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**MADIA**



**MANAGING AGRICULTURAL  
DEVELOPMENT IN AFRICA**

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AGRICULTURAL DEVELOPMENT IN EAST AFRICA:

AN ASSESSMENT OF

A.I.D. ASSISTANCE TO TANZANIA

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This paper has been prepared as part of the study *Managing Agricultural Development in Africa (MADIA)* being carried out in the Development Strategy Division, Development Research Department, World Bank, in cooperation with Denmark, France, Federal Republic of Germany, Sweden, The United Kingdom, The United States, and the Commission of The European Communities. Funding from the World Bank has been provided through the Research Projects Approval Committee (REPAC) #673-04.

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AGRICULTURAL DEVELOPMENT IN EAST AFRICA:  
AN ASSESSMENT OF A.I.D. ASSISTANCE TO TANZANIA

by

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## Glossary

AID	Agency for International Development. In this report, AID refers to the agency as a whole, both its field and Washington offices.
AID/W	AID/Washington. This refers to AID's offices in Washington only.
CDSS	Country Development Strategy Statement. The current AID mission planning document.
CIMMYT "commodities"	International Maize and Wheat Improvement Center. AID's use of the term "commodities" includes materials, equipment, and other project inputs that are not technical assistance, construction, or training. Its use typically does not denote agricultural goods, such as wheat, rice, and so forth.
DA	Development Assistance. One of the categories of funding AID receives from Congress. DA is further broken down by Functional Account (FA).
DAP	Development Assistance Plan. The AID mission planning document before the CDSS.
EAC	East African Community.
ESF	Economic Support Fund.
FA	Functional Accounts. The FA are the subaccounts of DA. Examples of FA include Health and Population, Agriculture, Rural Development and Nutrition, and Child Survival. Congress sets the levels of the various FAs to direct the AID program in certain areas.
FAA	Foreign Assistance Act. The legislation which guides AID, but not food aid.
FSR	Farming Systems Research.
Government	As used in this report, Government denotes the Government of Tanzania unless otherwise specified.
IITA	International Institute for Tropical Agriculture.
ICA	International Cooperation Agency, one of AID's predecessor agencies.
IDA	International Development Association (World Bank).
MADIA	Managing Agricultural Development in Africa. A World Bank study of which this report is a part.
MATI	(Tanzania) Ministry of Agriculture Training Institute.
MSP	Mutual Security Program. The umbrella term given to the various programs and agencies which were AID's predecessors.
OECD	Organisation for Economic Cooperation and Development.
PID	Project Identification Document. A short paper outlining the essentials of the proposed project and preliminary in nature.
PP	Project Paper. AID's project planning document upon which AID/W approval is obtained.
PVO	Private Voluntary Organization. PVOs are synonymous with Non-Government Organizations (NGOs) and Voluntary Organizations (VolAgs).

TA	Technical Assistance.
TANZAM	Tanzania-Zambia highway.
TAZARA	Tanzania-Zambia Railway.
TRDB	Tanzania Rural Development Bank.
USAID	United States Agency for International Development. The term commonly used by others to refer to the entire agency. In this report it is synonymous with AID.
USAID/T	Acronym referring to the AID mission (office) in Tanzania.

## CHAPTER I. INTRODUCTION AND SUMMARY

The Agency for International Development (AID) has been providing assistance to Tanzania for agricultural and rural development for the past twenty-five years. The purpose of this report is to examine the nature and the development impact of that assistance so as to learn how AID's future efforts in Tanzania and elsewhere in Sub-Saharan Africa can be made more effective.

The first task in conducting this study was to document AID's agricultural and rural development program in Tanzania. Subsequent work included analyzing the way AID's organization, procedures, and institutional context have shaped this program; assessing the program's contribution to Tanzania's development; and formulating recommendations to improve AID's effectiveness. Information has come from AID records in Washington, its regional office in Nairobi, and the country mission.<sup>1</sup> (For convenience, the AID country mission in

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<sup>1</sup>Among the AID documents reviewed are Congressional Presentations (CPs), Development Assistance Plans (DAPs), Country Development Strategy Statements (CDSSs), Field Budget Submissions (FBSs), Project Budget Submissions (PBSs), Project Papers (PPs), Project Evaluation Summaries (PESs), special evaluations, AID audits, end-of-tour reports, materials contained in project files, and AID/W reports.

Tanzania will be referred to as USAID/T while AID in Washington will be referred to as AID/W.) In addition, present and former AID employees, AID contractors, Tanzanians and others associated with the AID program over the years were interviewed. To supplement these sources, the author paid several visits to Tanzania during the latter part of 1985.

Earlier drafts of this report were circulated as an integral part of the research process. These drafts were in a rough form and were intended to elicit responses from those who have been intimately involved in AID's work in Tanzania. Comments on the accuracy of the findings in the drafts as well as further insights into AID's role in Tanzania then led to an additional round of research and to a number of revisions and refinements. The iterative use of documents, interviews, and field trips has produced a report in which one can have considerable confidence.<sup>2</sup>

This report is distinctive from other evaluations of AID in several ways. It traces the evolution and impact of AID efforts over a long period of time. It focuses on the agricultural program as a whole, as well as on individual projects to learn how they interact over time. Finally, the analysis examines AID's institutional environment as a factor influencing the performance of its programs and projects.

This report is one of six such studies of AID programs in Sub-Saharan Africa; the others are on Malawi, Kenya, Nigeria,

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<sup>2</sup>Earlier drafts should be discarded for they only partially represent the findings in this final report.

Cameroon, and Senegal.<sup>3</sup> A summary volume by Bruce Johnston et al (1986) draws together elements from all the country studies.

These six studies are also part of a larger World Bank study titled Managing Agricultural Development in Africa (MADIA), for which similar research is being conducted in the United Kingdom, Denmark, Sweden, West Germany, France, the EEC and the World Bank. The purpose of the overall MADIA study is to develop the basis for a consensus among Africans and donors about how most effectively to improve the performance of Africa's agricultural sectors and related rural development activities. MADIA is under the direction of Uma Lele in the World Bank's Development Strategies Division in the Development Research Department.

Chapter II gives a statistical overview of the AID program -- its size, content, and changes over time. Chapter III examines the strategy pursued by the country mission, USAID/T, to promote agricultural development, and relates it to the prevailing development and political concerns of the United States, the preferences of the Government of Tanzania, the state of Tanzania's economy, and the projects selected for funding. Chapter IV presents case studies of four AID programs chosen to illustrate the factors affecting the design, implementation, and performance of AID projects. Chapter V assesses the development impact of AID in Tanzania, and Chapter VI sets forth the report's conclusions and recommendations.

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<sup>3</sup>The author is also drafting the Malawi and Kenya country reports. William Jaeger is responsible for drafting the three West African country reports.

### AID in Tanzania

In the early 1960s US assistance to Tanzania grew as part of the general expansion of AID under President Kennedy's Decade of Development. Throughout the 1960s, the AID mission's agricultural strategy was to support education and rural infrastructure projects, and to undertake surveys which would provide the basis for future agricultural projects. Education and infrastructure projects accounted for over half of the approximately 60 projects started during this decade. As a result of the mission's information gathering and analysis, changes were made in the program. A major extension project, started in 1955, was phased out in 1967 when it became evident that appropriate extension themes were lacking and that there were few trained agents with whom to work.

At the start of the 1970s, the mission proposed approximately fifteen crop, livestock, and agricultural education-related projects based largely on the results of the earlier surveys. The goal of these projects was to build upon earlier efforts in education and infrastructure by creating research, seed multiplication, marketing, and credit institutions to service Tanzania's smallholders. Over the next several years roughly two-thirds of the proposed projects were approved for funding.

The early 1970s also coincided with the Tanzanian Government's adoption of a number of policy changes designed to implement its new development strategy -- a strategy characterized by the expansion of state control and the broadening of the Government's responsibilities. AID projects ran into difficulties caused by the Government's new

policies, its lack of commitment to some projects, and its inability to support others. However, few revisions were made in the AID program as a result of these difficulties, partly because of the similarities between the development rhetoric of Tanzania's President Nyerere and AID's own New Directions approach (as well as that of the other donors). In addition, the US had an interest in maintaining a good relationship with Tanzania in the wider context of settling the disputes in Southern Africa.

Beginning in the 1980s the AID mission adopted a new approach aimed at correcting the distortions caused by Tanzania's development policies. Some of these issues, such as Tanzania's agricultural pricing and marketing policies, had been raised in the 1960s. AID decided to analyze in detail the impact of Tanzania's domestic policies on the agricultural sector in order to develop a consensus, in the Government and among donors, on the specific causes of the sector's difficulties and on possible alternative solutions. In addition to this, the strategy sought to reduce the role of Government and augment the role of market forces in the economy, particularly in the agricultural sector. This shift in emphasis coincided with the new Agency-wide strategy emphasizing policy reform and reliance on market forces.

Implementation of the new strategy ceased, however, in 1983 after Tanzania failed to repay part of earlier AID development loans. As a result, a gradual phasing out of the AID program was set in motion. The Tanzanian Government's recent efforts to address its macroeconomic difficulties suggest that an AID mission may be reestablished in the

future.

### Assessing AID's Contributions

AID has multiple objectives, of which promoting development is one. This assessment focuses on AID's contribution to promoting development in Tanzania. AID's success in attaining other objectives is not examined; thus, an assessment of the overall impact of AID assistance could differ from the assessment made in this report. The development impact of AID assistance to Tanzania is assessed in terms of how the strategy and projects contributed to agricultural and rural development. Development is viewed as the generalized and sustained process of capital accumulation, the term capital being used in a broad sense to include the physical dimension (roads, buildings, equipment), the human dimension (training), and the social dimension (institutional development, technology). This view includes the establishment of efficient social and economic mechanisms for maintaining and increasing stocks of capital, including policies and institutions which permit and encourage efficient utilization of that capital. Finally, it implies the need for balance among the types of activities undertaken, since contributions to development are enhanced when the different forms of capital complement each other and interact effectively. A more thorough presentation of this conceptual framework of evaluating the development contribution of AID assistance is presented in the companion report by Johnston et al (1986).

The following chapters reveal that AID's contribution to agricultural and rural development in Tanzania has been limited by the

development strategy that the country has chosen and by the resulting general deterioration of the country's economy, as well as by the limited adjustments AID made in its program in the face of mounting implementation problems. In this difficult situation, AID's clearest contribution to long-term development has been in the area of adding to the country's human capital. Its sustained contribution to Tanzania's stock of physical capital (roads, buildings, and commodities) and to its institutional capabilities has been hampered by the lack of resources to maintain them. This imbalance in the provision of physical, human, and social capital has substantially reduced the impact of AID assistance by limiting the possible benefits that can accrue from their interaction.

The following chapters identify some of the factors that have constrained the development impact of AID assistance in Tanzania and that are attributable to AID itself. These factors are well-recognized by most AID staff. They include problems with AID's project design and approval process and specifically with the inability of USAID/T or AID/W to screen out unrealistic project assumptions, the difficulty of providing qualified technical assistance personnel, the lack of continuity among AID staff and consultants, and the limited institutional memory of AID. In addition, institutional factors complicated AID's task; these included the changing US domestic political, foreign political and strategic, and development concerns. The combined effect of these factors was to limit the likely contribution to development of any particular AID investment. Other important factors influencing the effectiveness of

AID assistance have been the nature of the projects selected for funding and the role Tanzanians have played.

The recommendations in the final chapter of this report suggest ways to improve AID's institutional ability to work effectively with the Tanzanian Government in fostering agricultural development. In general, they seek to improve AID's ability to attune programs and projects to the particular circumstances prevailing in the country.

#### AID Country Programs

The influences that impinge on any AID country program are many and complex. The AID mission in a country is the organization primarily responsible for developing the country strategy and projects. It has the difficult task of promoting development while simultaneously dealing with the many pressures from AID headquarters in Washington, Congress, the Administration, the State Department, the Department of Agriculture, the Treasury, and US interest groups -- as well as the pressures found in the recipient country.

