study (2020), the accessibility of financial services to support production activities reportedly increased in 74 per cent of wards surveyed and the availability of financial services to support value addition increased in 62 per cent of the wards visited for the outcome survey. The opening of financial service centres, mobile banking services and some agency banking, also contributed. However, there was still need for additional efforts to reduce impediments to finance to PEML groups, namely better coordination and capacity development. TADB joining the project as implementing partner contributed to the progress to a limited extent.

[14] In PEML focal areas a total of 340 SACCOs have also been supported and linked to PEML groups and activities. These are counted as part of the 720 rural SACCOs supported under the RF component. PCR, 2021, page 20.

Outcome 1: Improved physical access to markets, processing and storage facilities

54. **Impact pathway 1**: The improved infrastructure is expected to lead to improved access to value addition facilities and improved access to post-harvest facilities. Improved infrastructure, especially warehouses, is expected to lead to operationalization of a warehouse receipt system which increases price realizations for beneficiaries.

55. **The programme improved physical access to markets, processing and storage facilities**. Following the PCR (IFAD 2021), a total of 386,319 individuals[15] (44 per cent females) involved in 14 different value chains who are members (and non-members) of the 2,370 PEML groups have reported improved physical access to markets, processing and storage facilities. This is a 456 per cent increase from the situation during the MTR where only 69,482 beneficiaries had reported this improvement.

56. **New or rehabilitated warehouses improved price and marketing period opportunities and reduced post-harvest losses** according to 93 per cent of the wards visited during the second outcome study. The marketing period was extended up to seven months in some cases. Warehouse utilization improved collective marketing by the beneficiaries by attracting traders to obtain larger volumes of produce at a single point and reducing transport costs. However, this was not always the case, as the field visits reveal that the collective marketing was not uniformly practised across the programme. Warehouse storage led to a significant decrease of post-harvest losses, according to 79 per cent of respondents of the second outcome survey. The volume of produce stored in warehouses increased from a mean of 199 tons to 639 tons per season (MIVARF 2020b).

57. **Due to improved access to value addition facilities and post-harvest training centres, value addition practices improved among beneficiaries.** Improvement in value addition followed programme interventions through capacity-building in post-harvest crop handling practices including training on proper crop storage practices, effective crop drying and harvesting at the right time. Additionally, beneficiaries were trained on packaging and grading, moisture control and milling and preparing business plans and work plans, all of which can help improve the selling price of the produce and attract consumers.[16]

58. **There are capacity challenges in the operating infrastructure facilities.** MIVARF beneficiaries and partner organizations faced challenges in the operation of their facilities, mostly related to lack of capacity and synchronization of interventions. These cut across all three subcomponents of component 1 since it links the operation of warehouses, value addition facilities and post-harvest training centres, and finance. The PCR reported that: (i) operators lacked experience to run infrastructures efficiently because some were only completed in mid-2018; (ii) there were difficulties in implementing a fully-fledged warehouse receipt system; and (iii) the needs in working capital were underestimated by processor groups with value addition facilities preventing them from buying enough raw materials, resulting in an estimated output of 45 per cent of capacity. However, as described in various parts of the PPE, an overall challenge was insufficient and inconsistent capacity-building prior to and after initiation of operations of the facilities, reducing their operational functionality. As noted in table 5 below, some of the facilities are not functional and WRS in particular are not operational in nearly three-quarters of the warehouses.

[15] According to the database provided by the project M&E staff about 104,000 individuals were part of the PEML groups. The number of 386,319 includes beneficiaries of infrastructure financed through AfDB funding.

[16] Following the second outcome study, value-added produce accounted for a mean 72 per cent of total produce in 2020. This is an increase compared to the baseline in 2015, where only 1 per cent was considered processed and 12.6 per cent semi-processed.

Table 5
Status of MIVARF facilities as of October 2019

	Total	*Operational*	*Not operational*
Warehouses with WRS	35	9 (fully-fledged WRS)	26 (simplified storage without WRS is operational)
Markets	16	15	1
VA facilities	30	25	5
Post-harvest training centre	13	12	1

Source: PCR (2021).

59. **There was limited uptake of the warehouse receipt system.** WRS lacked many prerequisites including: the existence of a well-developed SACCO or MFI in the area; willingness of a commercial bank to lend to the SACCO/MFI based on farmers' goods deposited; presence of a collateral manager; and well-identified off-takers (as opposed to traditional middlemen) interested in marketing arrangements with farmer depositors. There were delays and bottlenecks at many levels: warehouse construction, group mobilization by service providers in the area of warehouses, late or no engagement of a warehouse operator, and SACCOs' access to finance from banks (IFAD 2015b). A flexible "simplified storage" system without WRS enabled farmers to have effective use of the warehouses to store their products even though they could not get cash advances under a WRS. As reported by the second outcome study, out of the 35 warehouses, only nine (26 per cent) fully-fledged WRS were established while the rest were used as simple storage facilities. Producer groups were enabled to make use of warehousing services, committees were formed to ensure continued use of the facilities and AMCOS were strengthened to manage the facilities.

60. **For smallholders, a simplified storage system is more realistic for many of their commodities.** The above-mentioned prerequisites of a WRS are not feasible for those with small quantities and for lower-value crops that have uncertainty about price increases. Feasibility of smallholder quantities, prices cycles, price risks, etc., were not sufficiently analysed in MIVARF at design. For example, Tanzanian macro-level interventions on maize prices and exports affect confidence in storing for obtaining a higher price. When price increases from commodity storage can be reasonably assured, a simpler "inventory credit" system could be considered where there is confidence and security of the warehouse management/AMCOS and a SACCO. This is also laid out in the theory of change wherein the assumption that "*storing produce will increase price, produce can be sold at a later time"* was made but is not realistic. However, as implementation of MIVARF progressed these constraints were recognized. Thus, most of the warehouses were used as simplified storage warehouses.

Outcome 2: Increase production and productivity and formal linkage of producer, processor and marketing groups to market

61. **Impact pathway 2**: Increased production along with imparting technical and marketing skills by service providers is expected to lead to improved capacity of beneficiaries. The increased capacity is expected to enable target groups to collectively forge and maintain formal linkages to markets.

62. **Productivity increased across the different value chains.** The PCR reported that MIVARF succeeded in raising the productivity of its target groups across the different value chains. Through mentoring from lead service providers and business coaches, many smallholder farmers were better able to monitor their production costs, particularly by buying inputs collectively and using them in an improved manner. The second outcome study (2020) reported that generally, the availability

of the basic agricultural inputs improved in over 90 per cent of the wards visited. Also improved technologies were adopted, within the visited wards, 59 per cent were using improved seeds, 75 per cent of wards practised proper tillage in preparing their farms and 43 per cent of them observed proper spacing during planting of crops. Other improved agricultural technologies used by farmers include fertilizer application (73 per cent of wards), proper use of pesticides (58 per cent of wards) and moisture control (7 per cent of wards). In the course of field visits, the improvements to production practices were seen as the most valuable contribution of the programme.

63. **Technical, entrepreneurship and business skills remain low among groups.** LGAs provided training and extension through service providers and business coaches. However, as noted in the first and second outcome studies in 2017 and 2020, beneficiaries indicated a need for additional technical training and coaching in agronomic practices and harvesting techniques, post-harvest handling, marketing, including capacity-building in collective marketing and WRS among other areas. Business skills were also lacking and the attribution study (2020) recommended that future interventions should include enterprise development and management to rural clients so that they gain necessary skills for enhancing their enterprise competitiveness before they apply for financing since it noted that most PEML-supported groups did well when they accessed loans after capacity-building phase. Insufficient capacity development, as described further in the section on rural impact, limited overall effectiveness. This was due to: (i) difficulties in contracting service providers with sufficient capacity in the initial years of the programme, (ii) lack of a comprehensive training and follow-up coaching strategy and approach, and (iii) limited outreach of training and a need for training on a wide variety of topics on value chains, marketing, finance and management.

64. **Lack of performance of service providers led to slow progress of value chain interventions in the initial years before MTR and to changes in implementation modalities.** To support PEML beneficiaries, the Project Coordination Team (PCT) initially opted to recruit a large number of service providers, based on the rule that no service provider could cover more than two districts at a time, which reduced the potential effectiveness of competent service providers to operate in multiple districts (IFAD 2015b). Furthermore, the majority of the service providers were consultancy firms with very limited entrepreneurial experience. Besides causing lengthy procurement processes, this approach made it difficult to harmonize MIVARF's development approach and to connect smallholder producers' groups to key off-takers operating at regional or national level (IFAD 2021). After the MTR when the programme took a zonal approach linking lead service providers and business coaches to multiple districts, there was a positive MIVARF turnaround in service provision. In late 2016, PCT selected the best performing ones as PEML "lead service providers" and business coaches. The use of these experienced service providers and their employing a capacity-building focus on existing gaps of the groups was effective (IFAD 2021) and turned around the performance of MIVARF.

65. **The programme increased linkages between buyers and sellers, largely linked target groups to local markets and did so on an informal basis, compared to MIVARF's intention to forge formal linkages.** The programme supported farmer association groups. In some of the value chains and regions, it also supported establishment of platforms/forums, known as Consortia, but there is little evidence of this continuing after the project closed. According to the PPE's remote and field interviews, many groups' value chain linkages and buyer-seller linkages happen on an informal basis. This is largely due to the nature of the commodities selected by the programme, such as maize and rice, which are staples and have local and informal markets. Informal linkage refers to buyer relationships where transactions do not take place under the aegis of a legal contract with pricing and quantity of sale left to the prevailing market dynamics. With the exception of a few

commercial VCs, the PPE noted that very few private buyers provide extension and information. The exception was in Zanzibar where input suppliers provided extension services. The second outcome study (2020) stated that, in 82 per cent of wards visited, the smallholder groups reported to have been linked to local markets, 36 per cent of the wards reported to also be linked to regional markets and 29 per cent were linked to out-of-region markets. Linkages to buyers or off-takers were reported in 53 per cent of those wards. Typically, linkages to local markets are also characterized by informality. Value chains such as onion and garlic have some formal linkages with access to export markets. However these value chains form a small part of the outreach of the project.[17]

66. **Procurement of inputs and marketing of produce is not taking place collectively but rather individually and gaps remain in capacities of smallholders.** The number of farmer groups per ward did increase from a mean of four groups to fifteen groups during MIVARF, according to the second outcome study, mobilizing both existing producer groups and AMCOS, and driving the formation of new AMCOS. However during mission, the evaluation team found that most of the procurement of inputs and sale of produce is taking place on individual initiative with groups and AMCOS usually just highlighting the interest of potential buyers and respective offer price. This implies that assumptions made in the theory of change that "*Farmers are interested to store/sell surplus produce collectively*" was not a uniformly valid assumption. Individuals make their decision to sell based on their interest, holding power and perceived potential for higher price from other buyers. AMCOS and groups had little or no role in price negotiations and systematic linkages to markets.[18]

67. **The matching grants mechanism was supply-driven and did not meet the needs of the producer groups and output markets**. Matching grants for bankable value addition investments allowed groups to acquire agro-processing equipment for milling, drying, grading, packaging, etc. Eligibility criteria for proposal submissions by districts (located in regions supported by AfDB and limited to one per district) included a 25 per cent match. Some of the 35 groups receiving matching grants (against a target of 25) did well. Others lacked sufficient management, technical skills and/or working capital, especially if they had borrowed to meet the matching condition and later were unable to borrow more capital. Some matching grant groups with growth-potential businesses failed to make money due to mismanagement or lack of business shrewdness. No appropriate preparation and capacity-building was provided to any of the matching grant groups. The first and second outcome studies (2017 and 2020) additionally reported bottlenecks of low security, low capacities of the machines, unreliable electricity supply and lack of spare parts.

Outcome 3: Enhanced use of financial services and products for the low-income population in rural areas

68. **Impact pathway 3**: Improved capacity of financial institutions leads to an increase in their outreach. Improved access also enables linkage of target groups to financial services. Increased access along with linkage of target groups to financial services enables increased usage of financial services. Increased access and usage will also enable MIVARF's value chain groups to access financial services. However, improved

[17] Onion and garlic together make up less than 5 per cent of the programme's value chain outreach (5,230 out of 109,013 beneficiaries).

[18] According to the second outcome survey, in 55.2 per cent of the wards visited, beneficiaries indicated they require more training on value addition, while in 36.2 per cent and 25.9 per cent of the wards visited, they required additional coaching in agronomic practices on other crops and harvesting techniques, respectively. Other areas indicated for additional coaching include, post-harvest handling (19 per cent), marketing (17.2 per cent), crop drying and capacity-building in collective marketing (15.5 per cent), packaging (12.1 per cent), Warehouse Receipt System (WRS) 10.3 per cent and stored crop moisture control (5.2 per cent). However, as the mid-term review noted, some wards benefitted from capable SPs and business coaches others received only "one-off" training and extension that was not sufficient, nor effective for the depth of learning and adaptation anticipated by MIVARF.

access and usage of financial services requires an increase in availability of appropriate products for smallholders and increased affordability of these services. To that end, the smallholder credit guarantee scheme by MIVARF is intended to stimulate increased agricultural lending and lower the cost of credit through risk coverage.

69. **Implementation of the grassroots financial services subcomponent was slow and implemented in a scattered manner.** MIVARF had the strategy of identifying a large number of potential partner financial institutions for expanding financial services. However, this resulted in a selection of institutions with a mix of capacity levels and inconsistent service delivery. Financial institutions received financial and coordination support from the programme to improve their performance. However, the publication of MoCU's report (Moshi Co-operative University 2021) emphasized that the partners providing the services did not follow a common or comprehensive training approach and the use of "training of trainers" approach was late and insufficient, leaving many gaps in outreach and in-depth training to beneficiaries. Hence, the capacity-building, with inconsistent or no follow-through coaching, compromised the ability of weaker community-based financial institutions and other financial institutions to increase their services, set up new branches, and implement new products and delivery channels. Many grassroots financial institutions such as community banks/cooperative banks face structural problems, cannot comply with regulatory requirements on minimum share capital and capital adequacy ratio set by the Bank of Tanzania (BoT). As a result, BoT revoked the license of four out of nine such institutions supported by MIVARF. While MIVARF could not be expected to address the many problems facing community banks, its impact was affected by their weaknesses.

70. **SACCOs and their networking institutions (SCCULT and DUNDULIZA) were found to be weak and their capacity-building was dispersed and inadequate.** Studies were conducted to increase the understanding of SACCOs by investigating their operations and by grading them based on their size, financial volumes, sustainability and regularity of audit and supervision (IFAD 2013a). These studies were reported to be very beneficial, according to the PPE interviews. Furthermore, a training needs assessment was carried out by Moshi University College of Cooperative and Business Studies to diagnose the specific support needs of the SACCOs. However, the ensuing training was only partially implemented due to limited funding (e.g., 28 per cent of Moshi University's agreed budget was released) and the limited time remaining in the project. Moshi University received feedback from SACCOs on the need for ongoing backstopping and training, beyond one-time capacity-building. Moshi University notes only 53 training of trainers were trained and support was limited to 165 SACCOs with training, 141 with coaching and 83 with backstopping. This is a small number of the 1,505 active SACCOs existing at the end of 2018.[19]

71. **Programme support and improvements to apex institutions have not been sufficient for effective reform.** Actions undertaken include advocacy with apexes for BoT to relax the ratio of loans to savings and capital adequacy ratio, organization of an equity investor forum, and support to enable interested banks to sell shares on the capital markets. However, apexes, including Tanzania Association of Micro Finance Institutions (TAMFI) and the Community Bank Association of Tanzania (COBAT), Savings and Credit Cooperative Union League of Tanzania (SCCULT) and DUNDULIZA[20], remain highly dependent on external funding and have limited technical capacities and human resources to deliver services to their members and to meet regulatory requirements. The exception here is the Zanzibar Savings and

[19] https://www.ushirika.go.tz/ accessed on 14 September 2021.
[20] DUNDULIZA is a federation of cooperatives which sources credit from external sources and channels them to member SACCOs to support agricultural processes.

Credit Union (ZASCU), for which the registrar of the cooperative of Zanzibar has established a central financing facility to sustain the union (IFAD 2021).

72. **Capacity-building enabled financial institutions to increase access to the rural population but the increase cannot be attributed entirely to the programme**. MIVARF's support to community banks and MFIs expanded their services to additional communities and points of service. The support included the establishment of rural service centres, purchase of motorbikes for mobility, upgrading IT systems, installation of automated teller machines, development of mobile and agency banking, staff capacity-building on governance, product development, risk management, and establishment of linkages with PEML groups. This enabled the financial institutions to develop innovative delivery channels and products, including for smallholder finance. The PCR reported that, inclusive of 104,410 PEML beneficiaries, a total of 3,176,899 beneficiaries have directly been reached by the programme in accessing financial services, representing 115 per cent of target. According to the impact study (2018) and attribution study (2020), 2,741,468 were new rural clients, compared to 460,124 original project targets. However, this PPE believes that not all can be attributed to the programme. Most of the new rural client outreach was accounted for by the incremental client acquisition of grassroots financial institutions supported by the project. The attribution study estimated the number as 60-70 per cent of outreach to the project, but does not conclusively attribute this incremental outreach through a sound methodology.