AID missions develop country strategies to guide program content. Missions devote considerable time to developing and defending their chosen strategies. Typically, projects are then selected to attain specific strategy objectives.

An analysis of the content of AID's programs over time and across countries suggests that two sets of factors shape an AID country strategy. These can be termed "US concerns" and "local concerns." US concerns include the political, strategic (that is, military), and development interests of Congress and other interested parties. They

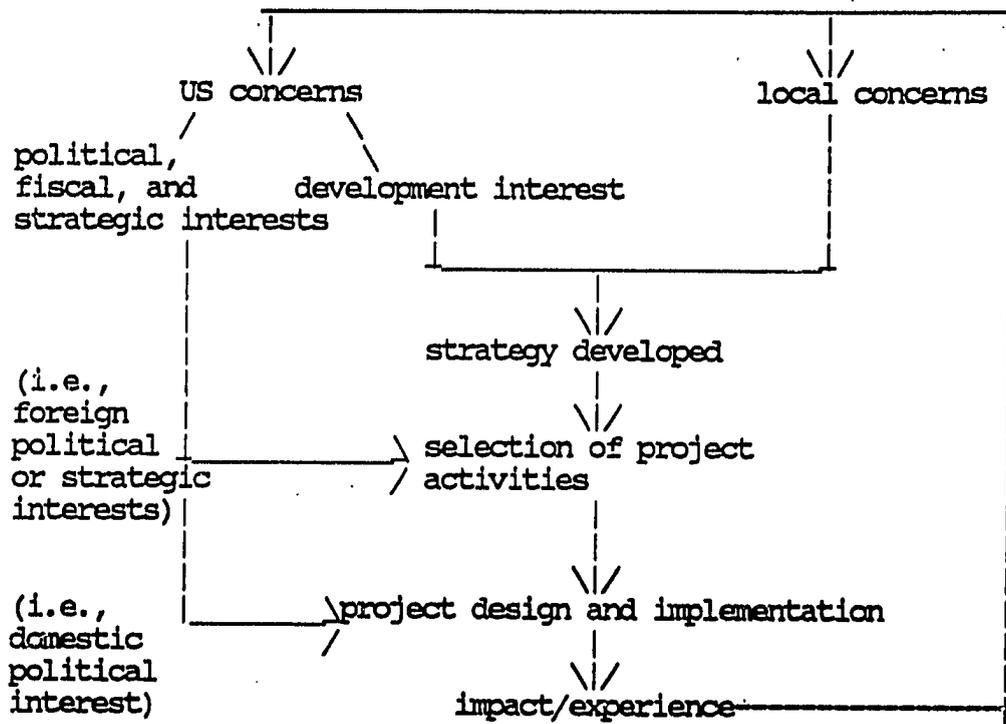
form an umbrella under which the mission strategy must fit. Local concerns include economic, social, and political factors in the recipient country, such as the government's development objectives and the country's stage of economic development.

US and local concerns combine, though not necessarily in equal proportions, to influence the strategy developed by a mission. Once a mission strategy has been developed, it is translated into action through the selection of projects. What seems to happen at times, however, is that the link between US concerns and projects selected is a direct one, circumventing the intermediate link -- strategy -- and so reducing the potential influence of local concerns. This happens when US political and strategic concerns become overriding. For example, some projects not part of the mission's strategy, may be selected because of the need to spend sharply higher assistance levels, or to accommodate the concerns of a US interest group.

After a project has been selected, it must then be designed and implemented. The evidence suggests that this process can also be directly influenced by US concerns. Examples include the US domestic political concern that AID dollars be spent in the US (so-called aid-tying), or that certain types of US contractors be employed.

The various influences determining how an AID country mission shapes a development strategy and selects specific projects are summarized in Figure 1.

Figure 1. Major Influences on the Selection of Strategy and Projects by AID Missions.



Source: author.

## CHAPTER II. OVERVIEW OF THE AID

### PROGRAM IN TANZANIA

This chapter describes the extent and the nature of AID assistance to Tanzania and how these have changed over the years. First, however, it is necessary to explain certain technical peculiarities of the data on which the analysis rests.

Determining how much assistance AID has provided to Tanzania is not a simple matter. There are several ways in which AID has transferred resources to Tanzania. The bulk has moved through a bilateral account designated specifically for Tanzania (612).<sup>1</sup> Other channels have been the Africa Bureau's Africa Regional (698), Regional USAID/Africa (697), Southern Africa Regional (690), and East Africa Regional (618) accounts.<sup>2</sup> Additional resources have reached Tanzania through the accounts of AID's Washington-based central bureaus, such as the Science and Technology Bureau. The difficulty arises because monies moving through the regional and central accounts are usually not identified by the country or countries in which the project takes

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<sup>1</sup>The number in parentheses denotes the AID account number.

<sup>2</sup>There are other Africa regional accounts, but they are specifically for West African countries. Together, the Africa Bureau's regional accounts amounted to \$945 million or almost 15 percent of AID's total budget for Africa for 1963-84.

place, so little is known about their distribution. This frustrates efforts to determine the total AID resources going to a country. The estimates of AID flows to Tanzania presented in this report reflect primarily the bilateral account totals for Tanzania and so underestimate actual AID assistance to Tanzania. Several projects financed from regional accounts could be identified as located in Tanzania, however, and these are included in the country total.

Another problem stems from discrepancies in the financial data presented in different AID reports and in what AID provides to other reporting organizations such as the Organisation for Economic Cooperation and Development (OECD). Such discrepancies among sources complicate the task of trying to establish what AID actually did. This, in turn, raises questions about AID's ability to determine accurately the breadth and depth of its past activities.

Furthermore, caution must be exercised in interpreting AID obligation and expenditure data. As Figures 2a and 2b show, an examination of the financial data for Tanzania reveals abrupt shifts. This has led some observers to charge that annual changes in AID funding make it difficult for a recipient country or AID mission to plan long-term strategies. Such a conclusion must be qualified, however, because part of the apparent instability of the data results from the various ways AID registers obligations and expenditures. For example, when a new project is signed it may or may not be fully obligated in that year; what is done will determine how stable the assistance flow looks. By the same token, if expenditures are recorded after the fact ("cost reimbursement basis") a different

FIGURE 2a. AID Obligations and Expenditures in Current Dollars, 1963-1984.

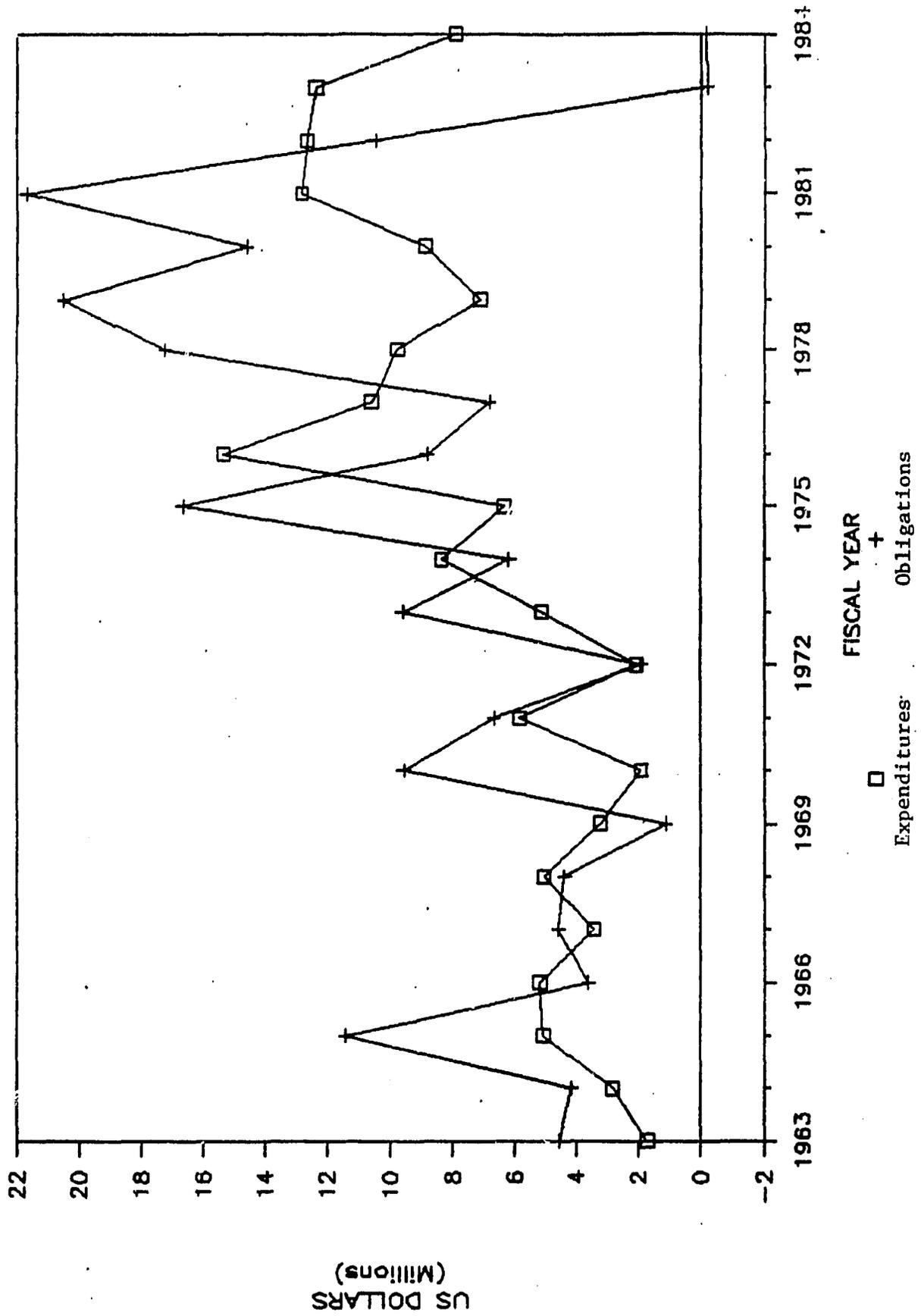
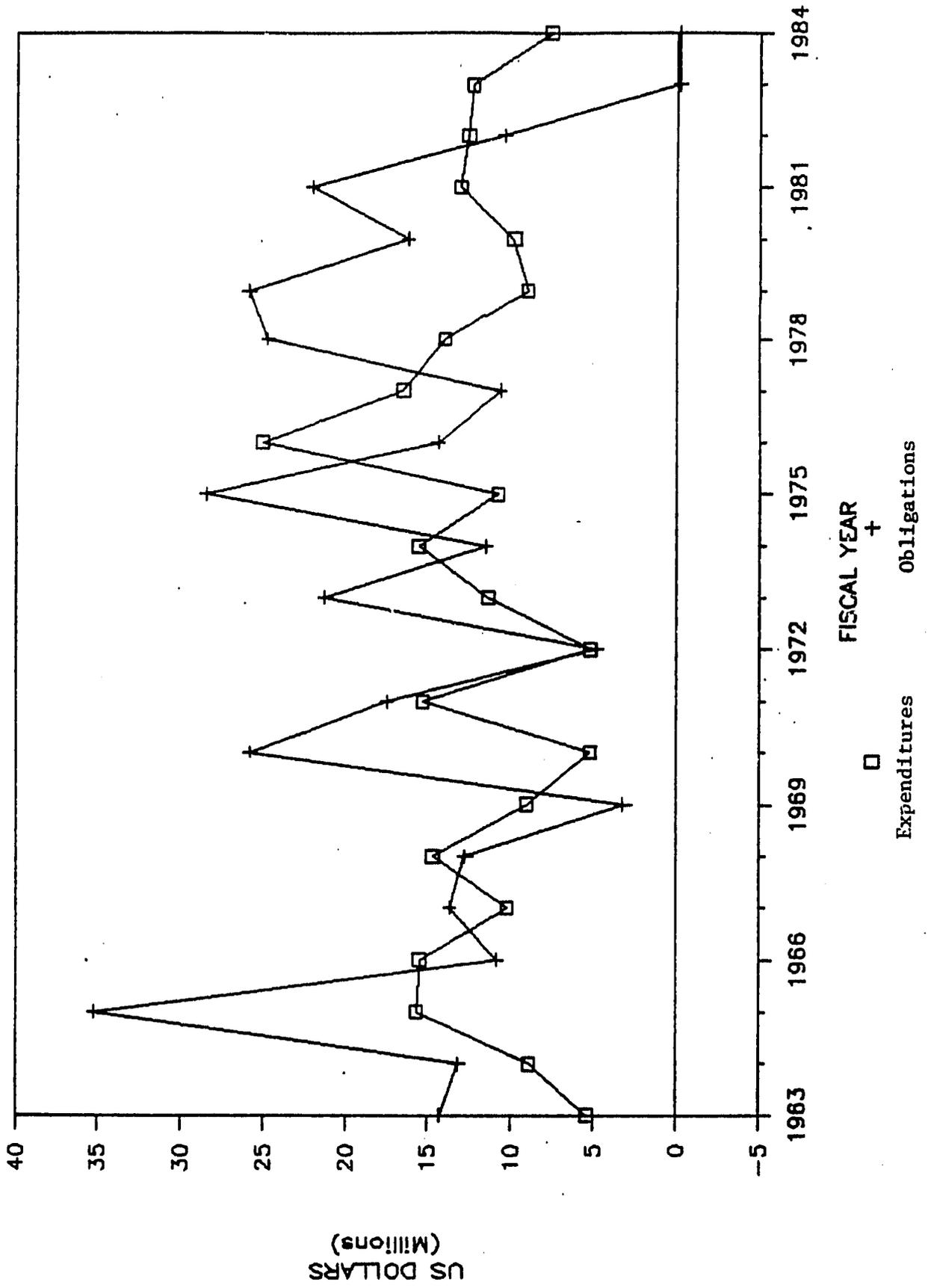


FIGURE 2b. AID Obligations and Expenditures in Constant 1983 Dollars, 1963-1984.



pattern emerges than if a lump sum is paid to a contractor before the service was performed. Figure 3 compares the obligation and expenditure patterns of two similar projects.

Another reason for the apparent instability of the data may be the size of a new project relative to the size of the overall AID country program. The larger its size is, the greater the likelihood that total assistance will appear unstable -- when in fact this reflects the lumpiness of the investment.

Finally, instability results from the fact that AID country figures typically exclude regionally and centrally funded projects. In some cases, their inclusion would stabilize the financial data.<sup>3</sup>

In spite of these complications, this report uses obligations as the basis for measuring AID assistance. The obligation cycle appears to coincide more closely than the expenditure cycle with changes in other factors that influence an AID program, such as US political concerns.

#### Total Assistance

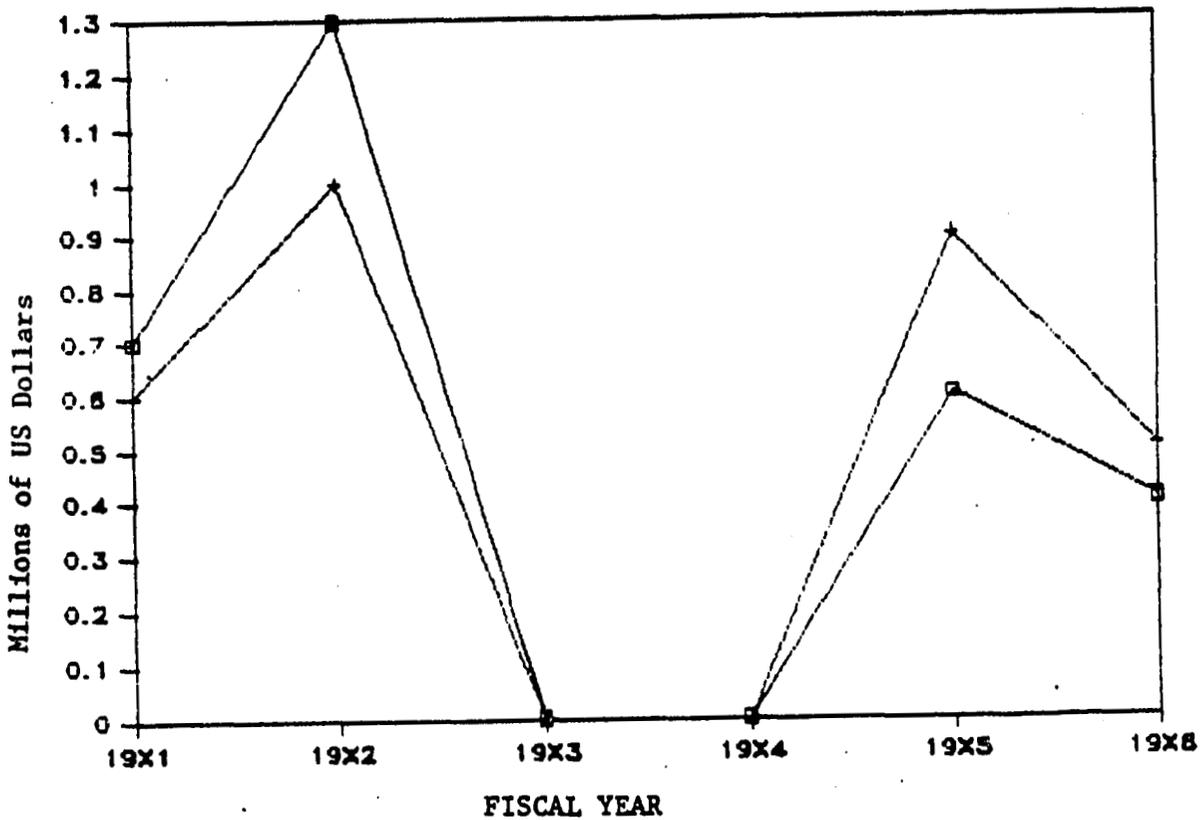
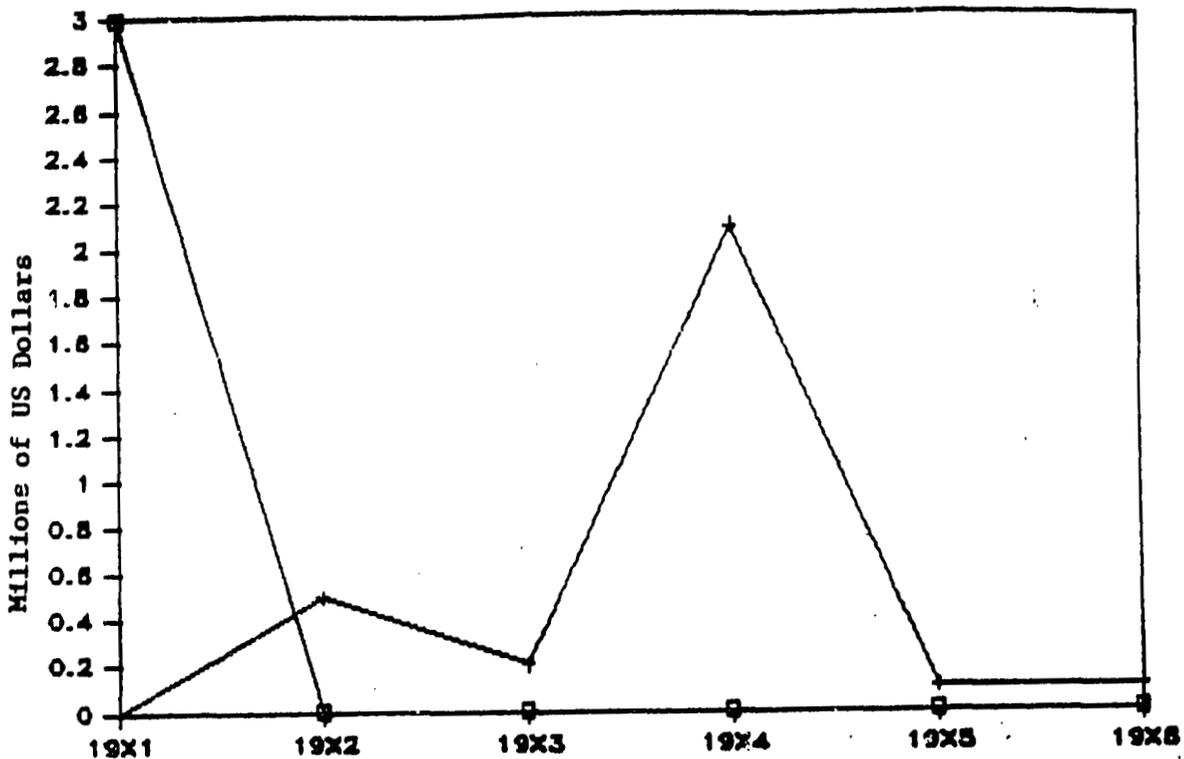
AID has been the main vehicle through which the US Government has provided assistance to Tanzania. Table 1 presents total US assistance to Tanzania between 1963 and 1984.<sup>4</sup> Of the \$363 million total, roughly \$184 million or 51 percent came through AID. Another \$148.6

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<sup>3</sup>See companion country reports on Cameroon and Senegal.

<sup>4</sup>Records of assistance given prior to 1963 are not sufficiently detailed to permit their inclusion. However, the 1963-84 period covers at least 95 percent of known US assistance and 97 percent of known AID assistance to Tanzania.

FIGURE 3 . OBLIGATION AND EXPENDITURE PATTERNS FOR TWO SIMILAR PROJECTS



□ Obligations      † Expenditures

TABLE 1. U.S. ASSISTANCE TO TANZANIA, 1963-84, IN CURRENT DOLLARS.

SECTOR/Sub-Sector	TOTAL	1963-66	1967-70	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
-----thousands of US dollars-----																	
A.I.D. PROJECT & PROGRAM ASSISTANCE	184,088	23,680	19,629	6,661	1,940	9,586	6,171	16,635	8,819	6,817	17,243	20,494	14,603	21,658	10,454	(180)	(122)
AGRICULTURE	77,276	3,394	1,642	2,917	1,240	1,227	4,972	15,542	4,909	5,654	8,425	11,790	5,747	2,609	5,872	(180)	1,516
of which:																	
Crop Production	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Storage & Processing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Input Supply	25,700	0	242	117	172	260	2,588	13,587	2,352	1,388	1,778	2,705	525	0	0	(14)	0
Credit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Research	11,494	0	0	53	343	242	109	222	284	697	1,415	2,485	1,300	1,344	3,000	0	0
Extension	3,436	1,053	27	0	0	0	0	0	0	0	2,356	0	0	0	0	0	0
Education & Training	21,711	2,341	381	0	0	0	414	506	782	1,568	1,320	4,710	3,922	1,265	2,986	0	1,516
Planning & Management	1,940	0	822	458	419	256	0	0	0	0	(15)	0	0	0	0	0	0
Irrigation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing	1,586	0	0	406	28	99	179	455	109	315	109	0	0	0	(114)	0	0
Livestock	11,409	0	170	1,983	278	370	1,682	772	1,382	1,686	1,462	1,890	0	0	0	(166)	0
Forestry	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fisheries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RURAL DEVELOPMENT	87,131	8,875	12,260	3,228	466	7,964	1,165	513	3,838	1,164	8,320	8,704	8,853	18,837	4,582	0	(1,638)
of which:																	
Infrastructure	29,159	7,040	10,637	3,228	466	4,900	0	2	2,880	0	0	0	0	80	(74)	0	0
Health & Population	28,296	0	0	0	0	3,064	1,165	511	958	1,150	1,476	6,394	3,315	11,810	(9)	0	(1,538)
Education	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Water Supply	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Community Development	3,792	1,695	645	0	0	0	0	0	0	14	10	400	10	1,099	19	0	(100)
Industry	25,884	140	978	0	0	0	0	0	0	0	6,834	1,910	5,528	5,848	4,646	0	0
ALL OTHER A.I.D.	19,681	11,411	5,727	516	234	395	34	580	72	(11)	498	0	3	212	0	0	0
P.L. 480 FOOD AID	148,600	9,700	8,500	2,600	1,200	1,600	2,600	23,600	27,700	17,900	8,000	2,400	10,000	14,800	7,600	6,500	3,900
OTHER ECONOMIC ASSISTANCE (1)	30,300	6,400	2,800	0	0	0	0	0	0	300	13,800	200	300	2,400	1,400	1,400	1,300
GRAND TOTAL	362,988	39,780	30,929	9,261	3,140	11,186	8,771	40,235	36,519	25,017	39,043	23,094	24,903	38,858	19,454	7,720	5,078

(1) not elsewhere specified.