73. **The use of rural financial services has increased.** The first and second outcome studies of 2017 and 2020 showed that an overall mean of clients with accounts in formal financial institutions increased from the previous 12 per cent of respondent at baseline to 83 per cent of respondents. The proportion of respondents using their accounts for facilitating credit acquisition increased from an overall mean of 11 per cent to 70 per cent of clients. In the second outcome survey of 2020, out of the 93 wards that had financial institutions, it was indicated that in 65 per cent, financial institutions (especially village community banks and SACCOs), provided loans, 11 per cent provided training on various issues, and the remaining 24 per cent of wards indicated that they were used for bond services when the producers were linked to other service providers. Members with savings accounts rose from 13 per cent of respondents at baseline to the 74 per cent of respondents in second outcome survey. Community members using mobile phones for financial transactions rose from an overall mean of 59 per cent to 95 per cent in visited wards and the distance to financial services was reduced from the previous mean distance of 43 km to 2 km. It is probable that the infrastructural improvement in roads, and increased productivity helped attract financial services into the areas. However, the increased usage should also be distinguished between one-time use and systematic use. As discussed in next paragraph, most banks have reported large number of dormant accounts pointing to intermittent usage of financial services emanating from affordability and lack of appropriateness of products.

74. **Financial services still remain unaffordable and/or unsuitable for a large section of smallholders and this affects usage.** Despite expanded outreach and transaction modalities by financial institutions, 61 per cent of interviewed client farmers and SMEs felt the cost of accessing and servicing a loan is still too expensive to comfortably manage borrowing. This is largely due to the actual cost (i.e. fees and charges) and size of the loan repayment (MIVARF 2018a). This is especially the case with MFIs, but also other financial institutions. For example, PPE interviews confirm that many financial institutions require monthly repayments for agricultural loans which is not in sync with the cash flow cycle of farming. Notwithstanding this, it is important to mention here that, in the course of PPE field visits, most of the value chain group members had mentioned that SACCOs and other community financial institutions were their primary sources of financing. However, many of these community financial institutions struggle and lack sufficient capital to fulfill clients'

needs. In the course of the interviews with cooperative banks and community banks, it was reported that there are many dormant accounts, which indicates a lack of interest or appropriateness of many of the services and products offered. MIVARF supported the Tanzania Cooperative Development Commission in an exercise needed to review the cooperative financial institutions in the country and found that, as of 31 December 2018, there were 4,770 SACCOs, of which only 1,505 were active while 2,097 were dormant and the rest (1,168) were untraceable. Quality of service, rather than outreach, is the most important indicator of success and, in this regard, MIVARF presents a mixed record. The assumption in the theory of change that "more and varied financial products will meet the needs of a rural poor" does not hold entirely true.

75. **The biggest impact of SCGS on many financial institutions was to provide additional security cover for the banks to lend, and to consider lending larger amounts at lower rates.** The Tanzanian Postal Bank (TPB), in fact, began agricultural lending due to SCGS. Another effect, stated by the PCR, is that six partner financial institutions agreed to lower loan interest rates 4-5 percentage points per annum for SCGS-guaranteed projects given the lowered risk on account of security cover and this is borne out by the analysis of SCGS database.[21] In addition to such examples of expansion and improvement, for other banks, the primary benefit of SCGS was increased security cover, rather than an expansion of lending, as mentioned in detail below.

76. **SCGS has been effective in a limited way in stimulating agricultural lending to the extent of the guarantee cover.** In table 6 below, Year 1 refers to 2017 unless agricultural lending was introduced in the institution after 2017. Most of the institutions saw an uptake of SCGS only in 2019 and 2020 and it can be seen that few institutions (1, 2 and 5) have seen a consistent growth of portfolio both before and after SCGS, with SCGS stimulating lending to the extent of the guarantee cover. There are two particular nuances which need to be considered. First, the effect of COVID-19 cannot be quantified in the lending numbers for 2020 and the numbers and growth could have been potentially different if not for COVID. Second, any change in lending practices of institutions takes a long time while only three years have elapsed since the commencement of SCGS (2018) with different institutions joining at various points of time after 2018.

Table 6
Indexed agricultural lending trends of SCGS participating institutions[22]

Institution	*Year 1 (2017)*	*Year 2*	*Year 3*	*Year 4*
Institution 1	100	138.2	210.3	180.9
Institution 2	100	125.4	138.9	167.5
Institution 3[23]	100	87.2	0.9	2.0
Institution 4[24]	100 (2019)	14.8 (2020)		
Institution 5	100	107.5	111.1	123

77. **Hindrances remain in the functioning of SCGS**. TADB provides both individual loan guarantees, used by some larger loans and financial institutions, and a portfolio guarantee, used more by the community banks. TADB provides paper guarantees for which there is no interest rate cap. It also provides the option of a cash cover

[21] The overall average interest rate is now 16.4 per cent per annum with an average loan tenure of 13.4 months.
[22] TPB is not included in this table as it began its agricultural lending portfolio only in 2018 with very little lending and presentation of its data would have skewed the data if 2018 had been taken as a base year. The Index was calculated using USD figures which were derived by converting the Tanzania shilling figures at UN exchange rates for Mid-September 2021.
[23] The institution in question faced several losses starting in 2019 in its agricultural lending portfolio and hence discontinued most of the agricultural lending so as to restructure the accounts.
[24] The institution mentioned that its agricultural lending portfolio was affected on account of COVID-related restrictions.

deposit for the collateral, if the liquidity is needed but charges interest for it that is similar to other commercial deposit accounts. This is in addition to a fixed annual fee of one per cent of the outstanding portfolio covered under the guarantee scheme. This led to a perceived high cost for availing of a guarantee fund, as was noted by some financial institutions. For those, such as MFIs and community banks, TADB imposed interest rate cap restrictions on their lending, together with the cost of the SCGS cash collateral deposits, were highlighted as hindrances during PPE interviews. Here, it should be noted that MFIs and community banks particularly valued the cash cover deposit due to the lack of liquidity that these institutions face. Delays and/or reduced funding compared to the amount requested were also noted by some financial institutions, in part stemming from late disbursements from MIVARF to TADB. Most institutions cite the lack of capacity to assess risks in the agriculture sector and to design products suitable for different client groups as reasons for limited lending and requested continued and increased coverage under SCGS to scale up agricultural lending. Originally, SCGS had foreseen capacity-building and technical assistance by AGRA to enhance agricultural lending through the institutions' own resources. However, this approach was dropped during redesigning the SCGS. None of the SCGS partner institutions stated that they received any technical assistance from TADB.[25]

78. **In summary**, MIVARF-financed infrastructure has been useful in enhancing post-harvest facilities for target groups. MIVARF has engaged in capacity-building of the target groups for enabling access to value chains and linkage to markets through service providers. However, there are still gaps in the capacities of target groups. Groups have linkages to local markets which are largely informal in nature. Groups are also not able to undertake activities collectively. MIVARF has been able to enhance the access to financial services for rural populations by enhancing the capacity of selected grassroots institutions and through the credit guarantee scheme. Capacity-building efforts, while useful, have been insufficient in enhancing the capacity of a majority of the target institutions and capacity gaps remain. SCGS has been successful in stimulating agricultural lending by banks, to a limited extent. Usage of financial services is affected by the lack of affordability of services and the weak capacity of financial institutions.

79. In light of the analysis above the effectiveness is rated as **moderately satisfactory (4)**.

Efficiency

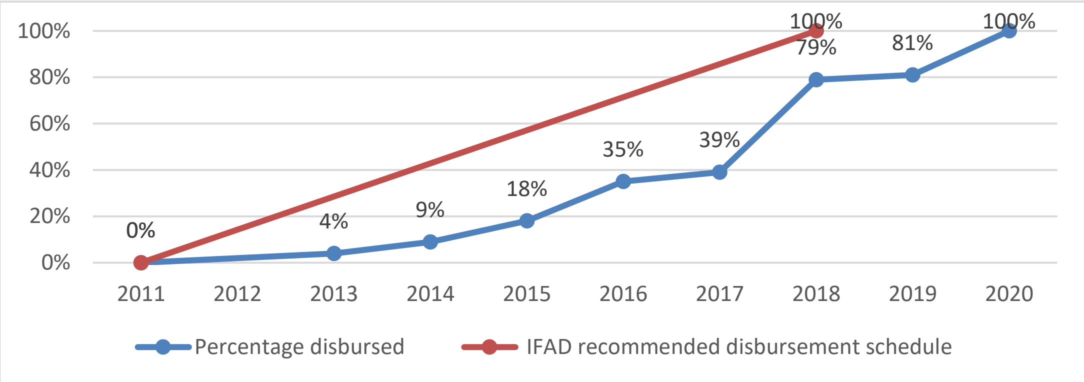
80. **Disbursement performance closely mirrored the progress of the programme and was low in the initial years before seeing a sudden spike in the final three years of the programme.** The PCR reported that 2011, 2012, 2013 and 2014 registered the lowest percentage of implementation vs. revised appraisal financial disbursements (4 per cent, 9 per cent, 37 per cent and 54 per cent, respectively). Serious activity implementation picked up in 2015, where achievement against appraisal targets from the fifth to the seventh year was 134 per cent, 583 per cent and 1,185 per cent. Despite the accelerated implementation in the second half of the programme, not all activities could be completed in time, and required two consecutive extensions. The IFAD loan disbursement remained very low, in line with total programme implementation. Based on the reported disbursements in supervision mission reports IFAD only reached 9 per cent disbursement in 2014. The disbursement picked up only after the MTR with a sudden spike in 2018 due to bulk disbursement of funds to the Tanzania Agriculture Development Bank (TADB) component for the smallholder credit guarantee scheme and the Rural Innovation Fund (figure 2). The variable performance in disbursement before and after MTR is

[25] During the implementation support mission in February 2020 it was agreed with TADB that a percentage of the SCGS fund should be used to finance technical assistance to the financial institutions. US$960,000 was thus supposed to be allocated for technical assistance.

also reflected in the differences in performance before and after MTR noted under effectiveness (paragraph 51 and paragraph 64).

81. **The delays in programme implementation did not affect the actual total disbursement, even though the disbursement schedule was skewed towards the second half of MIVARF.** MIVARF was designed as a seven-year programme, with original starting and closing dates on 25 February 2011 and 31 March 2018. MIVARF had an effectiveness lag from approval to effectiveness of three months. After extension the actual completion date was 31 December 2020, resulting in an extension of 33 months to the closing date of the project. Total appraisal cost was US$169.461 million and final total disbursement was US$155.858 million. For a complete overview, see table 6.

Figure 2
Disbursement profile of IFAD financing to MIVARF



Source: IFAD supervision mission reports.

82. **Project management costs were envisaged to be low at design and remained low as at closure.** At design, the programme had management costs of US$15.76 million, comprising 9.7 per cent of the total planned cost of US$161.54 million. At closure, MIVARF had actual management costs of US$14.88 million, comprising 9.5 per cent of the total actual programme costs of US$155.85 million. Thus, despite two closure extensions, the management costs did not experience any incremental increase over the design estimates. One of the reasons for the low management costs is the reliance on partners for implementing programme activities. The planned and actual management costs remain well below IFAD's recommended level of 15 per cent for project management costs (IFAD 2019b, 51)

83. **The cost per beneficiary was lower than that envisaged at design.** The PCR reported that the programme has managed to reach a total of 3,176,899 beneficiaries at an actual unit cost of US$49, which is 17 per cent lower than that envisaged at appraisal. However, most of the outreach comes from the rural finance sector where the incremental clientele acquisition of the partner rural financial institutions are also counted as being direct beneficiaries of the programme, but which is not entirely attributable to the programme itself.

84. **The Economic Internal Rate of Return of the programme was higher than that envisaged at design.** Internal rate of return can be defined as the discount rate at which the present value of all future cash flows (or monetized expected hypothetical benefits) is equal to the initial investment, that is, the rate at which an investment breaks even. It can be used to measure and compare the profitability of investments. The PCR performed a detailed economic analysis in which it also calculated the economic internal rate of return (EIRR) and the net present value. The overall EIRR was estimated at 74 per cent, an increase from the projected 20 per cent at programme appraisal. The net present value (NPV) of the investment, calculated at the time of design at US$103.54 million, is still positive

(US$340.34 million) at a discount rate of 10 per cent. The increase in the EIRR can be linked to the fact that MIVARF reached more beneficiaries (3,176,899) than foreseen at appraisal. However, the quality of outreach remains an issue as most of such outreach is attributable to the incremental client base of the programme and the quality of the impact on them is not sufficiently known or captured in the programme documents. For example, the affordability of financial services is an issue which has been raised in the Impact Assessment Report for MIVARF Financial Services Partners (2018) and confirmed by the PPE in the field. The attribution of the increase in clientele to the programme is unclear while the claim of attribution made under the attribution study does not set out clearly the methodology used to calculate the percentage of attribution to the programme efforts.

85. **The assumptions made in calculating the EIRR cannot be fully validated.** In addition, two critical assumptions made for calculating the EIRR are of particular interest to the evaluation, namely, that economic benefit stream patterns followed the same pattern envisioned at programme appraisal and that programme benefits flowed to beneficiaries in a manner proportionate to that foreseen at programme appraisal. On the first assumption of benefit stream following the same pattern as envisaged at appraisal, as elaborated in the figure 2 above, the disbursement pattern of the project was highly skewed, with the bulk of the disbursement in the final three years. This was because the implementation of the value chain activities and the smallholder credit guarantee scheme picked up pace only towards the end of the programme. Thus, the flow of benefits was not entirely in line with what was planned at appraisal. On the second assumption, in terms of proportion of benefits from different interventions, as relevance covered, the sequencing of interventions was not done in a manner foreseen during design.

86. **The performance of the PCT picked up significantly after MTR.** As covered in detail later under government performance, the uptake of recommendations of supervision missions and the rate of implementation of IFAD-financed activities in the initial years was very low. This improved after mid-term review as the PCT worked with the MTR team to reformulate its approach to value chains (consortia model and lead service providers) and rural finance (using Moshi Co-operative University for capacity-building). MIVARF was affected by a lack of data before MTR. PCT tried to overcome the paucity of M&E data after MTR by undertaking four different outcome and impact surveys. While these surveys provide useful data for assessing the performance, they all have significant methodological gaps (refer to table 2) and the PPE was only able to use the data upon triangulation with other sources.

87. In light of the analysis above, efficiency is rated as **moderately satisfactory (4)**.

Rural poverty impact

88. The overarching **development goal of MIVARF** as stated in the logical framework in the programme design report (2010) was **"poverty reduced and accelerated economic growth achieved on a sustainable basis"**. Impact is defined as the changes that have occurred, or are expected to occur, in the lives of the rural poor as a result of development interventions as outlined in the theory of change.

Household income and net assets

89. The PCR quotes the second outcome study (2020) which reports **improvement in household income, with 14 per cent of wards reporting moderate improvement and 86 per cent of wards reporting high improvement**. The improvement in overall household income was considered as the beneficiaries' ability to accomplish household needs that they were not able to fulfil prior to the programme. As per the outcome survey, indicators used for measuring improved income include: i) ability to pay for health services; ii) being trusted by financial institutions; iii) enhanced farm productivity; iv) ability to buy other assets; v) ability to invest in new businesses; vi) installing solar power; vii) ability to buy land; ix)

ability to pay school fees; and the x) ability to build a good house.[26] The study (2020) reported a median increase in income among 20 wards of 114 per cent between 2017 and 2020, although in 25 per cent of the wards increases were 50 per cent or less. Annual inflation during the period was between 3 per cent to 5 per cent annum, thus reducing real increases accordingly. In the field visits, most of the respondents mention increases in production anywhere between 50 per cent and 200 per cent with resultant increases in income, though field interviews reveal that lack of systematic linkages to markets led to less than proportionate increases in income. Thus, the increase in income was not uniform across wards and was constrained by gaps in market access. The lack of uniformity in income increases was also borne out in the field visits.

90. Given the limited information provided in the surveys on income increases and assets and the limitations of the surveys highlighted in table 2, the PPE will also rely on the theory of change of the evaluation to further validate the income and household asset increase claims. In the theory of change, the increase in household assets (as an impact) is preceded by the four outcomes of increase in use of rural finance, increased physical access to markets and storage, increased profit from production and value addition and improved engagement of producer organizations in formal partnerships and agreements. As covered under effectiveness, the outcomes had mixed results. The physical access to markets, roads and other storage infrastructure was good. Usage of rural financial services is found to be uneven, with formal financial services reaching a wide population, but agricultural lending still remaining restrained and affordability of finance still being a challenge. Similarly, market linkages were largely informal in nature without a formal contract and most of the linkages were to informal markets. Given these constraints any increases in household assets would be limited as per the theory of change. It should also be noted that increases in household assets takes a longer time to manifest compared to any increase in incomes. In the field visits, the beneficiaries interviewed did not reveal any substantial increases in assets.

Human and social capital and empowerment

91. **Capacity-building activities showed some positive results but were inconsistent and insufficient.** The second outcome study (2020) reported that the technical and business management training by service providers has improved selling opportunities, with 81 per cent of wards reporting improved prices due to enhanced crop price negotiating skills. As noted under effectiveness, beneficiaries are still found to be lacking in business and enterprise development skills and most of the groups that the evaluation team met in the field visits also expressed unmet needs for, inter alia, capacity-building and livelihood development training.

92. **Community ownership of MIVARF-built assets is strong and suitable mechanisms are in place to enable collective ownership.** MIVARF capacity-building and facilitation for infrastructure management led to the formation of committees responsible for the management of roads, markets and post-harvest training centres. The second outcome study reports that community members are given roles and responsibilities. For example, in 73 per cent of the wards, community members are required to contribute the labour force for infrastructure maintenance to reduce costs and in 53 per cent of the wards with warehouses, community members are required to contribute labour to manage them as part of cost sharing. This enhances a sense of collective ownership but can affect the quality and timeliness of the work.

93. **Empowerment of farmer producer groups.** Under MIVARF, service providers linked beneficiaries to input suppliers. The PCR reports that coaching by service providers linking beneficiaries to input suppliers through farmers' groups helped them to more actively negotiate and participate in decision-making processes.

[26] This M&E data is at the ward level, with unclear aggregation methodology, which hampers the assessment of the PPE for individual indicators.