Sources: calculated from:

AID, W-253 Reports, selected years.

AID, CONG-R-0105 Reports, selected years.

million was food aid. The remainder has been provided through a variety of other small US programs such as the Peace Corps. AID has joint administrative responsibility over food aid with the US Department of Agriculture. This means that AID has had management responsibility over 90 percent of US assistance to Tanzania. When the assistance is converted to constant 1983 dollars as in Table 2, AID's role as the primary manager of US assistance is again seen to be substantial.

The estimates in these two tables exclude regionally and centrally funded projects. The resources provided through such projects, while not known, could well be significant. For example, the value of centrally and regionally funded projects in Kenya has been conservatively estimated to be equivalent to 20 percent of total AID assistance to that country.<sup>5</sup> If this relationship holds for the AID program in Tanzania as well, total AID assistance to that country would increase by \$36 million to almost \$400 million in current dollars.

AID financed over 170 projects in Tanzania between 1963 and 1984, 102 of them through the bilateral account (see Annex A, Tables A-2 and A-3 for detailed list). Most of these projects were designed by USAID/T. At least 68 more were funded through a regional or central account. This figure is based on the conservative assumption that in addition to the 65 regionally and centrally funded projects reported by the mission in 1982, there were at least three others during the

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<sup>5</sup>See the country report on Kenya (Dijkerman, 1986b) for additional details.

TABLE 2. U.S. ASSISTANCE TO TANZANIA, 1963-84, IN CONSTANT DOLLARS.

SECTOR/Sub-Sector	TOTAL	1963-66	1967-70	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
<b>A.I.D. PROJECT &amp; PROGRAM ASSISTANCE</b>	<b>336,839</b>	<b>73,490</b>	<b>55,464</b>	<b>17,467</b>	<b>4,869</b>	<b>21,273</b>	<b>11,521</b>	<b>28,429</b>	<b>14,406</b>	<b>10,640</b>	<b>24,787</b>	<b>26,004</b>	<b>16,252</b>	<b>22,095</b>	<b>10,440</b>	<b>(180)</b>	<b>(118)</b>
-----thousands of US dollars-----																	
<b>AGRICULTURE</b>	<b>124,643</b>	<b>10,573</b>	<b>4,624</b>	<b>7,649</b>	<b>3,112</b>	<b>2,723</b>	<b>9,283</b>	<b>26,561</b>	<b>8,019</b>	<b>8,825</b>	<b>12,111</b>	<b>14,960</b>	<b>6,396</b>	<b>2,662</b>	<b>5,864</b>	<b>(180)</b>	<b>1,462</b>
of which:																	
Crop Production	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Storage & Processing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Input Supply	42,589	0	655	307	432	577	4,832	23,220	3,842	2,166	2,556	3,432	584	0	0	(14)	0
Credit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Research	14,673	0	0	139	861	537	203	379	464	1,088	2,034	3,153	1,447	1,371	2,996	0	0
Extension	6,756	3,289	81	0	0	0	0	0	0	0	3,357	0	0	0	0	0	0
Education & Training	31,737	7,285	1,116	0	0	0	773	865	1,277	2,447	1,897	5,976	4,365	1,291	2,982	0	1,462
Planning & Management	5,110	0	2,311	1,291	1,052	568	0	0	0	0	(22)	0	0	0	0	0	0
Irrigation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing	3,179	0	0	1,065	70	220	334	778	178	492	157	0	0	0	(114)	0	0
Livestock	20,599	0	460	4,938	498	821	3,140	1,319	2,257	2,632	2,102	2,398	0	0	0	(166)	0
Forestry	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fisheries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>RURAL DEVELOPMENT</b>	<b>155,454</b>	<b>27,672</b>	<b>34,267</b>	<b>8,465</b>	<b>1,170</b>	<b>17,673</b>	<b>2,175</b>	<b>877</b>	<b>6,269</b>	<b>1,817</b>	<b>11,960</b>	<b>11,044</b>	<b>9,853</b>	<b>19,217</b>	<b>4,576</b>	<b>0</b>	<b>(1,580)</b>
of which:																	
Infrastructure	76,733	21,964	29,546	8,465	1,170	10,874	0	3	4,704	0	0	0	0	82	(74)	0	0
Health & Population	37,688	0	0	0	0	6,799	2,175	873	1,565	1,795	2,122	8,113	3,689	12,048	(9)	0	(1,483)
Education	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Water Supply	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Community Development	8,761	5,289	1,873	0	0	0	0	0	22	14	508	11	1,121	19	0	0	(75)
Industry	32,272	419	2,846	0	0	0	0	0	0	0	9,824	2,433	6,152	5,966	4,640	0	0
<b>ALL OTHER A.I.D.</b>	<b>56,741</b>	<b>35,244</b>	<b>16,574</b>	<b>1,353</b>	<b>587</b>	<b>877</b>	<b>63</b>	<b>991</b>	<b>118</b>	<b>(2)</b>	<b>715</b>	<b>0</b>	<b>3</b>	<b>216</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>P.L. 480 FOOD AID</b>	<b>244,733</b>	<b>30,614</b>	<b>24,340</b>	<b>6,818</b>	<b>3,012</b>	<b>3,551</b>	<b>4,654</b>	<b>40,332</b>	<b>45,248</b>	<b>27,940</b>	<b>11,500</b>	<b>3,045</b>	<b>11,129</b>	<b>15,098</b>	<b>7,590</b>	<b>6,500</b>	<b>3,761</b>
<b>OTHER ECONOMIC ASSISTANCE (1)</b>	<b>55,353</b>	<b>19,710</b>	<b>8,250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>468</b>	<b>19,837</b>	<b>254</b>	<b>334</b>	<b>2,448</b>	<b>1,398</b>	<b>1,400</b>	<b>1,254</b>
<b>GRAND TOTAL</b>	<b>636,924</b>	<b>123,214</b>	<b>88,054</b>	<b>24,285</b>	<b>7,881</b>	<b>24,023</b>	<b>16,375</b>	<b>68,762</b>	<b>59,654</b>	<b>39,048</b>	<b>56,124</b>	<b>29,303</b>	<b>27,715</b>	<b>39,642</b>	<b>19,428</b>	<b>7,720</b>	<b>4,897</b>

(1) not elsewhere specified.

Sources: calculated from:

AID, W-253 Reports, selected years.

AID, COME-R-0105 Reports, selected years.

1963-84 period (USAID/T, 1982a).

Based on these figures, AID has started an average of almost eight new projects a year in Tanzania over the past 22 years. Of these, an average of four or five were developed by USAID/T and the rest by other parts of AID. The average life of all AID projects completed by 1982 in Tanzania has been 6.1 years.<sup>6</sup> It generally takes at least a year to develop and design a project.<sup>7</sup> Thus, USAID/T was supposed to keep track of over 32 projects a year in various stages of design or implementation. This does not even include the time invested by USAID/T staff, which averaged about 17 people between 1963 and 1984, in investigating ideas that do not result in projects.<sup>8</sup>

The AID program to Tanzania is roughly 2.7 percent of total AID assistance to Africa during 1963-84. This is a little less than the average of 3 percent suggested by dividing total assistance by the average number of countries with AID programs for 1963-84. On a per capita basis, AID assistance to Tanzania has averaged \$1.48 a year -- a level in the middle of the spectrum compared with other countries in

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<sup>6</sup>The average life of completed USAID/T project costing over \$1 million was 8.4 years, while the average life of those under \$1 million was 4.2 years.

<sup>7</sup>The often-heard assertion that small projects take substantial AID staff time to develop is supported by the evidence. For example, a recent evaluation cites one small project developed through AID's rapid funding mechanism that took 14 months from the time it was submitted to AID until the time it was signed, and that involved some 25 AID staff (AID, 1985f:69-70). The case studies in Chapter IV show that larger projects take even longer to develop.

<sup>8</sup>The staff figure includes support staff, such as secretaries and administrative management officers, who do not directly manage projects.

Africa (Senegal: \$3.25, Kenya: \$2.10, Cameroon: \$1.33, and Malawi: \$1.33). In contrast, Tanzania received significantly more food aid than the average for AID country programs in Africa, reflecting its inability to achieve self-reliance in food.

Tables 3 and 4 reveal that the US has not been one of the major donors in Tanzania, whether measured in obligations or in disbursements.<sup>9</sup> It is unlikely, therefore, that AID assistance could have a measurable effect on Tanzania's macroeconomic indicators. For this reason, the assessment of AID assistance focuses on specific activities rather than summary statistics, and on the extent to which AID coordinated its efforts with other donors.

It is difficult to determine the exact importance of US assistance to Tanzania because of the divergence between the official exchange rates and the economic rates used to calculate the scarcity value of Tanzania's currency. Based on the official exchange rates, US assistance has not been a substantial element in the country's economy, having averaged only about 0.3 percent of Tanzania's gross domestic product for 1963-84. Table 5 lists several common indicators against which assistance is usually compared. These indicators have been used because of their asserted importance in the development process and because of the possible fungibility between them and foreign assistance. If a more realistic exchange rate is employed, the importance of US as well as other donor assistance would increase.

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<sup>9</sup>Data on aid from centrally managed countries, a number of which are active donors in Tanzania, and from several developing countries (China, North Korea, and Cuba) are not readily available. The extent to which this information would alter the ranking among donors is not known.

TABLE 3. COMPARISON OF TOTAL U.S. AND DONOR OBLIGATIONS TO TANZANIA, 1974-83.

CATEGORY	1974-83	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
	TOTAL										
	in US\$ 000										
Total Donor Assistance (a)	4,897,000	275,000	289,000	286,000	527,000	582,000	834,000	660,000	511,000	545,000	388,000
US Economic Assistance, as reported by AID (b)	376,700	8,800	39,900	36,200	24,600	25,200	24,000	25,200	37,100	19,600	7,900
percent of total donor assistance	7.7	5.0	6.5	3.6	6.5	5.8	2.6	8.2	9.6	10.9	21.0
US Economic Assistance, as reported by ODA (a)	130,000	3,000	20,000	8,000	8,000	6,000	1,000	24,000	35,000	18,000	7,000
percent of total donor assistance	2.7	1.1	6.9	0.0	1.5	1.0	0.1	3.6	6.8	3.3	1.8
Rank, if AID was one of the largest five donors, multi or bilateral											
with AID data (b)				4	4						
with OECD data (a)											

Source: (a) OECD, ODA Data Tape.

(b) AID, U.S. Overseas Loans and Grants (CONG-R-0105), selected years.