Highlighted measures for farmers were: a) the introduction of a farming calendar to help with more profitable timing of bringing produce to the market (Zanzibar); b) the availability of proper weighing instruments, which supports fairness and transparency; c) the control of costs of production; and d) the practice of keeping records that enable farmers to have accurate production and marketing records and calculate their break-even point. As found during field visits, training on good agricultural practices were particularly appreciated by target groups. In terms of linking to the markets, most of the linkages happened informally and at the local level, as covered under the effectiveness section.

94. **Smallholder households have better access to financial services although its quality and affordability remain significant gaps.** As noted under effectiveness, there has been an expansion of access to financial services. However, financial services are still not affordable enough and quality remains a concern. The "Performance report for the smallholder farmers' credit guarantee scheme (SCGS)" by TADB[27] reports that the total loan disbursement under SCGS as of 30 June 2021 is TZS 98.35 billion. The SCGS loans disbursed have directly impacted more than 11,500 smallholder famers or smallholder groups/AMCOS and indirect beneficiaries of more than 1 million smallholder famers of whom more than one third are women. More than 96 primary farmers' organizations and 25 small-scale agro-processing industries have been funded, strengthening the market value of the produce. The second outcome study (2020) reported improved access to financial services in 74 per cent of wards visited and for the support of value addition activities it increased to 62 per cent of wards visited. In addition, several banks have launched various agri-lending products specifically for smallholder farmers and some agreed to lower interest rates. Even so, the majority of the rural smallholders access their financing through SACCOs and other local financial institutions. Affordability still remains a constraint to access and usage. Quality and affordability deficits are primarily driven by the weak capacity of financial institutions to mobilize capital (refer to para. 69), assess risks (refer to para. 77) in the agriculture sector and design appropriate products. The effectiveness section discusses the existing capacities of financial institutions.

Food security and agricultural productivity

95. **Food security is one of the higher-level results of MIVARF.** MIVARF's development objective was "to enhance the incomes and food security of the target group sustainably through increased access to financial services and markets." The PDR (IFAD 2010) only mentions improved food security as an indirect effect of the programme through reduced consumer prices and improved availability and quality of food, while not setting specific targets for yield increases. MIVARF M&E documents and the PCR do not present data or assess the prevalence of child malnutrition or food security.

96. The MIVARF results frameworks of 2018 (MIVARF 2018b) and 2019 (MIVARF 2019) state "Prevalence of child malnutrition in the programme area" as an indicator, with sub-indicators of stunting underweight percentage. While Tanzania has reduced stunting from 35 per cent in 2011 to 32 per cent in 2018[28] and prevalence of underweight slightly increased from 14.1 per cent in 2011 to 14.6 per cent in 2018, these changes cannot be specifically attributed to MIVARF. The impact assessment report (2018) elaborates food security is a parameter, using indicators of meals per day and the duration of lean period per year. The assessment determined that 100 per cent of respondents eat three meals per day and have a low duration of lean food security period.[29]

[27] Smallholder farmers' credit guarantee scheme database, TADB. June 2021.
[28] World Development Indicators. World Bank Group. https://data.worldbank.org/indicator/SH.STA.STNT.ZS?locations=TZ
[29] However, the impact assessment interviewed only 99 respondents, which is a small sample size.

97. **Increased agricultural productivity due to improved agricultural technologies.** Based on the available data and reported in other sections of this report, it is clear that the programme activities of training, access to inputs and markets and finance have led to an increase of productivity and expansion of farm production. For example, the PCR reports that under normal rainfall conditions and depending on the districts, paddy production increased by 15 per cent to 91 per cent, maize by 12 per cent to 15 per cent, cassava by 34 per cent, sunflower by 32 per cent to 49 per cent, sesame by 47 per cent and ginger by 33 per cent. Increases in production are also substantiated by the interviews of the PPE, with target groups with production enhancement being the most valued result of MIVARF.

Institutions and policies

98. **Smallholder farmer organizations and agricultural marketing cooperative societies (AMCOs) now play an active role in input and output market linkages**, as well as in negotiating with offtakers, institutions and organizations on behalf of all farmers. In Zanzibar, the district farmer fora in Zanzibar had a large growth in members during MIVARF to more than 11,000 members and 10 district farmer fora have also launched their own apex body Jumwaza. It is recognized by the Ministry of Agriculture, Natural Resources, Livestock and Fisheries (Zanzibar) as a key interlocutor and represents Zanzibar farmers as a board member of the Zanzibar Agricultural Research Institute. On the mainland, AMCOS and farmer groups connected smallholders to input and output markets, although most of such linkages were informal during and after the closure of the programme, as found during the field visits. That being said, as covered under the analysis on effectiveness, gaps remain in the capacities of smallholder groups to conduct marketing collectively.

99. **MIVARF initiated and/or strengthened financial institutions and policies** that play key roles in representing the rural poor. Policy examples include the Microfinance Policy for Tanzania mainland and review of the Cooperative Policy, their respective Acts and approval. The project supported SACCOs and apex organizations, such as regional AMCOS unions, regional SACCOs unions, the Tanzanian Federation of Cooperatives, the Savings and Credit Co-Operative Union of Tanzania (SCCULT) and the Zanzibar Savings and Credit Union (ZASCU). However, these institutions still remain weak, with the exception of ZASCU. SACCOs lacked systematic backstopping and coaching, as covered in para. 70. Initiation of the SCGS increased the interest of financial institutions in agricultural lending to smallholders, and in some cases lowered interest rates. The capacity-building approach of financial institutions was found to be disparate and lacking in focus and follow up, as covered under effectiveness.

100. **In summary**, the impacts on household incomes are found to be good while impacts on household assets are limited. In terms of social and human capital-building, the programme has trained beneficiaries in production and marketing techniques but the specific and residual gaps remain in the capacity of PEML groups. In terms of institutions and policies MVIARF did contribute to capacity-building of grassroots financial institutions but many of the institutions and their apexes remain weak. In addition, coaching and follow up to capacity-building interventions of institutions such as SACCOs has been missing.

101. In light of the analysis above rural poverty impact is rated as **moderately satisfactory (4)**.

Sustainability of benefits

102. **There is no comprehensive exit strategy at the programmatic level.** The PCR reports a strong foundation for MIVARF sustainability due to the engaged ownership of local government, key partners of MIVARF, such as TADB, and organized community ownership with much of the local infrastructure in place to sustain their operations and benefits into the future. While ownership is strong, the capacity

needed for sustainability is weak on some important levels, especially at the community organization level. The interventions were broad and levels of capacity and needs were diverse, ranging from management and marketing skills and technical capacity to financing. The multi-faceted nature and differing capacities of partners contributed to an overall lack of focus in the programme to fully meet the needs and ensure a strong, sustainable foundation in many of the areas of intervention. Hence, there is not a comprehensive exit strategy in place for all areas of the programme, including the value addition facilities operating lacking capital and sufficient know-how, many AMCOS and farmer groups unable to function as strong marketing entities and numerous grassroots financial institutions that struggle to meet regulatory standards. The remaining capacity gaps are the most important risks to sustainability of the gains of MIVARF.

103. **Farmer organizations' ownership is strong, but suitable capacity in many areas is lacking.** The PPE evaluation noted that farmer groups and AMCOS were not able to systematically undertake various levels of collective activity for input acquisition and output marketing. A majority of such activities were undertaken informally, without contracts. They did benefit from training and capacity-building but remain weak and face ongoing challenges. There is no comprehensive, ongoing capacity-building assistance in place for them to seek support since service providers are no longer providing capacity-building to them after the closure of MIVARF, confirmed during field visits. The LGAs met during the evaluation mission concur with the PCR mission report that the farmers' organizations' limited "ability to act as strong producing or marketing entities" is the number one remaining gap (36 per cent of respondent LGAs), and hence, is observed as a sustainability risk. At the same time, they also expressed their willingness to support the groups and AMCOS.

104. **Appropriate mechanisms have been put in place to maintain the infrastructure financed by MIVARF**. The programme formally established 56 local market infrastructure committees with the beneficiaries and councilors as members. The second outcome study reported that in 70 per cent of the wards visited, which had infrastructures developed or improved during MIVARF, there are committees that oversee the continued use and maintenance of the roads, market structures and post-harvest training centres. As discussed under the government performance criteria later, ownership among local governments is high.

105. **In rural finance, institutional capacities are still weak while SCGS' financial parameters are stable.** Community banks, SACCOs and their apexes are at differing levels of sustainability. MIVARF also worked with regulatory institutions such as the Tanzania Cooperative Development Committee and Cooperative Audit and Supervision Corporation as entry points. The apexes and regulatory institutions have weak capacities. Institutionally, the community banks[30] and SACCOs[31] also have weak capacities while apexes are under stress. As interviews with apex organizations and the PCR report note, partnership with the African Confederation of Cooperative Savings and Credit Associations is viewed as a potential exit to further strengthen SACCOs and apex organizations in Zanzibar and the mainland. SCGS for smallholders have been successful in uptake and management of loan guarantees within the short time of operation, and continue to grow after the project. TADB has been able to manage the SCGS profitably to date, as per the financial statements provided by the institution. In addition, the TADB is expected to expand the SCGS with additional funding from a bilateral donor. A test of sustainability comes from the payouts for losses on loans guaranteed, but the default rates at present do not pose a significant

[30] More than half of the community banks are unable to reach BOT's core capital minimum requirement of TZS 2 billion and six of them came under special supervision. Other community banks have converted to MFIs to be able to expand beyond community bank district limitations, which further weakens the income base of the apex to provide member services.

[31] According to Tanzania Cooperative Development Commission (https://www.ushirika.go.tz), as of 31 December 2018, there were 4,770 SACCOs of which only 1,505 were active while 2,097 were dormant and the rest of 1,168 were untraceable.

threat to its viability. The PCR reported no claims had been submitted as of September 2020, and this remains true as of June 2021.[32,33] However, at the end of September 2020, the average Portfolio at Risk[34] (PAR) was 21 per cent. While this PAR is high, much is concentrated in a financial institution affected with the marketing of commodities, especially cashew that is still in storage. Consolidated PAR and non-performing loan data were not available at the portfolio level as of June 2021.

106. **WRS has little uptake and is not expected to continue at a significant level as simple storage is more suited to beneficiary needs.** With the exception of some export and commercial VCs such as cashews, ginger and, to some extent, paddy, WRS is not well suited to smallholder needs and capacities. The administration of a WRS required a licensed collateral manager in order for the banks to have sufficient confidence to lend against the warehouse receipts. Farmers felt that this management was expensive and it was found that with few exceptions, the AMCOS did not acquire sufficient capacity and experience to administer WRS. In addition, small farmer producers' organizations lacked sufficient orientation and/or volume of produce to engage in using WRS. The use was also hindered by policy measures, for example government interventions in buying and pricing commodities such as maize, and occasional export bans increase the risks of storing for a later price increase. Non-WRS operations were found to be sustainable from the storage fees charged when managed well. A large majority of the warehouses are managed by AMCOS with storage often being short-term for aggregation and marketing, rather than awaiting longer-term price increases and linkages with WRS, which is line with needs of the target groups farmers and hence more sustainable.

107. In light of the analysis above sustainability is rated as **moderately satisfactory (4)**.

B. Other performance criteria

108. This section consists of set of five criteria: innovation, scaling up, gender equality and women's empowerment, environment and natural resource management and adaptation to climate change. These criteria reflect themes and areas which are of critical importance to IFAD's agenda but are not captured under project performance criteria, as defined by OECD-DAC nor under the four domains of rural poverty impact.

Innovation

109. **From 2016 onwards MIVARF introduced the consortium model, an inclusive agribusiness development initiative that brought different stakeholders onto a common platform**. The consortium was designed to bring together value chain actors who experience profitability and growth challenges limited by access to competitive input and output markets. The challenges may include access to finance, inputs or produce market, timeliness of supply and quality of produce, just to name a few. The innovativeness of the consortium model is that it pulls all the actors in the value chain into a mutually beneficial relationship that ensures strong connections, often based on comparative or competitive advantage, as opposed to the traditional approach that largely relies on pushing products to the market. In this approach, actors are much more informed and responsive to market needs, have the opportunity to improve their service delivery and can capitalize on sector business knowledge and experience including providing tailor-made services. The consortia model is known by different names in IFAD programmes elsewhere, with the most common name being multi-stakeholder platforms.

[32] One partner bank had submitted a claim amounting TZS 40.46 million for 54 loans, but they had not exhausted recovery measures. Therefore, TADB advised them to complete the recovery measures since SCGS is a last resort.
[33] As per information provided by TADB on 27 July 2021.
[34] Portfolio at Risk (PAR) Ratio is calculated by dividing the outstanding balance of all loans with arrears over 30 days, plus all renegotiated (or restructured) loans by the outstanding gross loan portfolio. The data used for this indicator is calculated at a certain date in time.

110. **MIVARF used a model for service providers where stronger SPs became lead service providers to bring together all other stakeholders onto a single platform and provide linkages to groups.** After it became clear that that not all service providers had the necessary expertise and human resources to deliver tangible results at MTR, the programme made a strict selection of high-performing lead service providers to continue the work and did not renew the contracts of under-performing/non-performing service providers. In mainland Tanzania, five service providers emerged as lead service providers, while in Zanzibar, the programme made use of four business coaches, all of them with a strong ability to identify and resolve on a case-by-case basis the bottlenecks encountered by groups along the development of their businesses. This innovative way to use service providers became the key to unlock MIVARF's potential, enhancing the synergies between the various programme's interventions, and optimizing the AMCOS/groups' capacity to utilize the wide range of investments made by the project.

111. **MIVARF's value chain activities straddled district administrative boundaries by taking a zonal approach**. At MTR, it was found that the principle of having one service provider service a maximum of two districts meant that service providers were largely restricted to district or local markets. As a continuation to the reorganization of lead service providers, the programme groups and the target districts were also reorganized on the basis of agro-ecological zones. The zonal approach opened up the groups and districts to markets beyond administrative boundaries.

112. In light of the analysis above innovation is rated as **satisfactory (5)**.

Scaling up

113. **The smallholder credit guarantee scheme is evincing interest from other financiers for scaling up operations**. Towards the end of MIVARF, Tanzania Agriculture Development Bank (TADB) had eight partner financial institutions. As of July 2021, SCGS has enrolled eleven financial institutions, of which seven commercial banks operate at national level and do not limit their agricultural loans to MIVARF districts. Thus, TADB is expanding the scope of operations of the guarantee scheme even after the programme. TADB is also negotiating to enhance the scale of the guarantee scheme with additional funding from other development partners. Negotiations are ongoing between TADB and the French Development Agency (AFD) to invest an additional Euro 20 million into the SCGS. However, as explained under effectiveness, the SCGS has not been able to encourage significant incremental lending from most of the financial institutions, as yet.

114. **Most of the financial institutions and value chain actors supported have not shown the inclination to scale up the results beyond those supported by the programme**. Most of the financial institutions supported under the grassroots financial institutions subcomponent do not have sufficient financial and institutional capacity to go beyond the support provided by MIVARF and expand the reach and scope of their operations, as described under relevance, effectiveness and rural poverty impact. The impact assessment of MIVARF-supported financial partners (2018) notes that the total lending to the agriculture sector among institutions supported under the grassroots financial institutions subcomponent had increased only by 27 per cent between 2013 and 2018. In addition, most local governments do not have the financial capacity to build on MIVARF's interventions and expand them. As noted in the sustainability section, the local governments identified the ability of smallholder groups to act as strong producing or marketing entities as the number one constraint. During field visits the local governments also expressed their limited financial capacity to support the consortia and smallholder groups and AMCOS. Thus, very limited financial capacity exists to scale up results beyond the direct interventions already financed by MIVARF. There are isolated examples of replication such Japan International Cooperation Agency's adoption of the MIVARF

approach for its paddy value chain in Msalala and Bagamoyo districts and AGRA's adoption of the maize value chain's approach in Kagera region.

115. In light of the analysis above scaling up is rated as **moderately satisfactory (4)**.

Gender equality and women's empowerment

116. **In quantitative terms MIVARF has been able to ensure the participation of women**. The PCR reported that the average women's participation in MIVARF's interventions reached 45 per cent, which was the target set at design. Quantitative gender-disaggregated data is available and is also collected in the framework of the SCGS. Women participated in all project activities, including programme oversight committees. Women farmers' participation in the different consortia stands at 23,181 farmers, which is 48.7 per cent of the total number of 47,600 beneficiaries recorded in 2020. Women's participation in value addition and post-harvest training stands at 59 per cent. Under rural finance, 46 per cent of farmers accessing credit were women.

117. **There was no specific analysis on the constraints faced by women within value chains**. The second outcome study outlines that the ability of women to benefit from the programme remained somewhat constrained by their limited access to land, lack of financial literacy and intra-household dynamics that result in men rather selling their produce while women produce it mostly for home consumption. In addition, in MIVARF's design, there was no analysis nor acknowledgement of different roles that women play in various value chains. For example, in paddy women play an important role in planting, weed management and harvesting processes as well as some of the post-harvest processes (FAO 2011). Similarly, sunflower in Tanzania is grown predominantly by female-headed households (APRA 2021).

118. **Financial institutions critical for ensuring women's financial inclusion were targeted but a gender-specific lens was not adopted.** MIVARF focused institutions such as SACCOs, MFIs and community banks in its capacity-building efforts which are ideal for targeting rural women, most of whom do not have secure land tenure. As per more recent studies, women make up about 40 per cent of the membership of SACCOs in Tanzania (ILO 2012). However, in the interviews with all the target institutions and service providers it was clear that access and usage of gender-sensitive financial services was not an explicit focus throughout the programme. Individual service providers did undertake some gender sensitization with target institutions.

119. **MIVARF strived to promote a more balanced workload for women**. Examples of labour and energy-saving techniques and technologies promoted by MIVARF included: (i) rotary weeders introduced in paddy-growing areas helped to significantly reduce the weeding operations, traditionally carried out by women, to once per season (now requiring two days per acre) instead of twice per season (requiring 10 days per acre); (ii) farmer producer groups have jointly acquired tractors for land preparation; (iii) accessible processing infrastructures, which facilitated women's post-harvest operations. However, these practices were not uniformly introduced across MIVARF and depended on the service providers, technical knowledge and availability of capital.

120. **Presence of women in leadership roles is uneven**. In terms of female leadership within the farmer producer groups, the second outcome study reports that there has been a threefold increase in women in leadership positions in groups among wards surveyed. However, the progress has not been the same in all wards since 10 wards (24 per cent of wards surveyed) saw an increase less than twofold, while 13 wards (32 per cent) saw an increase equal to or over fourfold (especially in coastal regions and Zanzibar). Similar variations are observed in groups: with an average 267 per cent increase in female leadership in marketing groups, while four wards (11 per cent) recorded no progress at all, and five wards (14 per cent) saw a progress equal

to or above threefold. In terms of usage of financial services, with the exception of borrowing, the increase in usage of other financial products was larger for male clients compared to female clients. This inconsistency was also noticed at the PPE visits where different levels of empowerment and leadership development were seen in different groups visited.

121. **In summary**, MIVARF has been able to ensure outreach to women. In addition, MIVARF selected value chains and rural financial institutions of importance to women in terms of their existing participation. However, the gender lens was not adopted in implementing the value chain and rural finance activities. Production activities of MIVARF worked towards the reduction of the workload of women and the women were facilitated to be in leadership roles in groups. However, neither of these were undertaken uniformly across programme areas.

122. In light of the analysis above, gender equality and women's empowerment as **moderately satisfactory (4)**.

Environment and natural resource management

123. **MIVARF did not have a specific mandate or budget for natural resource management and environmental rehabilitation**. However, awareness and training on agricultural and agribusiness practices were the primary entry points for improving environmental and natural resource management in MIVARF. In addition, access to finance provides some new opportunities for investing in improved technologies. The supervision mission report of October 2019 and the PCR state that most project service providers have been champions in promoting environment and natural resource management through awareness campaigns and training, including training on good agricultural practices. Training included crop rotation, improved land preparation, avoiding slash-and-burn farming, improved weed and pest control, organic fertilization, pesticides and herbicides. Service providers also trained target groups on development of by-products from crop residues that include briquettes from rice husks and straws and livestock feed. However, these interventions were not implemented consistently across the project area, as observed in field visits. This is also reinforced by the survey undertaken with districts as part of the preparation of PCR, wherein 16 per cent specifically reported that MIVARF helped reduce the pressure on their natural resources and 40 per cent of the respondent districts indicated that MIVARF interventions contributed to rehabilitate natural resources.

124. **There were improvements in farming system practices resulting from the training and from linkages to markets.** Inclusion in competitive value chains with market linkages improved productivity per acre and reduced post-harvest losses. According to the second outcome study (2020), improved technologies were adopted in all the wards visited, including using improved seeds and practicing proper tillage. Better practices and improved market opportunities lead to increased incomes, and access to finance also contributed to acquiring improved investments such as irrigation and equipment, as noted in a few instances. Despite improvements, it was stated that **the focus on environmental management could be further strengthened** and training and coaching in resource management was insufficient for environmentally friendly production systems and post-harvest management. This was also confirmed in the field interviews of the PPE.

125. In light of the analysis above, environment and natural resource management is rated as **moderately satisfactory (4)**.

Adaptation to climate change

126. Field visits by the evaluation team and interviews by key informants confirm that **project participants at all levels now have greater awareness of the causes and concerns of climate change**. Active community participation was noted by 25 per cent of those surveyed as the most important method to provide faster and positive changes in environmental conservation and climate change adaptation. The

supervision mission report of November 2016 elaborates on how service providers provided theoretical and practical training on good agricultural practices in order to increase resilience to extreme weather events. The training was observed to be useful in mitigating the adverse effects of severe droughts in the country in 2016/17 and 2018/19 and floods in 2017 and 2018. Ninety-eight percent of the district environmental officers indicated that it helped reduce the impact of these climatic events and supported farmers to adapt to climate change and address disaster risks.

127. **Climate adaptation activities were through promotion of climate-smart agriculture** as MIVARF had no specific budget for climate adaptation. However, in addition to orientation and training, MIVARF's field-level interventions toward climate change consisted of: (i) considering a change of crop variety (tolerant to drought and water logging); (ii) promotion of irrigation technologies (e.g. drip irrigation); (iii) improved land use; (iv) reforestation; and (v) setting aside grazing areas. According to the survey of local governments conducted by the PCR mission some specific interventions included: (i) a farmer-to-farmer extension approach for technology transfer (implemented in 61 per cent of respondent districts); (ii) promotion of drought/flood /pest tolerant varieties (39 per cent); (iii) promotion of certified seeds for staples crop value chains (29 per cent); (iv) road flood control mechanisms rehabilitated by MIVARF (9 per cent); and (v) reduction of deforestation. Despite these interventions, 65 per cent of respondent districts consider that the programme lacked the budget to fully and properly address environmental adaptation and mitigation to climate change along the targeted value chains. Among them, 39 per cent suggested that further investments in rainwater harvesting, promotion of labour-saving technologies and water-efficient technologies would strengthen community resilience.

128. It is also noted that the rural finance component of the project did not include any focus on agricultural insurance. Agricultural insurance is available for some sectors, although not widely used in Tanzania, and could contribute to reducing risks to small farmers and their value chains and financial institutional partners from climate change.

129. In light of the analysis above, climate change adaptation is rated as **moderately satisfactory (4)**.

C. Overall project achievement

130. **Overall, MIVARF was highly ambitious in its scope. It wanted to bring about change at the macro, meso and micro levels in the area of rural finance while also facilitating access to input and output markets.** In terms of rural finance, MIVARF did work at the macro level in capacitation support to the Bank of Tanzania, Tanzania Cooperative Development Commission and Zanzibar Department of Cooperatives to formulate policies and support respective financial institutions. It also helped to draft the microfinance policy of Tanzania. At the meso level Tanzania Agriculture Development Bank (TADB) was capacitated to administer SCGS, which has been able to stimulate agricultural lending to a limited extent. At the micro level, the programme helped strengthen the capacities of grassroots financial institutions such as community banks, cooperative banks and SACCOs to enhance their services, increase their outreach and make their services more affordable. While the outreach of the grassroots financial institutions has improved, the institutions have not been able to design products which are well suited to smallholders or make their products more affordable. The capacity-building provided by MIVARF to grassroots financial institutions, while useful, has not been enough to ensure an orderly exit strategy. Institutions such as SACCOs and community banks still remain weak.

131. As pertains to value chain development and market access, **MIVARF interventions have been able to ensure production increases through training on good agricultural practices**. Service providers have been able to link AMCOS and farmer groups to markets and helped them add value to their produce. However, just as in

the case of rural finance, capacity-building for value chain linkages and access to markets has been insufficient for the smallholders. Groups and AMCOS still require capacity-building, coaching and mentoring in areas such as value addition, entrepreneurship and collective marketing. MIVARF emphasized market linkages and participation in value chains, but it **commonly takes place on an informal basis without formal contracts and is largely restricted to local markets**. This relates to the nature of commodity markets (food staples) produced by the smallholders and the uncertain nature of production. Smallholders have expressed the need for livelihood training to improve in this area.

132. **Mid-term review and adjustments were key to the turn-around of the MIVARF's performance.** MIVARF's original design aimed to ensure linkages between rural finance and marketing and value chain components, but was unable to deliver before the MTR due to lack of a clear structural coordination mechanism in the design. However, after MTR, the supervision missions of IFAD placed increased emphasis on stronger coordination and linkages between components. With MIVARF's partner AfDB, this took the form of capacity-building of AMCOS and other community-based institutions to manage the infrastructure of warehouses and roads built through the AfDB-financed component. In addition, AMCOS and marketing groups were linked to local financial institutions to enable access to finance. However, the suitability of financial products offered by most of the financial institutions and their affordability remained hurdles in ensuring better linkages. **SACCOs and community financial groups have served as the primary source of credit for most of the value chain groups and AMCOS**. Their weak capacity and lack of capital have been hindrances in ensuring timely and affordable access to capital for most groups. In addition, the sequencing of interventions in terms of hard infrastructure followed by capacity-building or value chain group capacity-building followed by access to finance remained a prime hindrance to overall achievement of MIVARF.

133. Overall project achievement is rated as **moderately satisfactory (4)**.

D. Performance of partners

IFAD

134. **IFAD designed a project which was highly ambitious without proper diagnostic assessment of institutional capacity and institutional interests and without clarification on how to ensure harmonization between IFAD- and AfDB-funded components.** Implementation of the IFAD-financed rural finance interventions of the rural innovation fund and smallholder credit guarantee fund were affected by the inability of the Financial Sector Deepening Trust (FSDT) and the Alliance for Green Revolution in Africa (AGRA) to implement the programme in the manner envisaged in the design report.

135. **IFAD had high country staff turnover during the first half of the programme**. The PCR reported that IFAD performance was weak in the first half of MIVARF in terms of light guidance combined with a high turnover of country programme managers (three CPMs/CDs in the first four years of the project) and continuous changes of IFAD missions' consultants. This situation stabilized towards the end of 2014 with a new Country Director outposted in Dar es Salaam.

136. **Until the MTR, the supervision missions were characterized by insufficient and inconsistent guidance and support.** This was due to the frequent turnover of the IFAD country staff and the changing composition of consultants in the supervision and implementation support mission teams.[35] From the MTR onwards, the same core of consultants was retained to ensure coherence and consistency of recommendations to the programme staff. According to the PCR, IFAD's post-MTR emphasis was on: (i) simplifying/fast-tracking procurement processes and requests

[35] Programme staff mentioned this repeatedly during interviews and calls.

for no objection; (ii) delivering practical recommendations to the PCT on how to link MIVARF interventions; (iii) finding alternatives to the withdrawal of key stakeholders; (iv) prioritizing activities to improve effectiveness, sustainability and disbursement rates; and (v) providing technical and legal guidance to PCT and stakeholders whenever necessary (IFAD 2021). The PPE team concurs with this analysis.

137. **There was a lack of common understanding between IFAD, PCT and government with regard to fiduciary aspects.** Although several of the PCT staff had previous experience with IFAD procurement and financial management procedures from RFSP and AMSDP projects, PCT staff struggled to cope with the complexity of MIVARF during the first five years of implementation, especially regarding IFAD-funded activities. Key areas of limitations noted include: (i) procurement issues; (ii) contract management of service providers; (iii) warehouse receipt systems implementation and; (iv) in the setting up of the RIF and SCGS instruments. In the period 2011-13 (which was also characterized by a high turn-over of IFAD Country Directors) IFAD introduced a requirement for "no objection" at all stages of the procurement process (pre-qualification, short-listing, tendering and contract award).[36] This considerably delayed the implementation as neither the PCT nor the implementing partners had the capacity to handle such procurement processes nor was there a common understanding of how these procedures should be implemented, given that previous IFAD projects followed different procurement procedures. The country office simplified the procurement procedures in 2014. Lack of in-depth consultation between the IFAD and the PCT led to misunderstandings, conflicting statements, and loss of mutual trust that finally culminated in blocked communication. As a result, IFAD missions' findings were not fully endorsed by the PCT, and the missions' recommendations would sometimes not be seriously addressed. Until mid-2017, the level of non-execution of IFAD missions' recommendations remained high, and the level of execution of the annual work plans and budgets (AWPBs) was weak, as covered under efficiency.

138. **In terms of adaptive management, after the MTR, IFAD took practical measures to enhance the performance of the project.** Besides the MTR, a total of twelve supervision missions and seven implementation support and follow up missions were fielded by IFAD. The evaluation team notes that IFAD maintained a core set of consultants in the supervision teams after the MTR to ensure coherence of recommendations across years. Even qualitatively, the recommendations of the supervision missions focused much more heavily on ensuring linkages between different components. The PCR noted that IFAD missions reports included from 2016 short/medium-term action plans and comprehensive technical annexes that provided specific guidance to the PCT and stakeholders and helped to closely monitor the programme's progress. MIVARF managed to pull out of its status of "potential problem project" in its sixth year (2017). However, a last challenge emerged during the final year of the programme when, due to liquidity issues, IFAD delayed the disbursement of the second tranche of the SCGS to MIVARF account by about 30 days, until mid-December 2019, which came too late in the farming season to disburse loans to farmers at the level expected. Combined with the COVID-19 pandemic that slowed banks' activities from March 2020, these delays prevented the programme from fulfilling all criteria set by IFAD to unlock Rural Innovation Facility (RIF) funds in favour of the SCGS before 31 March 2020, leading to the extension until 31 December 2020.

139. In light of the analysis above performance of IFAD is rated as **moderately satisfactory (4)**.

Government

[36] Some of the misunderstanding had to do with the change in approval procedures due to the fact that Tanzania had a lower transparency rating than the previous project, which added steps in procurement approvals.

140. **Placement of the project responsibility in the Prime Minister's Office was beneficial in ensuring coordination across stakeholders.** The placement of the Programme under the Prime Minister's Office (PMO) as the lead implementing agency proved to be efficient due to the nature of the interventions which cut across many sectors. At a central level the PMO played an active role in terms of facilitating implementation, liaising with the Minister of Finance and Planning, regional and district authorities, although the results of such coordination were mixed, as will be covered later in this section. Besides the PCT staff, PMO representatives participated in almost every IFAD supervision mission.

141. **In the initial years there was a higher degree of emphasis on implementing the AfDB-financed infrastructure component.** The PCR reported that the PCT seemed to have put more attention on AfDB-funded activities in the first half of the programme, to the detriment of activities financed by IFAD. This is reinforced by the fact that AfDB activities were implemented and concluded in September 2018 (AfDB 2019) while IFAD financing was concluded only in December 2020.

142. **Delayed follow-up by Government to key administrative actions led to significant delay in implementation.** The Ministry of Finance's official request for a loan amendment on replacing Alliance for Green Revolution in Africa (AGRA) and Financial Sector Deepening Trust with the TADB for the implementation of the Rural Innovation Facility and SCGS facilities was issued on 22 May 2017, although their design (made with support from IFAD Rural Finance desk) was ready since November 2016. The tripartite agreement between the Ministry of Finance, PMO and TADB for the administration of the Rural Innovation Facility and SCGS was only signed in November 2017, and even though a two-year extension was granted, this meant that the programme had barely more than two years before the completion date to implement the two financial instruments that involved US$25 million of IFAD financing. The addendum for reallocation of Rural Innovation Facility funds to SCGS, was only signed on 24 December 2020, a mere week before the closing date of the project. IFAD had offered a three-month extension of the programme in April 2020 to account for COVID-related disruption. The official application by the Ministry of Finance, the Borrower, was only made on 28 September 2020, i.e. two days before official programme completion.

143. **Procurement remained a challenge during most of the programme's life.** First, because the PCT had to adapt to new IFAD rules on procurement introduced at the onset of the programme. At the local level the District Tender Board had an overall weak knowledge of the development partners' rules pertaining to the procurement of works.[37] This was worsened by high staff turnover at district level, the size of the programme involving a huge number of contracts in different categories (civil works, equipment, consultancies, studies, etc.) and through many different local government authorities, as highlighted by the AfDB PCR.[38]

144. **Challenges were addressed during implementation with the active collaboration of local governments.** The above-mentioned challenges and weaknesses led to substantial delays in the first years of the programme. By mid-term, only 28 districts (39 per cent of target) had service providers engaged to

[37] The choice of the most appropriate procurement method was sometimes subject to intensive consultation (as reported by AfDB PCR for procurement of works in Zanzibar). Several IFAD missions also highlighted that procurement procedures were not fully complied with. In some cases, the approved terms of reference for SPs would not be aligned to the awarded contracts, or the programme would continue to acquire services from suppliers who were out of contract. Examples of the latter are the procurement of non-consultancy services (vehicle maintenance, office consumables, security services), and the memoranda of understanding with partner financial institutions and community banks. IFAD missions also pointed out that some files did not contain key documents such as bid opening minutes, bidding evaluation reports, confirmation that the "invitation to bid" was delivered to the bidders, or copies of No Objection obtained.

[38] AfDB. PCR. 2019: "One of the reasons for varying procurement capacities across districts was the staff turnover. The program engaged the new staff to be conversant with the Bank's procurement rules through repeated trainings. Such interventions were inclusive and ensured that even if staff leaves the LGAs those remaining are well familiar with the program's guidelines. Lessons: Training on Bank's procurement rules to LGA is not a one-off activity. Continued effort is highly encouraged to get district staff well informed with guidelines."

support PEML activities, and by April 2016, i.e. six months before the original AfDB completion date, only 15 warehouses out of the planned 35 (43 per cent) were completed and operational. Procurement challenges were progressively reduced through intensive and regular capacity-building delivered to LGA staff by both AfDB and IFAD in their respective procurement categories. This was done in the form of training that included the development of comprehensive evaluation reports, adherence to procedures, and good practices in contract management. Further to that training, a contract manager was put in place for every district implementing MIVARF. Additional support was provided by IFAD along with each request for 'no objection' during the procurement process, as well as during implementation support missions and supervision missions, to help the programme comply with procurement rules while at the same time fast-tracking the finalization of contracts.