Table 4. NET DISBURSEMENTS OF ODA TO TANZANIA, 1970-1981.  
(Millions of US Dollars)

	70	71	72	73	74	75	76	77	78	79	80	81	82	83	Total 1970-81
Australia	0.1	0.1	0.1	0.2	0.8	2.3	0.8	1.6	2.8	2.2	5.6	7.3			23.9
Austria	0.0	0.0	0.0	-	-	0.0	0.1	0.2	0.2	0.4	2.9	4.0			7.8
Belgium	0.0	0.0	-	0.0	0.0	0.4	1.7	0.2	4.8	5.3	2.5	7.3			22.2
Canada	2.7	5.1	5.1	11.1	31.6	32.0	20.3	9.7	29.0	28.6	19.4	27.2			222.8
Denmark	3.2	4.2	4.6	7.4	18.2	23.7	19.6	35.0	37.6	39.7	32.2	32.8			258.2
Finland	-	2.0	2.6	3.8	6.2	12.0	12.3	8.9	9.9	13.2	17.7	16.0			103.6
France	-	-	-	-	-	-	-	-	-	-	7.0	9.2			16.1
Fed. Rep. Germany	3.9	6.0	6.2	9.0	12.8	28.6	20.4	29.6	55.4	70.9	74.5	54.8			372.1
Italy	5.0	3.4	-1.0	-1.4	-1.5	-0.3	-	-0.4	-0.2	-0.4	0.5	10.5			14.2
Japan	0.8	1.0	1.1	2.7	3.4	2.9	2.6	2.4	10.0	23.6	39.3	38.4			128.2
Netherlands	1.3	1.5	3.7	7.2	10.8	19.0	27.6	45.6	50.9	77.5	83.2	69.7			398.0
New Zealand	-	-	0.0	-	0.0	1.1	0.4	0.4	0.7	0.7	1.1	0.7			5.1
Norway	1.4	2.9	3.5	6.9	10.8	17.2	14.5	25.7	30.7	35.1	44.2	40.1			233.0
Sweden	7.0	10.7	16.5	32.2	34.7	55.1	51.6	57.4	64.2	93.4	78.1	76.5			577.4
Switzerland	0.4	0.2	0.2	0.5	0.3	0.4	0.6	0.7	2.0	3.1	14.0	5.5			27.9
U.K.	3.0	3.9	2.8	2.1	2.0	7.4	6.6	10.4	18.6	45.1	73.2	54.8			229.9
U.S.	9.0	10.0	7.0	9.0	10.0	33.0	33.0	30.0	16.0	10.0	28.0	30.0			225.0
<b>Total, Bilateral</b>	<b>37.8</b>	<b>50.0</b>	<b>53.4</b>	<b>90.7</b>	<b>140.1</b>	<b>234.8</b>	<b>212.0</b>	<b>257.3</b>	<b>332.3</b>	<b>448.4</b>	<b>523.1</b>	<b>484.7</b>			<b>2864.6</b>
Af.D.P	-	-	-	-	-	-	-	1.5	0.6	4.7	8.0	7.6			22.4
E.E.C.	-	-	-	-	-	15.0	5.7	10.6	19.9	29.2	25.1	40.6			146.1
IBRD	-	-	-	-	-	-	-	3.3	10.5	11.1	12.3	2.8			40.0
LDA	9.4	8.1	2.7	3.0	5.7	17.5	28.6	36.5	24.0	38.4	34.4	76.9			285.2
IFAD	-	-	-	-	-	-	-	-	-	0.9	1.3	2.4			4.6
I.F.C.	-	-	-	-	-	-	-	-	-	-	-	-			-
IMF Trust Fund	-	-	-	-	-	-	-	5.3	16.2	16.4	14.1	0.1			52.1
SAAPA	-	-	-	-	7.1	14.2	-	-	-	-	-	-			21.3
U.N. Agencies	4.0	4.4	5.1	6.7	9.5	21.0	-	-	-	-	-	-			50.7
UNDP	-	-	-	-	-	-	5.1	4.1	5.7	7.6	10.1	13.4			46.0
UNTA	-	-	-	-	-	-	0.3	0.5	1.1	0.8	0.5	1.0			4.2
UNICEF	-	-	-	-	-	-	1.4	2.2	4.7	5.0	4.0	3.2			20.5
UNRWA	-	-	-	-	-	-	-	-	-	-	-	-			-
WFP	-	-	-	-	-	-	7.8	1.7	1.0	5.3	3.7	4.5			24.0
UNHCR	-	-	-	-	-	-	4.5	2.5	3.3	4.0	6.2	6.5			27.0
Other Multilateral	-	-	-	-	-	-	1.6	1.9	2.7	2.8	3.8	5.6			18.4
Arab OPEC Agencies	-	-	-	-	-	-	-	5.9	1.1	1.2	4.1	8.9			21.2
<b>Total, Multilateral</b>	<b>13.4</b>	<b>12.5</b>	<b>7.8</b>	<b>9.7</b>	<b>22.3</b>	<b>67.7</b>	<b>55.0</b>	<b>75.9</b>	<b>90.8</b>	<b>127.4</b>	<b>127.5</b>	<b>173.5</b>			<b>783.5</b>
<b>OPEC Countries</b>								<b>6.9</b>	<b>1.0</b>	<b>3.6</b>	<b>7.4</b>	<b>5.8</b>			<b>24.7</b>
<b>TOTAL</b>	<b>51.2</b>	<b>62.5</b>	<b>61.2</b>	<b>100.4</b>	<b>162.4</b>	<b>302.5</b>	<b>267.0</b>	<b>330.1</b>	<b>424.1</b>	<b>579.4</b>	<b>658.0</b>	<b>664.0</b>			<b>3672.8</b>

Source: OECD file tape.

TABLE 5. IMPORTANCE OF A.I.D. ASSISTANCE TO TANZANIA, 1963-84,  
OBLIGATIONS IN CURRENT DOLLARS.

AID Assistance as Percentage of Tanzania's	1963- 1984	1963-68	1969-79	1980-84
=====				
	- - - - - in percent - - - - -			
Using AID's Official Data:				
Gross Domestic Product	0.3	0.5	0.4	0.2
Gross Fixed Capital Formation	1.8	2.8	2.0	1.1
Government Expenditure	2.2	4.0	2.4	1.3
Exports (a)	1.9	1.7	2.2	1.7
Using AID Study's Data:				
Gross Domestic Product	0.3	0.3	0.3	0.3
Gross Fixed Capital Formation	1.6	1.9	1.5	1.6
Government Expenditure	2.0	2.8	1.8	1.9
Exports (a)	1.7	1.2	1.6	2.5
=====				

Source: AID, Report CONG-R-0105, selected years.  
IMF, International Financial Statistics, 1985.  
AID, Report W-253, selected years.  
and AID project files.

### Sectoral Distribution

AID's assistance has always been focused on the agricultural and rural sectors of the Tanzanian economy. Table 6 shows that roughly 83 percent has gone to these two sectors when calculated in constant 1983 dollars. Projects outside of these sectors were a mixed group including urban water supply, housing, training and education, and general technical assistance.<sup>10</sup>

Rural development activities such as infrastructure, health, and rural off-farm enterprise development represented a larger proportion at 46 percent. Rural infrastructure was the subsector receiving the most AID resources. Agricultural activities such as input supply, agricultural education, and livestock accounted for 37 percent of the total.

Within the agricultural sector the largest single block of AID resources has financed agricultural inputs, including credit and seed multiplication. This subsector accounted for 13 percent of total obligations to Tanzania in 1983 constant dollars. Projects supporting agricultural education and training were the next largest category at 9 percent of total obligations. This money financed a variety of activities including postsecondary training at Sokoine Agricultural University (formerly Morogoro Agricultural College of the University

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<sup>10</sup>To obtain this breakdown, projects were separated into subsectors on the basis of their major purpose. The subsectors were selected for comparability with parallel MADIA studies of other donors.

of Dar Es Salaam), the training of farmers and extension workers at farmer training centers, and the training of government officials working in the agricultural sector. Livestock ranked third among agricultural subsectors at 6 percent. Similar to AID livestock efforts elsewhere during the late 1960s and early 1970s, the projects in Tanzania focused on creating ranching associations to improve the management of the range and to increase meat production. Other subsectors to receive AID assistance were agricultural research (4 percent), extension (2 percent), planning and management (2 percent), and marketing (1 percent).

Of particular interest is the fact that AID allocated more money, both relatively and absolutely, to agricultural research in Tanzania than in Kenya (4 percent of total AID obligations in Tanzania versus 1 percent in Kenya). The two countries appear to have shared many of the same initial conditions, yet a very different agricultural research strategy was pursued by the two AID missions. The case of AID-funded agricultural research in Tanzania is examined in Chapter IV.

The rural development sector has been defined to include those AID activities directly assisting the rural sector but not primarily agricultural in nature. Rural infrastructure projects accounted for 23 percent of total AID obligations in Tanzania. These projects funded several major trunk roads. Smaller rural access roads were also constructed, but under the guise of area and village development projects. Two other rural development subsectors each received about 10 percent of AID assistance. They were health and population, and

off-farm rural enterprise (or "rural industry"). Health and population projects focused on rural health delivery and family planning services. From the mid-1970s on, AID's assistance to health programs grew steadily in line with the Government's emphasis on improving the welfare of its people and an AID-wide emphasis on supporting investments in health.

Most striking about the distribution of AID obligations (measured in constant 1983 dollars) in Tanzania is the marked changes over the years in the major emphases of the program. Table 6 and Figure 4 reveal that if the 1963-84 period is divided into the 1960s, 1970s, and 1980s, then over the past 22 years nine different subsectors have ranked among the top four to receive AID assistance in each decade.<sup>11</sup> During the 1960s and 1970s rural infrastructure was the largest subsector, but it disappeared from the top-four list in the 1980s. Agricultural training was important in the 1960s and the 1980s, but less so in the 1970s because of other mission emphases. Health and population became important in the 1970s and continued to be emphasized in the 1980s. Six subsectors -- community development, extension, livestock, agricultural research, input supply, and rural industry each emerged as a major program emphasis only once. This report will examine the causes for these repeated shifts in USAID/T program priorities and assess their impact on the program's effectiveness.

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<sup>11</sup>Chapter III discusses in detail the rationale for dividing the AID program in Tanzania into three periods.

TABLE 6. BREAKDOWN OF A.I.D. ASSISTANCE TO TANZANIA, 1963-84,  
IN CONSTANT DOLLARS.