145. **Ownership is high among local governments.** MIVARF implementation was exercised through existing local government agencies, in particular, those at district levels (LGAs). These LGAs have clearly defined official mandates for poverty reduction and rural development and are expected to sustain project activities after completion. PPE evaluation field visit observations concur with the assessment of high levels of local ownership. A survey run during the PCR mission shows that 100 per cent of respondent LGAs believe MIVARF interventions will be sustained in the long term. According to a survey run by the PCR mission, 55 per cent of respondent LGAs also indicated that they have a special district plan to help sustain or scale up MIVARF interventions. In most cases, these district plans aim to continue supporting PEML groups using the range of tools developed by MIVARF (47 per cent), continue support to consortia and business plans developed under MIVARF (33 per cent), and optimize the use of infrastructure through WRS in sesame and management of paddy warehouses (10 per cent).

146. In light of the analysis above performance of IFAD is rated as **moderately unsatisfactory (3)**.

E. Assessment of the quality of the project completion report

(i) **Scope** (e.g. whether the PCR has adhered to IFAD guidelines for PCRs). The PCR adhered to nearly all criteria elaborated in the PCR guidelines. The analysis under the criteria all reinforce one another and are consistent. Thus, the scope of the PCR is rated as **satisfactory (5)**.

(ii) **Quality** (in terms of data, methods and participatory processes followed). The PCR used data from numerous surveys that were undertaken by MIVARF during its implementation in a measured manner given the concerns on certain aspects of the data (refer to table 2). The PCR also undertook a dedicated survey with local governments for validation of existing data and collection of new insights, especially on sustainability. The PCR preparation process also involved extensive interactions with numerous stakeholders, including with local governments, to the extent that COVID-related restrictions permitted. The quality of analysis, especially under the core criteria of relevance, effectiveness, efficiency and sustainability was found to be good and backed by data from various sources. Thus, the quality of the PCR is rated as **satisfactory (5)**.

(iii) **Inclusion of lessons about design and implementation**. The lessons identified in the PCR are similar to the analysis presented in the PPE. The main lessons pertain to parallel implementation of the AfDB and IFAD components, the need for combining SCGS financing with technical assistance, the need for support to community-based financial institutions and the lack of suitability of WRS for smallholders. These are all aspects which are also strongly borne out of the analysis of the PPE and are strongly backed by evidence. Thus, lessons learned is rated as **satisfactory (5)**.

(iv) **Candour** (in terms of objectivity in the narrative, and whether both positive and negative results are highlighted). The PCR was up front in highlighting many of the design issues in the relevance section. The analysis was candid in the shortcomings and the ratings largely corresponded to the analysis and evidence. The good candour of the PCR is reinforced by the fact that the average rating disconnect is low at 0.25. Thus, candour is rated as **satisfactory (5)**.

Key points

- MIVARF was highly complex with an aim to bring about change at macro, meso and micro levels through parallel financing by IFAD and AfDB. The effectiveness of MIVARF was predicated on appropriate sequencing of interventions.
- There was insufficient diagnostic assessment of the institutional capacity and willingness of partners to undertake planned interventions.
- MIVARF's intervention in building capacities of grassroots institutions was useful but largely dispersed in nature. Grassroots institutions are still weak.
- Value chain development and market access interventions ensured informal linkages, largely to local markets.
- Residual capacity and finance access gaps still remain at the end of MIVARF.

IV. Conclusions and recommendations

A. Conclusions

147. **MIVARF represented an ambitious attempt to collaborate on multiple thematic areas, between financing partners.** MIVARF tried to address multiple bottlenecks at macro, meso and micro level in the areas of value chains, rural finance and infrastructure. This required AfDB and IFAD to design a complex programme involving numerous interventions, requiring appropriate sequencing. It did this by leveraging the relative strengths of the African Development Bank and IFAD in building hard infrastructure and capacity-building, respectively.

148. **Complex designs require corresponding institutional coordination and implementation capacity to be elaborated at the design stage without which integrated delivery of components and activities will not materialize, as was the case of MIVARF before MTR.** This is especially true in cases such as MIVARF where outcomes hinge upon the integration of activities from different components financed by different financiers, over a wide geographic area. Cofinancing and division of responsibilities for themes and components between AfDB and IFAD provided scope for leveraging each institution's comparative advantage. However, AfDB and IFAD have not been able to coordinate sufficiently to design and manage the MIVARF in an integrated manner. The programme coordination team implemented MIVARF as two different programmes.

149. **Partners selected for implementation of interventions did not have an adequate level of capacity. They required constant backstopping throughout the life of the programme to ensure they could handle the coordination and harmonization.** Implementing partners were found to be lacking in capacity to implement the interventions envisaged by MIVARF. Changes had to be made to suit partners' existing capacities and new partners had to be selected, leading to substantial delays in implementation of value chains and rural finance interventions and the redesign of the implementation arrangements. MIVARF provided useful capacity-building to backstop partner institutions and fill the capacity gaps. To this end, MIVARF would have benefitted from a diagnostic analysis of potential partner institutions during the design or at the start of the implementation to better direct its capacity-building efforts.

150. **MIVARF's different target groups were uniformly targeted with value chain development activities, which was not ideal.** Engagement in value chains requires a certain level of quality and quantity of production and capacity and skills to engage with market actors. Marginalized sections of the population and poorer smallholders require a high level of capacity-building for on- and off-farm livelihood activities and production enhancement before they can participate in value chain development activities. In MIVARF, such requirements exceeded what could be realistically rendered by one programme in its lifespan. These experiences are not unique to Tanzania and are also noted in IOE's other evaluations in Sri Lanka, Kenya and in the corporate-level evaluation on IFAD's engagement in pro-poor value chain development (IOE 2019a; IOE 2019c; IOE 2019c).

151. **A focused geographic area and more systematic approach to capacity-building would have helped the MIVARF consolidate results and ensure better institutional capacity**. In following its ambitious design MIVARF undertook the capacity-building of a broad range of stakeholders across a wide geographic area. It spread financial and management resources thin which precluded coaching, follow up and adaptive management. The scattered and discrete nature of capacity-building for marketing groups and financial institutions meant that most of the groups and institutions had lingering capacity challenges. This prevented MIVARF from building an exit strategy into its capacity-building efforts during implementation.

152. **Stronger emphasis on community financial institutions would have bolstered MIVARF's financial inclusion outreach to poorer sections of the community and the creation of linkages between productive activities and finance.** Timely and affordable access to finance remains critical to promote participation of target groups in livelihood activities and value chain development alike for the rural poor. Community-based financial institutions such as SACCOs and community banks are closest to the rural communities and their functioning is familiar to the rural poor. MIVARF worked with such institutions. However, given the wide thematic, institutional and geographic focus of MIVARF, capacity-building and backstopping were not systematically provided to address residual capacity gaps. MIVARF's ambitious scope did not allow for it to consolidate its capacity-building. Community-based financial institutions are key in ensuring appropriate integration of components, ensuring timely access to finance for AMCOS and groups.

B. Recommendations

153. The recommendations made below are designed to feed into the implementation of future programmes, including the Agriculture and Fisheries Development Programme approved in December 2020. Recommendations 2, 3 and 5 are closely linked to each another.

154. **Recommendation 1**: **Future programmes should undertake a thorough diagnostic assessment of existing institutional capacity and willingness to implement complex interventions.** This should take place at the design stage or in the initial stages of the programme to avoid the need for a substantial redesign in the course of its lifetime.

155. **Recommendation 2**: Programmes need **differentiated approaches when engaging with significantly different groups**. Value chain development activities should be targeted at those value chains and target groups which are characterized by suitable quality and quantity of production and capacity to participate in value chain development activities. Programmes should also focus on a limited number of value chains which lend themselves to development and formalization of market linkages, rather than work in a wide range of value chains which may or may not be suitable for formalization. In MIVARF examples of such value chains included cash crops such as sunflower.

156. **Recommendation 3**: **Poorer target groups require a higher level of focus on capacity-building, coaching and mentoring for livelihood activities before they can be linked to value chains**. On- and off-farm livelihood activities will enable programmes to engage with those groups which lack production of sufficient quality and quantity. Livelihood development will also help smallholders graduate to participation in value chain development once they reach a certain level of capacity and maturity. Livelihoods development activities and value chain development can be part of a single programme targeted towards different target groups.

157. **Recommendation 4**: Future programmes should have a **more concentrated geographic and thematic focus** to ensure focused capacity-building, mentoring, backstopping and integrated delivery of interventions. This will ensure that management, administrative and financial resources are not dispersed and are focused on achieving, consolidating and sustaining development results. Such focus will help ensure better results for interventions and also build appropriate exit strategies for IFAD's target groups.

158. **Recommendation 5:** Future programmes should **engage more systematically with community-based and grassroots financial institutions** such as SACCOs, cooperative banks, and community banks as they are at the frontline in providing access to finance for the poor. In a differentiated targeting approach, community-based and grassroots financial institutions are suitable for providing access to finance to both smallholders engaged in livelihood activities and those who are capacitated to participate in value chains. The support should be provided throughout the life of

the project with special emphasis on ensuring a coherent exit strategy. This will enable better sequencing of access to finance with other interventions.

Basic project data

				Approval (US$ m)		Actual (US$ m)	
Region	East and Southern Africa Region		Total project costs	169.46		155.85	
Country	United Republic of Tanzania		IFAD loan and percentage of total	90.59		90.54	
Loan number	L-I-823		Government of Tanzania	3.76		1.4	
Type of project (subsector)	Storage, processing and marketing		African Development Bank	62.91		61.62	
Financing type	Loan		Local governments	3.1		1.12	
Lending terms*	Highly Concessional		SIDA	2		-	
Date of approval	15/12/2010		Beneficiaries	0.18		0.15	
Date of loan signature	25/02/2011						
Date of effectiveness	25/02/2011						
Loan amendments	1		Number of beneficiaries: (if appropriate, specify if direct or indirect)			3 176 899	
Loan closure extensions	2						
Country programme managers	Francesco Rispoli Francisco Pichon John Gicharu Miriam Okong'o		Loan closing date	30/09/2018		31/12/2020	
Regional director(s)	Sara-Mbago Bhunu Sana Jatta Perin Saint Ange		Mid-term review	2015		2015	
Lead evaluator for project performance evaluation	Prashanth Kotturi		IFAD loan disbursement at project completion (%)			100%	
Project performance evaluation quality control panel			Date of project completion report			26/03/2021	

Definition and rating of the evaluation criteria used by IOE

Criteria	*Definition* *	*Mandatory*	*To be rated*
Rural poverty impact	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.	X	Yes
	Four impact domains		
	• Household income and net assets: Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value. The analysis must include an assessment of trends in equality over time.		No
	• Human and social capital and empowerment: Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grass-roots organizations and institutions, the poor's individual and collective capacity, and in particular, the extent to which specific groups such as youth are included or excluded from the development process.		No
	• Food security and agricultural productivity: Changes in food security relate to availability, stability, affordability and access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields; nutrition relates to the nutritional value of food and child malnutrition.		No
	• Institutions and policies: The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.		No
Project performance	Project performance is an average of the ratings for relevance, effectiveness, efficiency and sustainability of benefits.	X	Yes
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design and coherence in achieving its objectives. An assessment should also be made of whether objectives and design address inequality, for example, by assessing the relevance of targeting strategies adopted.	X	Yes
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.	X	Yes
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.	X	Yes
Sustainability of benefits	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.	X	Yes
Other performance criteria			
Gender equality and women's empowerment	The extent to which IFAD interventions have contributed to better gender equality and women's empowerment, for example, in terms of women's access to and ownership of assets, resources and services; participation in decision making; workload balance and impact on women's incomes, nutrition and livelihoods.	X	Yes
Innovation	The extent to which IFAD development interventions have introduced innovative approaches to rural poverty reduction.	X	Yes
Scaling up	The extent to which IFAD development interventions have been (or are likely to be) scaled up by government authorities, donor organizations, the private sector and other agencies.	X	Yes
Environment and natural resources management	The extent to which IFAD development interventions contribute to resilient livelihoods and ecosystems. The focus is on the use and management of the natural environment, including natural resources defined as raw materials used for socio-economic and cultural purposes, and ecosystems and biodiversity - with the goods and services they provide.	X	Yes
Adaptation to climate change	The contribution of the project to reducing the negative impacts of climate change through dedicated adaptation or risk reduction measures.	X	Yes

Criteria	*Definition* *	*Mandatory*	*To be rated*
Overall project achievement	This provides an overarching assessment of the intervention, drawing upon the analysis and ratings for rural poverty impact, relevance, effectiveness, efficiency, sustainability of benefits, gender equality and women's empowerment, innovation, scaling up, as well as environment and natural resources management, and adaptation to climate change.	X	Yes
Performance of partners			
• IFAD • Government	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle.	X X	Yes Yes

* These definitions build on the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) Glossary of Key Terms in Evaluation and Results-Based Management; the Methodological Framework for Project Evaluation agreed with the Evaluation Committee in September 2003; the first edition of the Evaluation Manual discussed with the Evaluation Committee in December 2008; and further discussions with the Evaluation Committee in November 2010 on IOE's evaluation criteria and key questions.

Rating comparison[a]

Criteria	*Programme Management Department rating*	*Project Performance Evaluation rating*	*Rating disconnect*
Rural poverty impact	5	4	-1
Project performance			
Relevance	4	4	0
Effectiveness	4	4	0
Efficiency	4	4	0
Sustainability of benefits	4	4	0
Project performance[b]	0	0	0
Other performance criteria			
Gender equality and women's empowerment	4	4	0
Innovation	5	5	0
Scaling up	5	4	-1
Environment and natural resources management	5	4	-1
Adaptation to climate change	4	4	0
Overall project achievement[c]	**4**	**4**	**0**
Performance of partners[d]			
IFAD	4	4	0
Government	3	3	0
Average net disconnect			**-0.25**

[a] Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable.
[b] Arithmetic average of ratings for relevance, effectiveness, efficiency and sustainability of benefits.
[c] This is not an average of ratings of individual evaluation criteria but an overarching assessment of the project, drawing upon the rating for relevance, effectiveness, efficiency, sustainability of benefits, rural poverty impact, gender, innovation, scaling up, environment and natural resources management, and adaptation to climate change.
d The rating for partners' performance is not a component of the overall project achievement rating.

Ratings of the project completion report quality

	PMD rating	*IOE rating*	*Net disconnect*
Scope		5	
Quality (methods, data, participatory process)		5	
Lessons		5	
Candour		5	
Overall rating of the project completion report		5	

Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.a. = not applicable.

Approach paper (extract)

A. Background

1. For completed investment projects financed by IFAD, the Independent Office of Evaluation of IFAD (IOE) undertakes project performance evaluations (PPEs) involving country visits for selected projects (about 4-8 in a given year).[1] A project performance evaluation (PPE) is conducted after a desk review of the project completion report (PCR) and other available documents, with the aim of providing additional evidence on project achievements and validating the conclusions of the PCR. The Marketing Infrastructure, Value Addition and Rural Finance support programme (MIVARF) in Tanzania has been included in the 2021 IOE work programme and budget and will be undertaken between May and December 2021.

Country context

2. The United Republic of Tanzania is a member of the East African Community (EAC), which also includes Kenya, Uganda, Rwanda and Burundi. Mainland Tanzania has a surface area of 945,100 km^2 and a 2019 population of about 58 million. GDP per capita at current prices has seen an increase in the past decade, from US$687 in 2008 to US$1,122 in 2019.[2] The poverty headcount ratio at national poverty line (TZS 49,320 per month per adult equivalent, which is equal to $1.35 per person per day in purchasing-power-parity terms) has declined modestly over time, falling from 28.2 per cent of population in 2012 to 26.1 per cent in 2019.[3] The Zanzibar archipelago consists of several islands with an area of 2,654 km^2 and a total population of about 1.3 million in 2017. Unguja, the largest, has a population of about 900,000, followed by Pemba with over 400,000 people, according to the 2012 census. The basic needs poverty rate stood at 30.4 percent in 2015 when the assessment was conducted, compared to 34.9 percent in 2010. In Pemba, it shows that the poverty rate increased from 48 percent to 55 percent between 2010 and 2015.[4]

3. Agriculture is a major source of income, employment and food security, especially for the rural population. Agriculture is considered one of the lead sectors of the economy on the Mainland, employing 65 per cent of the labour force[5]. Contribution of the agriculture sector to national GDP has seen an increasing trend from 2014 onwards, with 27.4 per cent share of GDP in 2016 and 28.7 per cent share of GDP in 2017.[6] With 75.5 per cent of the poor being dependent on agriculture for their livelihoods, growth of the agricultural sector plays a crucial role in poverty reduction.[7]

B. Programme overview

4. **Description and evolution of the programme.** The Marketing Infrastructure, Value Addition and Rural Finance support programme (MIVARF) was a countrywide programme, initiated in 2011, which focused on the reduction of rural poverty and acceleration of economic growth on a sustainable basis. The programme aimed on the upscaling of successful activities as implemented under the Rural Financial

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[1] The selection criteria for PPE include: (i) information gaps in PCRs; (ii) projects of strategic relevance that offer enhanced opportunities for learning; (iii) a need to build evidence for forthcoming corporate level evaluations, country strategy and programme evaluations or evaluation synthesis reports; and (iv) a regional balance of IOE's evaluation programme.
[2] https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=TZ.
[3] https://www.worldbank.org/en/country/tanzania/overview.
[4] https://documents1.worldbank.org/curated/en/778051509021699937/pdf/120689-WP-P164456-PUBLIC-11-3-17-25-10-2017-20-15-5-ZanzibarPovertyAssessment.pdf.
[5] https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS?locations=TZ.
[6] https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=TZ.
[7] Tanzania Economic Update. WBG, 2020. https://documents1.worldbank.org/curated/en/213061575479179256/pdf/Tanzania-Economic-Update-Transforming-Agriculture-Realizing-the-Potential-of-Agriculture-for-Inclusive-Growth-and-Poverty-Reduction.pdf.