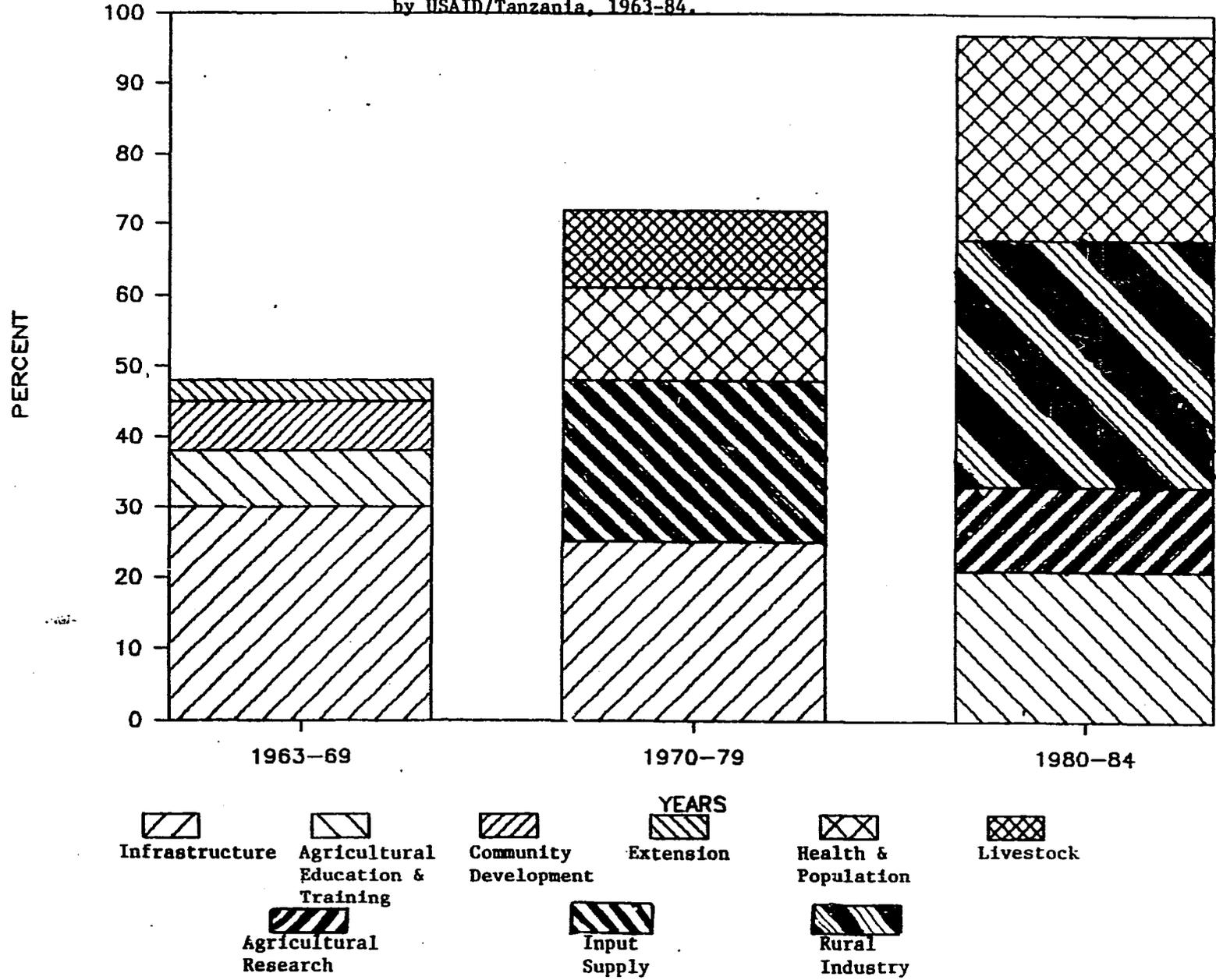
SECTOR/Sub-Sector	All Years			
	(1963-84)	1963-69	1970-79	1980-84
	----- in percent -----			
A.I.D. PROJECT & PROGRAM ASSISTANCE	100	100	100	100
AGRICULTURE	37	13	52	33
of which:				
Crop Production	0	0	0	0
Storage & Processing	0	0	0	0
Input Supply	13	0	23	1
Credit	0	0	0	0
Research	4	0	5	12
Extension	2	3	2	0
Education & Training	9	8	7	21
Planning & Management	2	1	2	0
Irrigation	0	0	0	0
Marketing	1	0	2	(0)
Livestock	6	0	11	(0)
Forestry	0	0	0	0
Fisheries	0	0	0	0
RURAL DEVELOPMENT	46	40	45	66
of which:				
Infrastructure	23	30	25	0
Health & Population	11	0	13	29
Education	0	0	0	0
Water Supply	0	0	0	0
Community Development	3	7	0	2
Industry	10	3	7	35
ALL OTHER A.I.D.	17	48	4	0

Sources: calculated from:

AID, W-253 Reports, selected years.

AID, CDNG-R-0105 Reports, selected years.

FIGURE 4. Changes in the Major Four Agricultural and Rural Development Program Emphases by USAID/Tanzania, 1963-84.



Little is known about centrally and regionally funded projects in Tanzania. Of the 65 such projects in 1982, roughly three-quarters were centrally funded; of these, about 40 percent were related to population activities, and another 30 percent to agricultural activities such as fisheries, pest management, and studies on the nutritional effect of agricultural policies. The rest of the 65 projects were evenly distributed between the health and energy subsectors. Activities funded by regional monies were scattered across many areas and included environmental training (698-427), human rights (698-9801), regional remote sensing (698-414), seaweed farming (698-407.21), and handmade paper production (698-407.5).

Table 7 reveals that AID has directed a greater percentage of its resources to agriculture, infrastructure, industry, education, and social services than has the Government of Tanzania. Rough calculations suggest that AID obligations to any particular sector have ranged from 2 to 3.8 percent of what the Government has spent on that sector. By comparison, in Kenya AID obligations to agriculture have amounted to about 13 percent of what the Government of Kenya spent on that sector, and in Malawi AID obligations to education have amounted to over 8 percent of what the Government of Malawi spent on that sector.

In sectoral as well as general terms, then, AID has been a relatively small donor in Tanzania. Sectoral indicators cannot be used to attribute overall changes to AID-funded activities because the efforts of the Government and of other donors are likely to have been of greater importance.

TABLE 7. COMPARISON OF A.I.D. OBLIGATIONS AND GOVERNMENT OF TANZANIA EXPENDITURES BY SECTOR.

SECTOR	Government of Tanzania Expenditures 1972-81(a)	AID Obligations 1963-84(b)
	----- in percent -----	
AGRICULTURE	11.4	21.9
INDUSTRY	5.5	9.1 (c)
INFRASTRUCTURE	15.0	15.5
SOCIAL SERVICE/HUMAN RESOURCES(d)	24.6	40.1
OTHER(e)	43.5	13.5
TOTAL	100.0	100.0
(of which: EDUCATION)	(13.7)	(16.8)

Notes: (a) Source: IMF, Government Finance Statistics, Vol. VIII, 1984.  
 (b) Source: AID, W-253 Reports, selected years.  
 (c) includes rural enterprise activities.  
 (d) includes agricultural and non-agricultural education.  
 (e) includes general public service, defense, general administrative, regulatory, and other economic services.

### Terms of Assistance

Through 1984, Tanzania had received 27 percent of its economic assistance from the US as loans; the comparable figure for Africa is 29 percent. Loans accounted for roughly 25 percent of AID obligations and 32 percent of food aid obligations, compared with 26 percent and 37 percent, respectively, for Africa.<sup>12</sup> These percentages translate into roughly \$77.7 million of AID loans and \$51.9 million of food aid loans to Tanzania.<sup>13</sup> The rest of US assistance was in the form of grants.

Not included in the above figures are funds from regionally and centrally funded projects. These are typically grants.<sup>14</sup> Their exclusion from the above analysis probably means that the official figures underestimate the overall grant element of the AID program in Tanzania.

AID loans are concessional. Typically, the interest rate would be 2 percent during a grace period of ten years and then 3 percent for

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<sup>12</sup>Most of the food aid obligations were through the PL 480 Title I mechanism which are loans.

<sup>13</sup>There is some discrepancy regarding the amount of loans made to Tanzania. One AID report (1985c) shows the total to be \$42.1 million while another, more detailed AID report (1984b) lists each loan and its conditions and shows a total of \$77.7 million. Because of the detail in the latter report, this study uses its figures.

<sup>14</sup>There are exceptions. For example, there have been a number of road construction projects financed from regional monies which were loans (see Dijkerman, 1986a).

the payback period of thirty years.<sup>15</sup> Almost 61 percent of all the loans were signed during the 1960s, and another 25 percent were signed before 1975. Since the mid-1970s, only four loans (14 percent of all AID loans to Tanzania) have been signed. The declining importance of loans reflects AID's general trend of moving away from loans to grants for African countries.

The terms of assistance have had a profound impact on the AID program in Tanzania. Even at concessional rates, loans eventually become a burden for a country facing foreign exchange shortages. Tanzania is currently in that position. Since February 1982 the Government has ceased repaying earlier AID loans. As will be discussed in Chapter III, US policy required AID to halt obligations and to phase out its program. Since AID generally does not fund its projects all at once, several projects underway will not receive the support originally envisaged.

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<sup>15</sup>Although the loan terms appear quite concessional, they are significantly more stringent than the World Bank's IDA credits, for example. Those credits have a fifty-year final maturity, which includes a ten-year grace period during which they carry no interest rate but only a small service charge of 0.75 percent on the disbursed balance and 0.5 percent on the undisbursed balance (WB, 1982: 27).

### CHAPTER III. STRATEGY FOR AGRICULTURAL DEVELOPMENT

This chapter analyzes the factors that have shaped AID's agricultural development activities in Tanzania. As in all the countries where AID has been active, so in Tanzania AID's strategy was influenced by the concerns of the United States as well as by the concerns of the recipient. "US concerns" include political, strategic, fiscal, and development interests. They constitute AID's institutional environment and form the bounds within which the mission strategy must fit. "Local concerns" include economic and political factors in Tanzania. While local concerns are woven into the mission strategy, they are external to AID's own institutional environment.

Important findings of this chapter include the number of different US concerns and objectives that have shaped the AID program in Tanzania since the 1960s, and the influence of the Government of Tanzania on the selection of AID projects. This chapter also reveals that a mission's awareness of serious problems with its program does not necessarily result in its taking substantive corrective action. It may require the confluence of several factors (donor consensus, AID/W support, and State Department agreement) before the difficult problems are addressed.

US assistance to Tanzania can be divided into three main periods: the early 1960s to 1969, 1970 thru 1979, and 1980 to the present.<sup>1</sup> Table 8 summarizes several characteristics of each period. The periods correlate most closely with changes in AID's development emphases in Tanzania, although other factors such as the country's economic status and its geopolitical importance to the US are also relevant.

Before 1963 Tanzania received little assistance from the US. Funding from AID predecessor organizations averaged about \$900,000 annually between 1958 and 1962 (AID, 1983a). Sources disagree as to whether assistance first went to Tanzania in 1953 or in 1958 (AID, 1983a; USAID/T, undated). The US had no development strategy per se during this early period.<sup>2</sup> An early AID document notes that "US activities... are directed to supplementing development programs of the United Kingdom" (ICA, 1960a:8').

Initially, Tanzania fell into the second priority category for US development assistance to Africa since it was part of the East Africa trio (along with Kenya and Uganda).<sup>3</sup> Its status changed when it became apparent that Tanzania, along with Nigeria, would be among the first African nations to receive independence. The US, concerned about the potential Communist presence in Africa, was intent on

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<sup>1</sup>The very small AID program prior to the early 1960s has little relevance for this report.

<sup>2</sup>Annex B contains a schematic history of AID policies since World War II.

<sup>3</sup>Nigeria was ranked first and the Rhodesia and Nyasaland Federation was ranked third (ICA, 1957:195). There were no other areas listed besides these three.

TABLE B. CHARACTERISTICS OF A.I.D. ASSISTANCE TO TANZANIA BY PERIODS, 1963-84.

Period	Average Number of New Projects per year	Average Size of New Project	Average Annual Obligations (a)	Average Number of AID Direct- Hire Staff in Tanzania
----- in US\$ 000 -----				
In Current Dollars:				
1963-1969	5.9	630	4,825	17.0
1970-1979	3.0	3,724	10,901	17.8
1980-1984	2.2	3,079	9,283	15.5
In Constant 1983 Dollars:				
1963-1969		1,873	14,734	
1970-1979		6,228	18,214	
1980-1984		3,162	9,698	

Source: AID, Project Assistance and Activities (W-253), selected years.  
 IMF, International Financial Statistics 1984 Yearbook, 1985. (for deflator)  
 AID, Staffing Patterns, selected years.

Notes: (a) The average new projects per years times the average new project size will not equal average annual obligations. AID projects are often not fully obligated in the year it was started. Thus average annual obligations reflects both new and continuing project obligations.  
 (b) 1980-1983.

ensuring that the continent would be sympathetic to the Western view of the world.<sup>4</sup> Other African countries were expected to observe Tanzania's decisions regarding geopolitical alignments. As a result, Tanzania's geopolitical importance to the US rose.

In 1961 Tanzania-US relations began on a positive footing with a meeting between the newly elected Presidents Kennedy and Nyerere. This relationship was reinforced when the US responded to Tanzania's drought of 1960-61 by providing food aid grants totaling \$10.7 million, a substantial sum whose present-day equivalent is nearly \$35 million. Thus a warm atmosphere characterized relations between the two nations in the early 1960s.

#### The Early 1960s through 1969

The main thrust of the mission's agricultural strategy in this first period was to begin to provide the basics, such as education and rural infrastructure, and to undertake surveys and analyses that would lay the foundation for future agricultural assistance. The projects were well coordinated with this strategy, and represented a reasonable approach to addressing Tanzania's immediate development constraints.