Services Programme (RFSP)[8] and Agricultural Marketing Systems Development Programme (AMSDP)[9], whilst using the experience of the value chain approach as applied under Rural Micro Small and Medium Enterprise Support Programme financed by IFAD.

5. MIVARF was to be co-financed by IFAD, the African Development Bank (AfDB) and the Alliance for a Green Revolution in Africa (AGRA). As per the Programme design and the Loan Agreement between IFAD and the Government of the United Republic of Tanzania, the Alliance for a Green Revolution in Africa (AGRA) was mandated to design and implement the Tanzanian Incentive-Based Risk Sharing System for Agricultural Lending (TIRSAL)[10] for financial institutions under the Rural Financial Systems Development sub-component of the Rural Finance component. However, AGRA could not co-finance the initiative as planned and was not willing to manage the fund and, instead, proposed to provide technical support to the fund manager for a fee. This caused the proposed partnership to be abandoned. The financing agreement of the project was amended in 2017 to reflect this change.

6. **Programme objectives**. The overall rationale for IFAD investment in the programme was to support the Government of the United Republic of Tanzania to upscale the successful activities implemented under the Rural Financial Services Programme (RFSP) and Agricultural Marketing Systems Development Programme (AMSDP). The goal of the programme was to reduce rural poverty and enhance rural economic growth in the participating districts on a sustainable basis. The development objective of the project is to enhance the incomes and food security of the target group on a sustainable basis through increased access to financial services and markets.

7. **Programme components**. MIVARF comprised of three components: (i) Marketing Infrastructure and Systems (MIS); (ii) Rural Finance (RF); and (iii) Programme Management and Coordination.

8. **Component 1 - Marketing Infrastructure and Systems.** The Marketing Infrastructure and Systems Development component was designed to enhance market access to producers by improving market infrastructure such as rural roads, storage facilities and market places/structures while building capacities of producers to enable them to increase production and productivity so that they can effectively compete in the market by taking advantage of available value addition opportunities. This component has three sub-components.

9. *Marketing infrastructure (sub-component 1.1)*, which supported (i) improved market centre buildings and associated facilities; (ii) rehabilitation of about 1,550km district roads to all-weather status; (iii) capacity building of government staff (regional and district engineers) for planning, execution and supervision of marketing infrastructure-; and (iv) consultancy services for the detailed design of standard marketing infrastructure and district roads and assistance during the tendering process.

10. *Value addition (sub-component 1.2)*, which supported (i) rehabilitation and equipping Post-Harvest Management Training Centres to demonstrate and disseminate technology to beneficiaries, promote entrepreneurship and preparation of bankable proposals, and facilitate linkages with finance providers for processing

[8] RFSP supported the efforts of the Government and other development partners to build a strong, extensive rural finance system. The objective was to increase the access of the rural poor to sustainable financial services. Source: https://www.ifad.org/en/web/operations/project/id/1100001197

[9] AMSDP assisted the government in bringing about a wide-ranging change in the agricultural marketing subsector, with the aim to link producers to markets and to create opportunities for rural enterprise development. Source: https://www.ifad.org/en/web/operations/project/id/1100001166

[10] As per initial design, MIVARF was expected to set up the TIRSAL in partnership with AGRA, this mechanism aiming at enhancing risk appetite of commercial banks to deliver financial services to rural Tanzanians. It was expected that the TIRSAL would be leveraged 10 times during the life of MIVARF, so that the US$20 million contributed by IFAD would be able to secure US$200 million for rural and agricultural lending. The programme design specified that AGRA would co-finance the scheme and manage the fund.

and other value addition investments (such as cold storage facilities, grading and packing facilities, and agro-processing plants) on a public private partnership basis; (ii) institutions and service providers of on-the-job training to farmers and processor groups; and (iii) conduct of a comprehensive need assessment survey to assess the specific needs of different user groups and for the development of a post-harvest-management curriculum and training modules.

11. *Producer Empowerment and Market Linkages (PEML) (sub-component 1.3),* which supported (i) sensitization, training, capacity building and knowledge management of the warehouse receipt system (WRS), and assessment of the feasibility of launching an Agricultural Commodity Exchange (ACE) linked to the WRS; (ii) preparation of intervention proposals and training of trainers for marketing and value addition issues; (iii) managerial and technical capacity building of producer and marketing groups; (iv) provision of coaching and brokering services to facilitate market linkages between farmer groups and processors and traders; and (v) support to market information systems based on public-private partnership (PPP).

12. **Component 2 - Rural Finance.** The rural finance component aimed to support institutions and systems development for the rural/microfinance industry, establishment of a risk sharing facility and setting up of an innovation fund and has two subcomponents.

13. *Development of Grassroots Financial Services (sub-component 2.1)* which provided: (i) specific support (i.e. capacity building and technical support) to different financial institutions (including informal financial institutions, Rural Savings and Credit Cooperative Society (RUSACCOS), Microfinance Institutions (MFIs) and community banks) with the aim of increasing rural outreach; and (ii) support to apex institutions to strengthen their capacity to oversee activities as well as performance monitoring of the financial institutions.

14. *Rural Financial Systems Development (sub-component 2.2),* which supported (i) enhancement of the risk appetite of commercial banks and their leverage of funds for rural and agricultural lending through provision of a guarantee scheme, (ii) improved outreach through facilitation of ATMs and motorcycles for agents, and (iii) capacity building of the target group and their clients; (iv) matching grants for eligible institutions to test new approaches, methods and financial services in rural areas; (v) improvement of the legal and policy framework for rural micro finance through technical and financial assistance; and (vi) facilitation of knowledge management.

15. **Component 3 - Programme Coordination:** The programme coordination component served to ensure efficient and effective programme management that ensures compliance of MIVARF activities with technical, financial, and regulatory standards. Programme support has been provided for:

(a) *Coordination* of the actions of the public and private sector and community level actors.

(b) *Financial management*, to ensure fiduciary management and reporting.

(c) *Planning, monitoring and evaluation (PME)*, to establish implementation targets, monitor implementation processes and performance, and assess outputs and outcomes.

(d) *Knowledge management (KM)*, to document and share knowledge and support knowledge-based decision making and policy dialogue.

(e) *Technical facilitation*, to backstop programme implementation at the regional level.

16. **Programme area**. IFAD financing to component 2 (and producer empowerment aspects of component 1) was designed to be nationwide, at the time[11] covering all the 26 regions of the Mainland (21 regions) and Zanzibar (five regions), with a target of 141 rural districts (out of a total of 169). Since the participating districts were to be selected on a competitive basis, based on the quality of LGA proposals and their commitment to provide the necessary co-funding resources to develop marketing infrastructure, the initial target of 141 districts was reduced to 72 during the course of implementation.

17. The programme area for the African Development Fund (ADF)[12] financed component 1[13] was 32 Districts in 16 regions (14 in the Mainland and two in Zanzibar). This selection by the African Development Fund (ADF) was based on an assessment of the economic potential with respect to the production of key crops and livestock. In the mainland, the selected regions include: Morogoro, Shinyanga, Mwanza, Mbeya, Iringa, Ruvuma, Rukwa, Arusha, Kilimanjaro, Tanga, Manyara, Dodoma, Singida, and Coast. The selected regions in the mainland include the Southern Agricultural Growth Corridor of Tanzania (SAGCOT). In Zanzibar, two regions were to be selected within the Southern and Northern Zanzibari Tourism Corridors, Unguja and Pemba.

18. **Target group and targeting approach.** The MIVARF target group was defined as poor women and men in all the rural districts of Mainland Tanzania and Zanzibar who have a potential to improve their agricultural (and livestock) productivity and incomes, as well as the food insecure. The term poor is not defined in the programme documents. However, as per IFAD's targeting policy (2008), the poor are defined as rural people living below the poverty line and experiencing food insecurity.

19. More specifically, MIVARF targeted beneficiaries include: (a) smallholder farmers, herders and fishers; (b) small rural-based entrepreneurs, traders and artisans; (c) rural finance institutions; (d) primary societies/associations involved in processing and marketing;

20. Targeting approaches for the two components differed by virtue of the nature of their activities. For component 1: Marketing Infrastructure and System Development (MISD), as supported by African Development Fund (ADF), individual beneficiary communities/sites for intervention within the 32 pre-selected districts in 16 identified regions (14 in Mainland and 2 in Zanzibar) were chosen based on the level of trading activity, potential for private-public partnership, scope for expansion and environment issues at the site, temporary relocation arrangements/agreements and ranking by the District Councils.[14] For the subcomponent 1.3 on Producer Empowerment and Market linkages (PEML), as supported by IFAD, the selection of targeted regions, districts and wards/shehia was determined by the high incidence to poverty, food insecurity and degree of vulnerability. Hence, PEML activities were implemented in 72 districts out of 29 regions.

21. For component 2: Rural Finance (RF), as supported by IFAD, the eligibility criteria for beneficiary participation were derived from a sequence of targeting strategies: (a) prioritizing regions, districts, and wards with high incidence of poverty, food insecurity and degree of vulnerability;) (b) existence of smallholder farmers, herders, fishers, small entrepreneurs (traders/processors) and artisans; (c) effective involvement of women and female headed households and other vulnerable groups (the elderly, disabled and youth); (d) active participation of the private sector/NGOs/CBOs (e.g., micro-finance institutions and farmer associations) to enhance public private partnership (PPP), commitment to community-driven

[11] At the time of design, the total number of regions was 26 (i.e. 21 Mainland + 5 Zanzibar) – it increased to 29 upon the Government's decision to split certain regions (e.g. Iringa region was split to become Iringa and Njombe regions).
[12] The African Development Fund (ADF) is the concessional window of the African Development Bank (AfDB) Group.
[13] The AfDB funding was allocated to the Marketing infrastructure and value addition outputs under the Marketing Infrastructure and Systems Development component.
[14] MIVARF Project Appraisal Report. ADF, 2011.

development and livelihood-based and gender-sensitive poverty reduction; and (e) entrepreneurship and market potential.

22. **Implementation arrangements.** At the national level MIVARF was overseen by the Programme Steering Committee (PSC), chaired by the Permanent Secretary of the Prime Minister's Office (PMO) and having representatives of relevant sectoral ministries and the private sector was responsible for overall policy guidance, approval of programme plans and budget, implementation oversight and performance monitoring. The PMO coordinates *Kilimo Kwanza*[15] to which the programme has been strongly linked. The Programme Coordination Unit (PCU), which also served as the secretariat of the PSC, was also a lean non–autonomous unit established within the PMO and comprised of a Programme Coordinator, Planning, Monitoring and Evaluation (PME) Specialist, Financial Controller and a technical support unit (TSU) of three specialists covering rural finance, marketing and value addition. The Programme Coordination Unit (PCU) was responsible for reviewing the work plans, budgets and reports of the programme and make recommendations to the PSC for appropriate decisions. The Programme Coordination Unit (PCU) also provided oversight of the implementation of interventions at national level by the participating financial institutions and other programme actors. In Zanzibar, the Inter-Sectoral Steering Committee (ISSC) chaired by the Principal Secretary of the Ministry of Agriculture, Livestock and Environment (MALE) in Zanzibar has played the role of the PSC.

23. On the sub-national level of the 26 regions, 21 on the Mainland and five in Zanzibar, each region had a Regional Focal Point (RFP), a Planning, Monitoring and Evaluation (PME) Officer and a Knowledge Management (KM) Officer. The RFP coordinated and facilitated programme implementation. Each participating district had a District Focal Point (DFP) and a PME Officer for the coordination and monitoring of programme activities, consolidation of the district work plan and budget, submission of physical and financial progress reports to the RFP and ensuring compliance by programme participants with agreed eligibility criteria. The DFP reported to a District Steering Committee (DSC) chaired by the District Executive Director (DED) and had representatives of public and private sector stakeholders related to the programme. The PCU also provided oversight of the interventions. In Zanzibar, the Inter-Sectoral Steering Committee (ISSC) chaired by the Principal Secretary of the Ministry of Agriculture, Livestock and Environment (MALE) in Zanzibar took on the role of the PSC, and a smaller PCU was established under the Ministry of Agriculture, Livestock and Environment (MALE).

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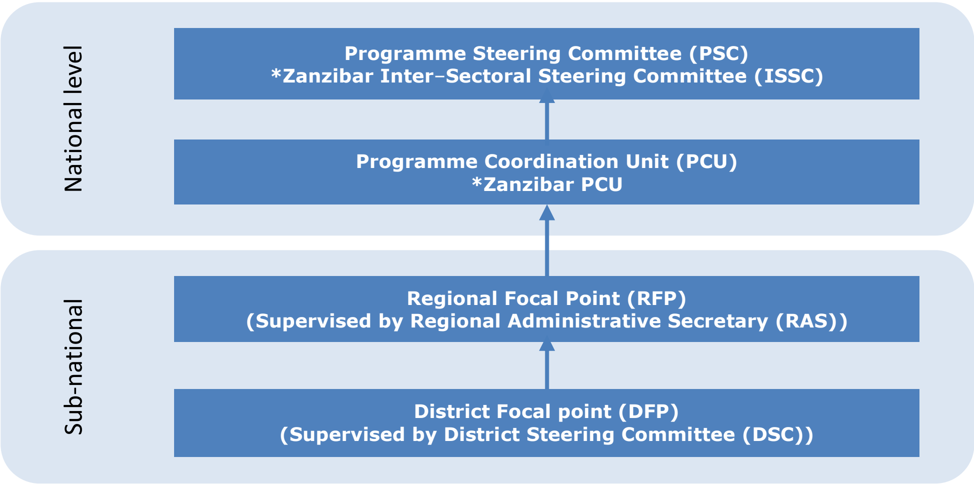
[15] Kilimo Kwanza (Agriculture First) is a government programme, aligned with Tanzania's long term economic development plan (Vision 2025), with a holistic approach for developing agriculture which involves all sectors in the economy. Its main pillars include: (i) increased financing of agricultural activities; (ii) support for agricultural input and produce marketing; and (iii) value addition.

Figure 1
The main implementing agencies and their roles



Source: IOE team based on PDR.

24. **Implementing partners.** Technical support to the programme activities in both Mainland and Zanzibar was provided by the Technical Support Unit (TSU), which acted as the technical advisory arm of the PCU. The TSU mainly worked through contracted service providers. Furthermore, for both components MIVARF engaged with an extensive number of partners to facilitate programme implementation. For the sub-components *value addition (VA)* and *Producer Empowerment and Market Linkages (PEML)* MIVARF collaborated with local government authorities (LGAs) of mainland Tanzania and Zanzibar. Annex VI contains a brief list of stakeholders that the evaluation team may interview.

25. **Component 1 - Marketing Infrastructure and Systems.** With regards to the marketing infrastructure sub-component, MIVARF collaborated with AfDB-Tanzania Field Office to provided training and included procurement of several construction contracts. The Project Coordination Team (PCT) provided the participating LGAs with technical and financial assistance for managing the procurement of Service Providers (SPs).

26. **Component 2 - Rural finance.** For the sub-component *Grassroot Financial Services* the project had entered into 34 MoUs with various institutions, both financial (community/cooperative banks and MFIs) and non-financial (government institutions, Bank of Tanzania, networks/apexes, academic institutions, etc.). Due to a lack of available of funds and a need to focus on those with stronger performance, support for 10 partners was dropped at a later stage and 24 partners were retained. As per initial design,

27. **Project financing.** At design, IFAD financing was planned to be US$91.1 million. The design report envisaged an AfDB co-financing of US$63.4 million and financing by others (i.e. government, beneficiaries and at the time AGRA) of US$6.1 million. As per design, the contributions of the government, beneficiaries and AGRA were yet to be quantified. At design, the total cost of the programme was expected to be over US$160 million.

28. AGRA contributions were later quantified to be US$6.9 million, expected to finance the sub-component of Producer Empowerment and Market Linkages and Rural Finance development. However, their contribution did not materialize. AGRA disclosed that the institution had not budgeted funds for MIVARF.[16] The other financier expected for the programme was the Grant from the Swedish Ministry for Foreign Affairs through its Swedish International Development Cooperation Agency

[16] MIVARF MTR August 2015.

(SIDA) for a total amount of US$2.0 million. Only US$995,000 were disbursed and used for start-up activities of the Rural Finance Systems sub-component of the Programme.

29. Beneficiaries contributed to construction and operating costs of market infrastructures in kind and in labour. The beneficiaries also contributed in cash through the various matching grant funds. Financial institutions have used their own resources for lending, and contributed to innovations, training and technical assistance grants in cash and in kind. The project closed officially on 31 December 2020. Government contributions included the exemption of taxes and duties, the participation of its staff in programme coordination and implementation, and investment and operating costs of market infrastructures.

30. Table 1 below presents the actual project cost by component per financier as per the Supervision Report of 2019.

Table 1
Actual project costs by component and financier (USD '000)

Component	*IFAD loan*	*Swedish Grant*	*AfDB Loan*	*Government*	*Districts*	*Beneficiaries*	*Total*	*Percentage of total*
A. Marketing Infra Systems	**21 637.84**		**61 277.43**		**1 124**	**155**	**84 194.89**	**54%**
Marketing Infrastructure			55 264		1 124	155	56 543.83	
Value Addition			6 013				6 013.06	
Producer Empowerment	21 637.84						21 637.84.	
B. Rural Finance	**55 181.82**	**995**		**605**			**56 781.82**	**36.4%**
Development of Grassroots Financial Services	25 397.1			605			26 002.1	
Rural Financial Systems	29 784.72	995					30 779.72	
C. Programme Mgmt & Coordination	13 729.89		342.61	809			14 881.5	
Programme Mgmt & Coordination	**13 729.89**		**342.61**	**809**			**14 881.5**	**9.5%**
Total	**90 549.55**		**61 620.04**	**1 414**	**1 124**	**155**	**155 858.21**	

Source: MIVARF PCR (2021).

31. **Timeframe** IFAD loan was approved on 25th February 2011 with the program becoming effective in March 2012, while AfDB had declared its loan effectiveness on 22nd March 2012. MIVARF was designed to be a seven-year Programme operating nationwide, in 26 regions[17] for IFAD, while for AfDB it was a five-year project operating in 16 regions. For IFAD, the program was initially expected to be concluded by December 2016 but was extended twice with its first extension to 30th September 2018 followed by a second extension to 31 December 2020. For AfDB, MIVARF was planned to be closed on 31 March 2016 but it was extended due to the complexity of the infrastructural based interventions including several construction contracts and demanding engineering designs, and procurement. Thus final closing date after extension was 10 September 2018.

[17] At the time of design, the total number of regions was 26 (i.e. 21 Mainland + 5 Zanzibar) – it increased to 29 upon the Government's decision to split certain regions (e.g. Iringa region was split to become Iringa and Njombe regions).

C. PPE scope, methodology, key issues and limitations

32. **Objectives.** The main objectives of the PPE are to: (i) assess the results of the Market Infrastructure, Value Addition and Rural Finance support Programme; (ii) generate findings and recommendations for the design and implementation of ongoing and future operations in the country; and (iii) identify issues of corporate, operational or strategic interest that merit further evaluative work.

33. **Scope and focus of the evaluation.** The structure of the MIVARF programme is characterised by its two parallel components as carried out by IFAD and AfDB. The AfDB mainly financed the first component, *Marketing Infrastructure Systems,* which focused on improving market infrastructure. IFAD financed the second component, *Rural Finance,* which aimed to support institutions and systems development for the rural/microfinance industry, establishment of a risk sharing facility and setting up of an innovation fund. Within component 1, IFAD financed the sub-component on producer empowerment (refer to table 1 above). Thus, AfDB focussed nearly exclusively on hard infrastructure while IFAD focussed on capacity building of institutions and groups, market linkages and inclusion in value chains. This evaluation will focus on IFAD financed sub-component of producer empowerment in under component 1 and entire component 2 on rural finance. There are two main reasons for such focus.

34. **First**, the programme components and sub-components financed by IFAD and AfDB have been largely implemented in parallel. The financing by AfDB and IFAD are referred to as parallel financing rather than co-financing. IFAD's supervision reports also largely cover only IFAD financed sub-component 1.3 and component 2. Thus, IFAD's focus during the implementation was on managing components financed through its own funds. A focus on the sub-component 1.3 and component 2 will enable the evaluation to focus on the value addition of IFAD to the project.

35. **Second**, in December 2020, IFAD approved financing of a new project: Agriculture and Fisheries Development Programme. The programme has heavy emphasis on access to finance, public private producer partnerships (4P) and value chains. Thus, a sharper focus on the IFAD financed subcomponent 1.3 and component 2 will help generate more relevant recommendations for the new project.

36. The evaluation will look at the AfDB financed part of component 1 on market infrastructure to the extent that it pertains to coherence and harmonization between different components and interventions financed by IFAD and AfDB respectively. The coherence between various components, interventions and financiers is also identified as one of the issues of focus for the PPE, as below.

37. **Key issues for PPE investigation.** Key selected issues to be reviewed, identified based on the initial desk review, are presented below. These may be fine-tuned based on further considerations or information availability, consultation with East and Southern Africa Region in IFAD and the Government. Six such issues have been identified by the evaluation team.

38. **Value chain approach adopted by MIVARF**. Value chain development became the focus area of development for MIVARF after the mid-term review. MIVARF used the term *value addition* for facilitation of linkages to markets. It also adopted the 4P (public private producer partnerships) consortia model of value chains wherein different actors of selected value chains were brought together onto a platform to ensure coherent and integrated action across the selected value chain. The consortia model is similar to multi-stakeholder platforms that IFAD implements in value chain projects in other countries, whereby different stakeholders in a value chain such as financial institutions, input suppliers, buyers, smallholders come together to set input and output quality standards, estimate market demand, set contract prices for coming year and also sign supply agreements. With respect to groups not part of the consortia model, direct linkage with markets was facilitated by service providers. The

project appeared to focus on a "buyer-driven" value chain model driven by the Small and Medium Enterprise agribusiness firms and service providers. The project helped facilitate the partnerships. Project documents track the value addition changes at the agribusiness level and at the output level. However, there is insufficient information of the results and benefits for the smallholders farther up the value chains and on the quality of the results. The PPE will aim to understand how smallholders benefitted from their participation in value chains, especially their perceptions, and what they would like to recommend for future projects. This also relates to the 4P Consortium model introduced in some VCs in 2016.

39. **Tentative questions and lines of enquiry**

- What are the actual and perceived benefits to the various actors along the VC? This would include some VC actors participating in 4P consortia and some who were not part of consortia but were part of other value chain interventions of the project?
- What was the change in net profit of the target population from their involvement in the VC arrangements? (To be done with randomly selected VCs and focus groups)?
- What were unforeseen consequences that can be noted from the reports, focus groups and interviews (i.e., changes in level of indebtedness with, or without, corresponding changes in net income including return to labour, changes in farming systems and diversity etc.)?

40. **Warehouse Receipt System.** In component 1, under subcomponent 1.3, warehouse development and the implementation of a Warehouse Receipt System is a major intervention. Agricultural Marketing Cooperative Societies (AMCOS) were strengthened to "efficiently" manage the warehouse facilities. The WRS and the implementation of the Agricultural Commodity Exchange (ACE) struggled to get off the ground for some time. The PCR cites lack of awareness and trust, which are important factors for uptake. However, programme documents do not contain documented information of price trends within the value chains. Inventory systems and WRS only work when there is a perceived expectation and actual trend of price improvement to justify the costs of storage. Furthermore, governmental interventions in prices and in export and import policies can also undermine confidence in storage for price appreciation. The evaluation team will ask key informants such as AMCOS, smallholders and Cooperative and Rural Development Bank (CRDB) and other participating Savings and Credit Cooperatives (SACCOs) of their assessment of the price trends and uncertainties within the principal value chains of the programme and ask smallholder focus groups for their experiences and perceptions of participation in the project's WRS intervention.

41. **Tentative questions and lines of enquiry**:

- Are warehouses operating at the optimum capacity? If not, what are the main constraints?
- Are the warehouses able to operate as full-fledged WRS enabled? Why are some of them not reflecting improvements in access to loans by smallholders – what are the constraints – lack of smallholder interest; lack of bank interest; lack of WRS management system or capacity?
- Are the AMCOS able to generate the revenues from warehouse management and services to continue to manage their warehouse facilities?
- What are the critical success factors, including minimum administration capacity requirements, for successful, WRS enabled warehouses?

42. **Smallholder Credit Guarantee Scheme.** The SCGF is an important aspect of the rural finance program to increase financial access. Its implementation was delayed with the dropping out of agreements with Alliance for Green Revolution in Africa

(AGRA) and Financial Sector Deepening Trust (FSDT), and the late participation of the Tanzania Agriculture Development Bank (TADB). The results of the uptake of guarantees were encouraging in the short time of the SCGF operations with output level results being known as of the time of drafting the PCR. However, little is known in terms of quality of results and the sustainability of the guarantee fund. The test is in the loan losses and payouts by TADB to participating financial institutions. In order to evaluate, current status information is needed on the arrears of loans with guarantees, arrears of similar loans without guarantees (if possible), actual guarantee losses and payouts, and financial institutions' projections of future use of guarantees.

43. **Tentative questions and lines of enquiry**

- What is current state of arrears, losses and pay outs?
- What are the problems and issues of using and managing the guarantees – delays, costs, risks. Special emphasis will be placed on sustainability of the credit guarantee scheme.
- How has the guarantee fund affected the agricultural lending of portfolio of the partner financial institutions?
- How easy is it for target groups to obtain loans and work with the participating financial institutions?
- What are the future plans on use of guarantees?

44. **Institutional capacity of local institutions.** The MIVARF placed significant emphasis on local financial and marketing institutions as well as local governmental authorities (LGAs) for carrying out the work. A lesson that was noted in the PCR was that, "SACCOS, Village Community Banks (VICOBAs) and Cooperative Banks are at the forefront to promote the access to and use of financial services in rural areas" and similarly for Agricultural Marketing Cooperative Societies (AMCOS) and others involved in the VC work. However, the project documents noted differences in capacities of various local institutions across the country. During project implementation, institutional capacities of local governments, rural financial institutions, farmers organizations were found to be weak, resulting in greater reliance on selected 'Lead Service Providers (SPs)' and 'Business Coaches (BCs)' in the course of project implementation. This led the PCR to note that "not all farmers' organizations are at the same level" and that smallholder farmer organizations often lack "ability to act as strong producing or marketing entities." This is also occurred with the SACCOs and community-level financial organizations wherein weak capacities were noted in the apexes of financial institutions. Thus, PPE will look at the nature of capacity and needs assessment carried out by the project and the efforts undertaken by the project to address the capacity gaps.

45. **Tentative questions and lines of enquiry** (for Local Government Authorities, apex organizations, Service Providers and the IFAD PCT):

- What diagnosis was carried out to select the participating local organizations, and to create some new ones? Was there a minimum criterion for inclusion?
- Were the capacity building activities in line with technical needs assessments undertaken by the project? How did the capacity building initiatives help the institutions? What more was/is needed?
- What are the lessons on criteria for inclusion of local organizations and smallholder farmer organizations into IFAD projects?

46. **Coherence between different components and interventions**. The two principal programme funding partners, IFAD and AfDB, had differentiated responsibilities, but with one set of goals and objectives. However, the implementation of activities was largely carried out independently (including independent missions and separate PCRs) whether intentionally or not, resulting in

lack of coordination and complementarity between the components and sub-components. Even within the components and sub-components financed by IFAD, project documents noted lack of coherence and integration between different streams of interventions. This situation was said to have been addressed to some extent in the final few years of the project, as project documents and PCR note. The PPE will look at the quality of coherence between activities, components, sub-components and financiers. The increased ability of value chain actors to access suitable rural financial services through project's rural finance partners would be an example of such integration. The PPE will also look at the sequencing of interventions by the programme to ensure coherent delivery of project interventions. Value chain groups will be used as the entry point to understand the coherence between various interventions and the sequencing of interventions.

Key analysis and questions include:

- What is the quality of integration of between market infrastructure, rural finance and value chain activities?
- Are the value chain consortia members able to access suitable financial products and hard infrastructure built by MIVARF?
- Were there any mechanisms to ensure coherence at the institutional level, between AfDB and IFAD and between components and sub-components at the programme level? How were these mechanisms operationalized?

47. **Targeting.** Under component 1 MIVARF targeted existing producer groups through selected value chains and employed service providers to do so. Under rural finance component, the primary mechanism of reaching target groups was to work through established apexes of financial institutions or through financial institutions themselves to build their capacity and help them increase their outreach to rural poor. Thus, the programme either worked with existing groups or with target groups of its partners. The evaluation will attempt to understand the suitability of this model in reaching the marginalized sections of the population such as poor, landless, women and youth.

Key analysis and questions include:

- How were the value chains targeted by the project selected? Were the value chains suitable for inclusion of poor and marginalized groups?
- What were the gaps in the capacities of the financial institutions to reach the programme target groups? How did the programme address these capacity gaps?

48. **Methodology.** The PPE exercise will be undertaken in accordance with the IFAD's Evaluation Policy[18] and the IFAD Evaluation Manual (second edition, 2015). The detailed criteria are laid out in annex 3 of this approach paper. Analysis in the PPE will be assisted by a review of a theory of change (ToC), as depicted in Annex 1, to assess the extent to which the MIVARF objectives were effectively achieved. The ToC was first elaborated by the programme and IFAD for the first time in implementation support mission report of November 2017 and is also contained in the annexes of the PCR of the project. The ToC pertains to IFAD financed interventions of sub-component 1.3 of producer empowerment and market linkages and component 2 of rural finance. This ToC will be used as the basis for deducing project logic and assessing the relevance and effectiveness of such logic.

49. As the ToC highlights, the PPE will look at three outcome level results at the project level. This includes improved physical access to markets, processing and storage, increased profitability from production and value chains and increased use of rural financial services. The evaluation will look at how different programme interventions worked together to enable these three outcomes (refer to focus issues).

[18] http://www.ifad.org/pub/policy/oe.pdf

50. **Scenario planning.** As of the time of writing this approach paper, there are restrictions on travel due to the global outbreak of COVID-19. It is uncertain if and when travel to and within Tanzania will be possible, although limited domestic and limited international flights have already resumed as of the time of writing this approach paper. Hence, the PPE team has envisaged three possible scenarios, presented in the table below. The most likely scenario is expected to be scenario 2 with limited local mission complemented with telephone interviews.

Table 2
Scenarios for conduct of field visits

Milestones	*Current action*	*Scenario 1 – Full field visits by international and national evaluators*	*Scenario 2 – Field visits undertaken by national evaluators*	*Scenario 3 – No field visits and spot checks*
Meetings with in-country stakeholders	Stakeholders being identified	In-person meetings	Consultations and meetings through zoom or phone with institutional stakeholders	Consultations and meetings through zoom or phone with institutional stakeholders.
Field visits	Field itinerary being planned	Field visits to go ahead as per field itinerary by evaluation team, led by lead evaluator.	Field visits and spot checks to be undertaken on the basis of field itinerary drawn up for field visits. Phone interviews with target groups and field level stakeholders.	Phone interviews of selected value chain actors, rural finance groups to be undertaken by evaluation team
Report writing	Planned to be drafted in second half of year	Report to be drafted based on inputs from field visits by full evaluation team consisting of lead evaluator, international and national consultants.	Preliminary report to be drafted based on analysis of data available in programme documents and phone interviews. Report to be finalized based on inputs from spot checks by local consultant(s).	Preliminary report to be drafted based on analysis of data available in programme documents. Report to be finalized based on inputs from phone interviews.

51. In view of the time and resources available, the PPE is generally not expected to undertake quantitative surveys or to examine the full spectrum of project activities, achievements and drawbacks. Rather, it will focus on selected key issues (mentioned above). The PPE will take account of the preliminary findings from a desk review of Project Completion Report (PCR) and other key project documents and interviews at the IFAD headquarters. During the PPE mission, additional evidence and data and insights will be collected in person or remotely to triangulate and extend the evidence presented in the PCR in order to reach an independent assessment of performance and results as well as lessons learned for future programming.

52. **Rating system**. In line with the practice adopted in many other international financial institutions and UN organizations, IOE uses a six-point rating system, where 6 is the highest score (highly satisfactory) and 1 being the lowest score (highly unsatisfactory).

53. **Data collection**. The PPE will be built on the initial findings from a review of the project design document, supervision and implementation support mission reports, project completion report, first outcome study undertaken in 2017, impact assessment of MIVARF supported financial partners 2018, second outcome study undertaken in 2020, the Attribution Study of MIVARF's support to rural financial institutions undertaken in 2020 and other documents such as annual reports. In terms of M&E data, although there is baseline data[19] available and valuable information in outcome and other studies, there is no end of project survey for the purpose of assessing impact, using qualitative or quantitative methods. Thus, in order to obtain further information, interviews will be conducted both at IFAD headquarters and in the country, both to gain additional information and validate and update some of the information that exists in the studies that have been carried out.

54. Research and Impact Assessment division of IFAD is undertaking an impact assessment of MIVARF in parallel to this PPE. The PPE team will coordinate closely with the impact assessment team to ensure that the impact assessment data can feed into the PPE's assessment of the programme in a timely manner. Thus, lack of end of project impact survey can be mitigated through usage of the data emerging from the impact assessment.

55. **Scenario 1 and 2.** If scenario 1 or scenario 2 identified above in table 2 become feasible, then additional primary and secondary data will be collected through field visits in selected districts with a selection from the wide group of beneficiaries. In case of scenario 1, the mission to the field will consist of the lead evaluator and the international consultant while in the case of scenario 2 national consultants will undertake the field visits. Based on interactions with project M&E staff it is tentatively foreseen that the field visits will be undertaken in Mbeya region in Southwest Tanzania for the mainland Tanzania and in Unguja for Zanzibar. This is expected to allow the field mission team to cover the maximum range of activities in one geographic area.

56. In terms of sampling of value chains, PPE plans to sample a total of four value chains by three criteria: size/outreach, geographic spread and performance of value chains. The PPE team is expected to get access to the database that elaborates on the outreach of each value chain and the geographic spread of value chains. In conjunction with other criteria, PPE team will select value chains which have had the maximum outreach. Within these value chains, groups/consortia will be selected through stratified random sampling with stratification undertaken in terms of geographic location. Based on interactions and inputs from the programme team PPE team will try to select two value chains which were well performing and two value chains which were not well performing. This will help in facilitating learning on successful value chain and their differentiating characteristics. Once a value chain group/consortia is selected all stakeholders linked to the group/consortia (financial institutions, suppliers, business coaches, buyers) will be interviewed.

57. In all scenarios interviews with institutional stakeholders will be carried out through telephone/Zoom/Skype. This will include the all apex institutions of rural financial institutions and service providers to the financial institutions and implementation partners. As in the case of value chains, under each type of institution an equal number of well performing and non-performing financial institutions will be selected. The exact sample size will be finalized based on availability and accessibility of rural financial institutions. This will help the evaluation team identify the critical success factors for grassroots financial institutions.

58. Special emphasis will be placed on undertaking interviews with stakeholders who have implemented guarantee fund, warehouse receipt system and service providers who have implemented selected value chains. Through the desk review of project

[19] MIVARF Baseline Survey Report (2015).

documents the evaluation team has identified and mapped over 50 institutional partners across IFAD financed components and sub-components. The evaluation will interview a sub-set of these partners based on diversity of their roles in the project.