#### Major Influences on Strategy

**US Concerns.** The US thrust into Africa was conditioned by the Cold War ideology. US assistance would stem the spread of Communism

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<sup>4</sup>A panel appointed by President Kennedy to study Africa concluded that the continent was "probably the greatest open field of maneuver in the worldwide competition between the [Communist] Bloc and the non-Communist world" (quoted in Jackson, 1982:22).

by helping countries to develop (AID, 1962b:145; 1964b:45; 1965b:180, 183, 191; 1966:184; 1967a:265; Jackson, 1982:22).

As one of the first African countries to receive independence, Tanzania held a prominent status derived from the US interest in conveying a positive image to Sub-Saharan Africa. The level of resources AID directed to a particular country depended on its development potential and its strategic importance to the US (AID, 1965c:14). Developing countries were divided into three groups (AID, 1962b:146). The first category included nations that had most of the "prerequisites for development other than adequate external assistance" (AID, 1962b:146). These prerequisites were a public administration which was relatively well advanced, or at least the strong nucleus of one, and good prospects for long-term political stability. Only two countries in Sub-Saharan Africa were judged to meet this test: Tanzania and Nigeria. As discussed below, there are real doubts whether Tanzania actually had these prerequisites.<sup>5</sup>

Countries in the second category lacked some of the prerequisites for development (AID, 1962b:146). The third category consisted of "newly independent countries and dependent territories which are not likely to reach a point of becoming self-sustaining for some time to come" (AID, 1962b:147). Countries in the second and third category would be allocated smaller amounts of assistance than those in the first category.

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<sup>5</sup>A similar argument can be made about Nigeria (see the country report on Nigeria).

One of the changes Kennedy made in the operation of the US development assistance program was the introduction of a "no-year" funding category. No-year funding was supposed to correct the "major disadvantages" of annual funding, such as the "pressure on AID personnel to enter into hasty obligations of funds prior to the end of the fiscal year or face the loss of funds, with future funding in subsequent years being uncertain" (AID, 1962b:19). It was also supposed to reduce the significance of the level of aid giving to a country in any particular year, and to enable officials of AID and the recipient country to negotiate in "good faith."

Only three countries worldwide were eligible for this new funding category: Tanzania, Nigeria, and Pakistan (AID, 1962b:5). Including Tanzania and Nigeria on the list fit well with the US desire to show other African nations what benefits an association with the West could bring.

Later, the Johnson administration sought to increase AID's effectiveness by narrowing its focus. AID was directed to concentrate on four areas: policy, the private sector, institution building, and technology transfer. Agriculture, "the largest private sector" in developing countries, was therefore to be a focus of AID attention (AID, 1966:14-15).

In the mid-1960s, President Johnson commissioned a confidential report by former Ambassador Edward Korry; its purpose was to determine what lessons could be learned from the previous five year's experience in Africa and to suggest ways to improve the effectiveness of US aid. Johnson's concern with cost-effectiveness was associated with the

rapidly growing fiscal demands of the conflict in Southeast Asia. The Korry Report provided the justification for reducing the number of countries where AID operated a bilateral program from over thirty to ten, and it directed AID to place greater emphasis on regional activities (AID, 1967a:2-3). These steps were meant to promote a better use of development resources (AID, 1968:F-15). The program in Tanzania was continued as one of the ten bilateral programs left in Sub-Saharan Africa.

Tanzania received additional assistance as part of the East Africa Community (EAC), which also included Kenya and Uganda. AID supported the EAC despite the setbacks it had recently experienced.<sup>6</sup> The development of a "responsible, progressive, relatively stable grouping of nations to impose a moderate solution" on regional problems was the US objective in supporting the EAC. AID would assist "the three countries increasingly as a regional economic unit... [by] providing as much of its future development assistance as possible within a more coordinated multilateral approach." If negotiations on aid to the three countries as a region would fail, however, AID said it would reconsider "the extent to which development assistance [would] be extended to them [individually]" (AID, 1967a:242-44).

At its peak in the late 1960s, the EAC was the channel for over 40 percent of all assistance to the three East African countries. But

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<sup>6</sup>Among them were the East African countries' decision against federation, Tanzania's imposition of tariffs on Kenyan and Ugandan goods, and a general rise of "nationalistic" tendencies (AID, 1967a:242-43).

after about five years, its importance declined as rapidly as it rose. By the mid-1970s little AID money went through the EAC. AID assistance levels to Tanzania did not suffer as a result.

As the Johnson-initiated changes were being implemented, Tanzania was increasingly becoming a cause for US concern, however, because it was "receptive to increasing amounts of Communist aid as well as seeking to diversify assistance among Western donors" (AID, 1964b:45). Tanzania's corps of Western donors had expanded to include Canada and the Nordic countries. But the combined assistance from these new donors paled in comparison to the reported \$94 million from the Sino-Soviet Bloc nations (AID, 1964b:45).<sup>7</sup> Tanzania further upset the US when it began to accept military assistance from the Communists (AID, 1965c:191). The positive perception of Tanzania which the US had held began to change. By 1965 Tanzania was no longer listed by AID as one of the more important countries in Africa (AID, 1965a:185). Funding for new AID projects in Tanzania was to depend "upon how the political situation in Tanzania develop[ed]..." (AID, 1964a:45).<sup>8</sup>

However, Tanzania had become a leader in African political affairs, a role solidified by its membership in the Frontline Nations. Since Tanzania had become a political force in Southern Africa, AID continued to fund projects there, albeit at a reduced pace.

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<sup>7</sup>It is unclear whether that was an annual figure or a commitment for several years. The lack of data on assistance from the Bloc makes it difficult to determine the true significance of that assistance relative to the combined total from the Western nations.

<sup>8</sup>The relative decline in assistance to Tanzania as a result of the increase in support to EAC was greater than it was for Kenya. Bilateral aid to Tanzania declined by 54 percent between 1963-65 and 1966-69, while that to Kenya declined by only 23 percent.

**Local Concerns.** The mission viewed Tanzania's "primitive subsistence agriculture" as one of the two main areas constraining the nation's development (ICA, 1960b:84). A related concern was the instability of foreign exchange earnings from its traditional export crops. Earnings fluctuated as a result of international price instability rather than domestic production instability. The other main area constraining development was the country's high level of illiteracy, estimated to be around 95 percent.

Indicative of agriculture's early state of development was the low level of monetization, which was put at around 60 percent. USAID/T noted the serious lack of reliable information concerning the sector. This made it difficult to identify the sector's key constraints, although two were evident: poor infrastructure, such as roads and communications, and the scarcity of trained agricultural scientists, extension workers, and administrators.

The identification of transport, communications, and education as problem areas coincided with Tanzania's first Three Year Development Plan (TYDP) covering 1962 to 1964. Its priorities were secondary and vocational education, transport and communications, and agriculture, with an emphasis on training (AID, 1962a:158).<sup>9</sup>

USAID/T's view of Tanzania's major agricultural constraints evolved throughout the decade as surveys and analyses became available, some of them financed by AID. These studies, in turn, formed the basis of the mission's major expansion in agriculture

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<sup>9</sup>The TYDP was based in part on an earlier World Bank survey.

during the next period. The main conclusion of the studies was that Tanzania lacked "agricultural infrastructure" including social infrastructure such as agricultural research and education plus inputs such as improved seed and credit.

Near the end of the first period in 1967, President Nyerere made the now famous Arusha Declaration, which marked the beginning of the shift in Tanzania's development strategy. It set the stage for the later nationalization of sisal estates, greater control over agricultural marketing, "villagization," and other changes to check the development of capitalistic economic structures.

The Declaration essentially nullified the ongoing national development plan, but its significance was not fully understood at the time by the donor community, including AID. Increasingly, Government policy choices and decisions came to be made by the Party rather than by bureaucrats in the technical ministries. Like other donors, USAID/T did not work directly with the Party but with the line bureaucrats. This contributed to an underestimation of Nyerere's and the Party's firm intention to mold Tanzanian society along the lines set out in the Arusha Declaration. Furthermore, like many other donors, AID tended to concentrate largely on technical rather than social and cultural factors.

### Strategy

The "key to economic progress in the East African territories lies in upgrading the educational level of the Africans and diversifying agriculture" (ICA, 1960b:84). Education was the unifying

component of the mission's overall strategy. This included secondary education as well as education related to agricultural.

To foster agricultural growth, the mission strategy was to improve education and also the transport infrastructure. These improvements would help to lay the groundwork for increasing the monetization of the sector. By the mid-1960s, this strategy was supplemented by an emphasis on analysis and planning to determine what the sector's needs were beyond transport and education.

The studies that became available at the end of this period led to a refinement of the mission's agricultural and rural development strategy. That strategy continued to stress education and infrastructure. However, the Arusha Declaration did not cause USAID/T to alter its strategy. This may be partially explained by the close relationship the mission had with the Minister of Agriculture, who later fell into political disfavor and was removed from office.

#### Projects and Programs

Education and infrastructure projects were the most prevalent during this period, accounting for over half of all the activities financed. Projects explicitly directed to education and training accounted for 22 of the roughly 60 projects. Another 15 were infrastructure projects, including projects to construct educational and training institutions, feeder roads, primary roads, water systems, and port rehabilitation. In financial terms, road construction projects accounted for the largest amount of money obligated in any subsector (see Table 6).

In agriculture, the bulk of AID's resources financed technical assistance and training to strengthen agricultural education, extension, and cooperatives. AID assistance to agricultural education touched all levels of the educational system. Most of the resources, however, went to the country's postsecondary agricultural institution, Morogoro Agricultural College. The newly trained Tanzanians were expected to work for the Government, primarily in extension, or for parastatal organizations.

Two smaller agricultural education and training activities were initiated. One was a small secondary vocational agricultural education project. Under this project, a number of secondary schools were to teach agriculture as part of the curriculum. The other, extension education, supported the training of extension workers; it was a continuation of a project started in 1955.<sup>10</sup>

An implicit assumption underlying the extension project was that the technology and information relevant to the needs of the African smallholder were available. As the project progressed, USAID/T realized that "it was useless to talk about extension when in fact... [the project] had nothing useful to extend nor competent host country personnel with whom to work" (USAID/T, 1974:34). Experiences such as these underscored the need for analysis and planning. The extension

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<sup>10</sup>The earlier project was a \$1.1 million institution-building effort that included a large training component; over 100 people were to be trained, most in nondegree programs (AID, 1964a:43). Its purpose was to ensure adequate training facilities, extension techniques, and commodities. Three farmer training centers and an information center were constructed. Also included in this project was some technical assistance to the agricultural credit and cooperative institutions.

project ended in 1967.

In the mid-1960s, at the request of the Ministry of Agriculture, USAID/T started a series of projects to undertake feasibility studies. The mission's preliminary analysis concluded that the Government was in greater need of coherent programs with clear objectives than of feasibility studies for existing project ideas. This finding formed the basis for subsequent projects to finance field trips and analyses of possible programs for support. The work was reviewed with the World Bank and other donors in order to coordinate assistance efforts. The analysis and planning effort of the first period shaped USAID/T's agricultural strategy and projects of the second period.

The mission decided to divide the \$10 million of special no-year money equally between two years. Of interest, however, is that the AID mission in Nigeria made a similar decision, dividing its no-year money in three equal amounts to be spent in three consecutive years (Jaeger, 1986). No reasons were given for this simple decision to use these special funds in such a manner.<sup>11</sup> In Tanzania, the result does not appear to have been detrimental, however. This is because the mission had more activities available for funding than it had money to

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<sup>11</sup>Reasons may be inferred, however, from the experience with the present-day form of no-year funding: the AID Sahel funding source. AID personnel associated with the budgeting process report the reluctance of AID leadership to approach Congress for additional funding when all the available money has not been committed, regardless of whether it is no-year funds or regular funds which must either be committed by the end of the fiscal year or returned to the Treasury. Another reason AID officials have cited for this use of no-year funds is the incentive structure within AID, which rewards (promotes) mission directors who are able to "spend."