59. Institutional data of financial institution such as portfolio at risk (portfolio at risk), loan book size (for financial institutions), sales and profit (for value chain groups), projected payouts (for guarantee fund) will be gathered from records of the relevant institutions and in the course of the interviews. Data on outreach, sales, profitability of value chains will be gathered from service providers. In all scenarios, the evaluation team will undertake telephone interviews with field stakeholders. In the case of scenario 1 and scenario 2, telephone interviews with field stakeholders will be focussed on regions other than Mbeya in Mainland and Unguja in Zanzibar to ensure that location bias can be addressed, at least to some extent. In the case of scenario 3, sampling will be undertaken on a stratified random basis. The criteria for stratification will be discussed based on deliberation with institutional partners. In the case of scenario 3, the evaluation team will sample a larger number of groups, warehouses and individuals for interviewing remotely. This will help the evaluation team overcome the lack of depth from the absence of field visit through a higher level of external validity of sample through larger number of participants in the sample.

60. Triangulation will be applied to verify findings emerging from different information sources. It should be noted that a combination of methods mentioned in any of the three scenarios may be used to accomplish the data collection, depending on the situation. Interviews of institutional stakeholders are expected to start from mid-June onwards and last till mid-July. Field visits are tentatively foreseen for second half of July. Field visit dates will be finalized based on consultations with IFAD country office and government authorities.

61. **Limitation(s).** In view of the scenarios discussed above, there will be implications for how thoroughly certain evaluation criteria (refer to annex 3) can be covered. For example, evaluation criteria such as relevance and efficiency can be covered almost entirely through desk review and stakeholder consultations, whether online or in person. However, certain other criteria such as effectiveness, climate change adaptation, environment and natural resource management will require a combination of field visits and access to robust M&E data. Hence, undertaking evaluation under scenario 3 will require the evaluation team to undertake assessment on certain criteria using data from existing documents and telephone interviews alone even if primary data through field visits are more suited for assessing them. This will have an effect on the overall scope of assessment of the evaluation report.

62. Given that the programme was nationwide in its scope, interviews may not be able to cover all the regions and districts where programme activities were implemented. The limited number of stakeholder interviews and field visits possible in the context of remote evaluation will mean that the geographic coverage of evaluation exercise might be limited. Given the diverse agro-ecological and socio-economic contexts in different regions the findings from field visits might have reduced external validity, outside the sample.

63. **Stakeholders' participation.** IOE Evaluation Policy stipulates that the main project stakeholders should be involved throughout the PPE process. Given the situation with COVID-19, the PPE will involve wide range of stakeholders to the extent that situation permits. Regular interaction and communication will be established with the East and Southern Africa division of IFAD and with the Government. As the counterpart and implementing ministry of the MIVARF, the Permanent Secretary of the Prime Minister's Office (PMO) will also be one of the main stakeholders. The Inter-Sectoral Steering Committee (ISSC) chaired by the Principal Secretary of the Ministry of Agriculture, Livestock and Environment (MALE) will be consulted for inputs, given its

Programme Steering Committee (PSC) role in Zanzibar. Formal and informal opportunities will be explored during the process for the purpose of discussing findings, lessons and recommendations with all stakeholders.

D. Evaluation process

64. Following a desk review of PCR and other project key project documents, the PPE will involve following steps:

(i) **Country work.** The PPE mission dates have not been finalized as of the time of writing this approach paper. This is due to the travel restrictions currently in place in light of the spread of COVID-19. IOE will make the decision on the dates for mission, if at all possible, by early July. Irrespective of the field visits happening, the evaluation team will interact with representatives from the government and other institutions, beneficiaries and key informants. If a field mission takes place, a wrap-up meeting will be held on Zoom to summarize the preliminary findings and discuss key strategic and operational issues.

(ii) **Analysis, report drafting and peer review.** After the field visit and the analysis of collected data, a draft PPE report will be prepared and submitted to an IOE internal peer reviewer for quality assurance.

(iii) **Comments by East and Southern Africa (ESA) division of IFAD and the Government.** The draft PPE report will be shared simultaneously with ESA and the Government of Tanzania for their review and comments. IOE will finalize the report following receipt of comments by ESA and the Government and prepare the audit trail.

(iv) **Management response by ESA.** A written management response on the final PPE report will be prepared by the Programme Management Department. This will be included in the PPE report, when published.

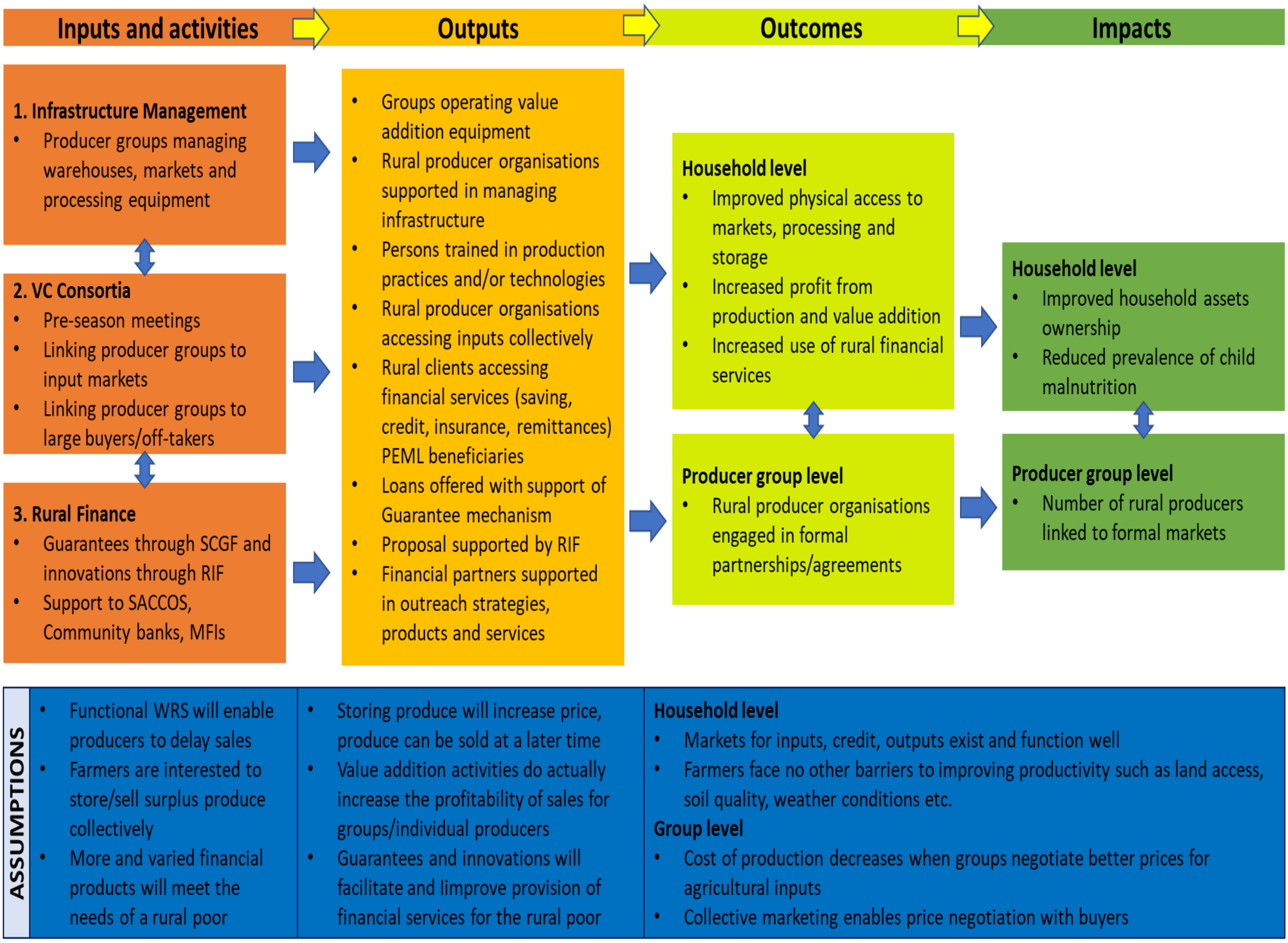
(v) **Communication and dissemination.** The final report will be disseminated among key stakeholders and the evaluation report will be published by IOE both in online and print format.

65. **Tentative timetable** for the PPE process is as follows:

Date	*Activities*
June 2021	Approach Paper and Desk review
May-August, 2021	Preparation of draft report
September 5th – September 3th 2021 (subject to confirmation)	Tentative dates for field mission
September-October 2021	Feedback from RIA on impact data collected
October 2021	Internal peer review of draft report
November 2021	Draft PPE report sent to ESA and Government for comments
December 2021	Finalisation of the report
February 2022	Publication and dissemination

66. **Evaluation team.** The team will consist of Prashanth Kotturi, IOE Evaluation Officer, Calvin Miller, Senior Rural Finance and Value Chain Consultant, Boaz Liesdek (IOE Evaluation Consultant), Charles Ogutu, (IOE National Consultant) and Lilian Simule, (IOE National Consultant). The team will be responsible for the final delivery of the report. Shaun Ryan, IOE Administrative Associate, will provide administrative support.

Theory of change



List of key persons met

Project staff and government

Walter E. Swai, National Programme Coordinator

Thomas Mgimba, Rural Finance Specialist

Khalfan Masoud Saleh, Programme Coordinator – Zanzibar

Julius Kallambo, WRS Specialist

Leonard Muhoni, Marketing Specialist

Mr John Kuchaka, IFAD Desk Officer Ministry of Finance

Joseph Kisamalala, Assistant Registrar, Tanzania

Financial institutions and their apexes

George Nyamrunda, Principle Credit Appraisal Officer, Tanzania Agriculture Development Bank

Winnie Terry, Executive Secretary, Tanzania Association of Micro Finance Institutions (TAMFI)

Nangi Massawe, Principal Officer, Bank of Tanzania

Collins Rutenge. Chief Executive Officer, Community Banks Association of Tanzania

Ricky Hizza, Finance Coordinator, Community Banks Association of Tanzania

Maregesi Shabani, Head Retail Agri-business, CRDB Bank

Mbaraka Byabato, Head of Credit, Kilimanjaro Cooperative Bank

Elice Mapunda, Accountant-Grants Fund, Vision Fund

Felister Machange, Micro Finance Officer, BRAC Tanzania

Humayun Kabir, Program Manager, BRAC Tanzania

Israel Lyatuu, Credit Manager, Uchumi Commercial Bank

Irene Gideon, Commercial Relationship Manager, FINCA Microfinance Bank Ltd

John Machunda, Senior RM Agribusiness & Partnership, National Microfinance Bank

Isaac Masusu, Head Agri-Retail, National Microfinance Bank

Lucius Mtewele, Manager-Agricultural Lending, Tanzania Postal Bank

Victor Mwakapusya, Relationship Manager Agribusiness, STANBIC Bank Tanzania Ltd

Ammar Jiwaji, Head of Agribusiness, STANBIC Bank Tanzania Ltd

Jackson Lohay, Senior Manager, Retail Banking, AZANIA Bank Ltd

Jane Kalumuna, Relationship Manager, Commercial Banking, ABSA Bank Tanzania Ltd

Hassan Mussa, General Manager - Agriculture, Tandahimba Community Bank Plc

Priscus Shirima, Credit Manager, Mufindi Community Bank Plc (MUCOBA)

William Michael Solezi, Operations Manager, Mufindi Community Bank Plc (MUCOBA)

Zaveri Mikungule, Chief Executive Officer, Cooperative Audit and Supervision Corporation

Others

Salum Ramdhani, Agricultural Economist, African Development Bank, Tanzania

Jones Kaleshi, Head of Department, Moshi Co-operative University

Stakeholders selected for data collection through sampling

Beneficiaries interviewed during field visit

Zone	Institution/AMCOS/SACCOS	Value chain/category of institution	District	Positions of people met
Southern Highlands	Masoche AMCOS	Paddy	Momba	Secretary
	District Council	Administration	Momba	District Executive Director
	District Focal person	Focal person	Momba	District Community Dev Officer (DFP)
	Piga Hatua Producer group	Various- includes Rice, Vegetables	Momba	Leaders and members
	Local Government Authority		Mbarali	District Cooperative Officer (DFP)
	Igurusi AMCOS	Paddy	Mbarali	Leaders and members
	Muugano AMCOS	VARIOUS	Mbarali	
	Majengo AMCOS	VARIOUS	Mbarali	
	Chama Cha Ushirika Cha Umwagiliaji	Irrigators Association - Paddy	Mbarali	
Southern Highlands	Shaurimoyo AMCOS	Maize	Ludewa	Leaders and Members
	Local Government Authority	District Council	Ludewa	Agricultural Officer (DFP)
	Local Government Authority	District Council	Ludewa	DAICO
Southern Highlands	Kilumba AMCOS	Maize	Songea Rural	Leaders and members
	Chipole Sisters	MAIZE	Songea Rural	Program Manager
	Local Government Authority	Administration	Songea Rural	District Executive Director
	Local Government Authority	Administration	Songea Rural	Cooperative Officer (DFP)
	Maposemi SACCOS	Various	Songea Rural	Chairman Member

				Member member
Zanzibar-Unguja	Juwa Farmers Group	Vegetable	Kaskazini B	Chairperson Member Member Member
	Local Government Authority	Administration	Kaskanini B District	DFP
	District Administration	Administration	Kaskazini B District	Ag. District Administrative Officer
Zanzibar-Unguja	Mtule AMCOS	Vegetable	Kusini District	Leaders and members
	Local Government Authority	Adminstration	Kusini District	Agricultural Officer (DFP)

Beneficiaries interviewed remotely

ZONE	AMCOS	VC	District	Position
Southern Highlands	Lungarala Group	Maize		Chairman
Eastern Zone	Kiswanya Warehouse Board	Paddy/Rice	Kilombero	Warehouse Manager
Northern Zone	Eworedeke Livestock Coop	Livestock Market	Longido	Chairman
	LGA	Focal Person	Same	LGA Representative (DFP)
	Mamba Ginger AMCOS	Ginger	Same	Chairman
Central Zone	Sanjalanda AMCOS	Sunflower	Manyoni	Secretary
	Pyxus	Sunflower	Manyoni, Mpwapwa, kongwa, Chamwino	Area Manager
Lake Zone	Umoja Mmamapili AMCOS	Rice	Mpimbwe	Secretary
Zanzibar-Pemba	Shina Association	Vegetables and Fish	Pemba	Secretary
Zanzibar-Unguja	Shaki Agrovet	Input supplier	Unguja North	Managing Director-Owner
Lake Zone	Magu Rice AMCOS	Rice	Magu	Chairman
Various Zones	RUCODIA	Service Provider	Nkasi, Ludewa, Mbarali, Kyela, Mpimbwa,	Manager

			Sumbawanga, Momba, Masasi, Tandahimba, Mkuranga, Kibiti, Mvomero, Ulanga, Malinyi, Kilombero, Hanang, Babati, Kondoa etc	
Various Zones	SEIDA	Service Provider	Msalala, Meru, Busega, Shinyanga, Nzega, Karatu, Mbulu, Ruangwa, Iringa, Rorya, Chato, Bagamoyo, Muheza, Lushoto.	CEO

Additional tables

Table 1
Country context indicators 2007-2020

Indicator	*2008*	*2011*	*2014*	*2017*	*2020*
GDP (current US$) (billion)	27,9	34,7	50,0	53,3	62,4
GDP per capita (current US$)	687,4	781,4	1030,0	1004,9	1076,5
GDP growth (annual %)	5,7	7,7	6,7	6,8	2,0
Population, total (million)	41,9	45,7	50,0	54,7	59,7
Population growth (annual %)	2,8	2,9	3,0	3,0	2,9
Rural population (% of total population)	73,2	71,2	69,1	66,9	64,8
Rural population growth (annual %)	2,0	2,0	2,0	1,9	1,8
Agriculture, forestry, and fishing, value added (% of GDP)	24,8	25,0	25,8	28,7	26,7
Employment in agriculture (% of total employment) (modelled ILO estimate)	71,3	69,8	68,1	66,2	-
Poverty headcount ratio at $1.90 a day (2011 PPP) (% of population)	-	49,6	-	49,4	-
Gini index (World Bank estimate)	-	37,8	-	40,5	-

Table 2
Poverty incidence by region in mainland, 2018 (%)

No	*Region*	*Poverty incidence*	*No*	*Region*	*Poverty incidence*
1	Arusha	22-25%	17	Mbeya	22-25%
2	Dar es Salaam	8-21%	18	Mjini Magharibi	NA
3	Dodoma	22-25%	19	Morogoro	8-21%
4	Geita	36-45%	20	Mtwara	26-31%
5	Iringa	22-25%	21	Mwanza	36-45%
6	Kagera	32-35%	22	Njombe	8-21%
7	Kaskazini Pemba	NA	23	Pwani	26-31%
8	Kaskazini Unguja	NA	24	Rukwa	36-45%
9	Katavi	26-31%	25	Ruvuma	26-31%
10	Kigoma	32-35%	26	Shinyanga	32-35%
11	Kilimanjaro	8-21%	27	Simiyu	36-45%
12	Kusini Pemba	NA	28	Singida	32-35%
13	Kusini Unguja	NA	29	Songwe	22-25%
14	Lindi	36-45%	30	Tabora	32-35%
15	Manyara	26-31%	31	Tanga	8-21%
16	Mara	22-25%			

Source: World Bank Group. Tanzania Mainland Poverty Assessment, 2019.

Table 3
Basic Needs Poverty Trends in Zanzibar, 2010 and 2015 (%)

Region	*2010*	*2015*
Zanzibar	34,9	30,4
Urban	28,5	17,9
Rural	39,5	40,2
Unguja	26	18,4
Pemba	48,5	55,4

Source: World Bank Group. Zanzibar Poverty Assessment, 2017.
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