Chapter V in the synthesis report (Johnston et al, 1986) details the impact of the incentive structure within AID.

program.

From 1970 through 1979

The second period marks the evolution of the USAID/T agricultural strategy from analysis and planning to projects. US assistance to Tanzania expanded and focused on the agricultural and rural development sectors, reflecting the mission's emphasis on establishing agricultural institutions to serve the Tanzanian smallholder. The mission's development objectives for Tanzania overlapped with the new AID-wide New Direction's strategy, which focused on the rural poor.

During this period, USAID/T and other donors became aware that their strategies and projects were running into more and more difficulties with the Government's policies, with its lack of commitment to some projects, and with its inability to support others. This awareness did not result, however, in any substantive revisions in the mission's development approach.

The delay in taking substantive corrective action, which did not come until the 1980s, is associated with the lack of any pressure for change. Other things being equal, AID's institutional pressure to spend money generates a strong momentum to continue ongoing strategies and projects.<sup>12</sup> In addition, the US State Department, while not enamored of Tanzania's domestic or international stance, was interested in cultivating a good relationship with the Government

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<sup>12</sup>Several AID officials have commented that no one gets promoted for cutting back or dramatically altering a country program unless one is specifically sent there to do so.

because of its potential role in settling the disputes in Southern Africa. The substantial fit between the New Directions rhetoric of AID/W and the development rhetoric of President Nyerere was another factor that favored maintaining the status quo. AID/W never formally approved or disapproved the mission's strategy until the end of this period, when it was rejected. This indecision also allowed the mission to continue its activities with few substantive changes. Overall, donor assistance to Tanzania increased (see Tables 3 and 4), and this further discouraged any critical analysis of Tanzania's approach to development.

#### Major Influences on Strategy

**US Concerns.** Two US concerns were prominent throughout the decade. The first was the growing skepticism regarding the effectiveness of foreign aid in promoting growth with equity. The second was the growing political instability in East and Southern Africa, particularly that caused by Rhodesia's Unilateral Declaration of Independence.

Congressional skepticism about US foreign aid came to a head in 1972. A growing body of studies indicated that development efforts of the late 1950s and 1960s tended to result in growth with inequality. In addition, AID's role in Vietnam appeared to many members of Congress to justify the skepticism they felt toward AID. Assisted by staff in AID's Asia Bureau and the Overseas Development Council, Congress wrote and passed the New Directions legislation (Owens, 1972; Berg, 1985). This legislation directed AID to pursue growth with

equity by focusing on meeting the basic human needs of the poor. Thus a newly mandated emphasis, which had its origins in the situation prevailing in Asia, was to be implemented worldwide. Little attention seems to have been given to the notion that Africa may not have been at the same level of infrastructure and institutional development as Asia. The new US emphasis on basic human needs did fit well, however, with Tanzania's development goals as enunciated and pursued since the Arusha Declaration in 1967.

AID initiated a series of management changes to speed implementation of New Directions. One effect of the changes was to centralize control in AID/W much more than in the past. This was achieved by increasing project design requirements and by concentrating project approval authority in AID/W. In addition, AID decided that the best way to reach the poor was through targeted projects, intended to ensure that the benefits of foreign aid would not be siphoned off by those already well-off. There was, however, considerable controversy about whether this interpretation of New Directions was what Congress intended. The decision to assist the poor through targeted projects seemed to some to mean that AID interpreted the New Direction's strategy as "equity and then some growth."

In the 1970s the East and Southern Africa region was in continual turmoil. To Tanzania's north, differences between Ethiopia and Somalia erupted into armed conflict, while Sudan experienced a coup. Relations with Kenya became increasingly strained and in no small measure contributed to the breakup of the East Africa Community in

1977. To the west, the US had broken off diplomatic relations with Uganda in 1972; Tanzania had the same dim view of Idi Amin's rise to power. To the south, freedom fighters were engaged in armed struggles against the Portuguese colonies of Mozambique and Angola. Most notable of the independence struggles were those in Rhodesia and South Africa. Tanzania, as the de facto leader of the Frontline Nations, launched major projects such as the Tanzania-Zambia oil pipeline, TAZARA railway, and the TANZAM highway to reduce Zambia's dependence on Rhodesian transportation routes and provide it with access routes to the sea. Tanzania also lent material support to the independence movements in the form of training camps and safe-havens. To the chagrin of the US, Tanzania's socialist orientation, first announced in the late 1960s, became more pronounced and included the continued acceptance of economic and military assistance from Communist-bloc countries. China assisted in building the TAZARA railway, a project previously turned down by Western donors.

Although the US had ideological differences with Tanzania's leadership, it also felt a need to show concrete US commitment to the African liberation struggles in the region. Given President Nyerere's leadership role in the Frontline Nations and his support of the independence struggles, it was argued that the US would "benefit in 'keeping our hand in' by continuing our modest input of US assistance" (USAID/T, 1974:32). This view also translated into substantial US food aid assistance when Tanzania suffered from drought in the mid-1970s. For awhile US food aid shipments were larger than the AID development assistance budget for Tanzania (See Table 1). Many

observers also interpreted US assistance (more than \$30 million) for the construction of the TANZAM highway as a response to the Chinese decision to construct the railway and to the regional political problems. The mission was the on-the-ground implementing agency for this regional assistance in Tanzania. Much of the mission's attention and energy, however, was absorbed by the unexpected flare-up of political problems.

Local Concerns. Throughout this period USAID/T accepted the Government's development preferences. In light of the mission's earlier work and AID's New Directions, rural areas were given top priority. The constraints on the agricultural sector had been identified by the mission's earlier analysis and planning effort. They included "poor access by small farmers to capital and attendant physical resources for increased production; lack of knowledge on the part of small farmers; lack of follow-on advice and on-farm assistance during the crop growing season, harvesting and marketing; lack of trained technical manpower and lack of management in the villages and farms; lack of timely and adequate institutional services; and finally lack of research applicable to small farmer production" (USAID/T, 1974:51). These constraints remained central to the mission's analysis throughout the 1970s.

The Tanzanian Government's agricultural pricing and marketing policies had also been identified as a cause for concern. A 1970 study financed by USAID/T recommended that Tanzania's agricultural pricing and marketing system be modified. It suggested assigning to the Government agricultural marketing parastatal the role of "a

purchaser of last resort instead of exclusive handler of all commercial quantities...[and producer prices based on] export parity premised on economically efficient handling and transport" (Kriesel et al, 1970:2). Later USAID/T, although acknowledging that the repeated droughts had cut food production, also cited the "Government's agrarian policies, especially low producer prices [as] also hav[ing] contributed to the problems" (AID, 1977:84).

By 1978 mention of the pricing and marketing issue disappeared from AID documents. The mission turned away from these macroeconomic issues because it sensed AID/W's lack of interest. An evaluation of the mission's food crop marketing project, which had been designed to address Tanzania's policies, concluded,

"This project has been treated as a "stepchild" by USAID, especially since the issuance of the new AID mandate [e.g., New Directions]... It is a fact that projects such as these are not in vogue. They don't directly reach the poor majority" (USAID/T, 1978b:11).

The Government's decision to raise producer prices on a number of crops during the drought period may also have made it appear that pricing was no longer an issue. But no analysis was undertaken to determine if that was indeed the case (AID, 1977:83).<sup>13</sup>

The mission, having dropped its earlier analytical emphasis, seems to have accepted the AID/W reasoning about the role of pricing and marketing in development. In the third period, however, the

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<sup>13</sup>Had an analysis been done, the mission would have found prices on minor food crops much higher than would have been dictated by demand. This was contributing to rising storage costs. Furthermore, the Government's marketing costs were also rising rapidly. Finally, export crop prices were declining, causing declines in production (World Bank, 1983).

pricing and marketing problem reemerged as a substantial AID/W concern. Contrary to its approach in the first period, USAID/T began to rely more on analyses and actions by other donors, particularly the World Bank. The case studies in Chapter IV point out several instances in which USAID/T followed the lead of the World Bank, with little critical analysis of its own.

The momentum created by AID's institutional imperatives in general, and by the special conditions surrounding the Tanzania case in particular, reduced the advantages to AID of having a large in-country staff. Between 1963 and 1980, USAID/T's staff averaged over seventeen people, by far the largest in-country staff of any donor. AID officials often argue that a large in-country staff improves the agency's ability to monitor projects closely, to interact continuously with the Government, and to collect detailed information on which to base its assistance strategy and projects. While this argument appears to have validity for the first period of AID assistance to Tanzania, it does not seem to be borne out by the experience of the second period.

The Tanzania Government's Ujamaa and villagization policies also claimed USAID/T's attention. By January 1974 an estimated 18 percent of the rural population (2.3 million people) had been moved from scattered farms and were living in Ujamaa villages in various stages of maturity. Less than 10 percent of the people in these villages had reached the final stage of communal organization (USAID/T, 1974:15). At that point, the villagization had been underway for four years.

USAID/T's assessment of these policies was based on limited information since there were few published studies and evaluations of Ujamaa and those "which had been made by the Government [were] not readily available to outsiders" (USAID/T, 1974:15). The American Embassy's and USAID/T's contacts with the Ujamaa villages had been "decidedly limited," a conscious decision by the Government (USAID/T, 1974:15,34). Other donors such as the World Bank were also reported to have had limited contact with the villages. USAID/T noted

the apparent success [of Ujamaa] in a few [villages], but for the most part there seems to be a growing number of problems... one of our doubts is about the absence of a clear-cut incentive system in Ujamaa... While we claim no clear insight for all the reasons, the consensus is that where Ujamaa has been implemented productivity decreases usually have resulted... we have real doubts about Ujamaa as a viable concept of rural development and its ability to fulfill the hopes that the Tanzania Government has placed upon it (USAID/T, 1974:15-17).

The mission was not alone in its attempt to be open-minded, despite these doubts. There was considerable international support for Tanzania's emphasis on meeting the basic human needs of its population. Indeed, donor assistance grew during this period. Measured by OECD's official development assistance disbursements, it rose at an annual rate of more than 65 percent between 1972 and 1975. In the face of this strong support for Tanzania, USAID/T qualified its opinion of Ujamaa by noting

The evidence for or against Ujamaa is certainly not complete... [Furthermore] when we look at sister African countries which have not adopted a social/economic approach [read "socialist"] as has Tanzania, we find that their indigenous farmers are no better-off and from an equity viewpoint may even be worse off than Tanzanian African farmers... (USAID/T, 1974:17).

Comparisons were made with "free-wheeling Nigeria" whose farmers were

"still desperately poor," with Ethiopia with its landless and tenant farmers, and with Ivory Coast and Kenya whose farmers and herders had "shared to a very limited extent in the development process" (USAID/T, 1974). Thus,

the safest conclusion at this juncture is that no clear-cut solution to African agricultural problems have been found and that we are still groping for a reliable handle to uplift Africa's rural poor (USAID/T, 1974:17).

The mission, therefore, supported the Government's rural development strategy.

Part of the Government strategy was to divide the country into regions that would then receive concentrated assistance from individual donors. Since AID already had several projects and an office in the Arusha region, the Government offered and USAID/T accepted that region for more intensive US support.<sup>14</sup>

This is how the mission summarized the relations between the US and Tanzania in 1974:

While there are ideological, attitudinal, and outlook differences between the Tanzanians and ourselves, there is at the same time significant overlapping in our current priorities and theirs. (USAID/T, 1974:33-34, emphasis in original).

The mission argued that the "US comes off considerably better in person than" in the Government-controlled press, where it was

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<sup>14</sup>By 1981, nineteen of Tanzania's twenty-one regions had been adopted by the donor community.

Within AID, there was major debate about whether AID should philosophically accept the idea of intensively supporting a region, and about why USAID/T should support the Arusha region, which was one of the more developed regions in Tanzania. The absence of any clear decision by AID/W permitted the mission to adopt the Arusha region and to include an area south of Arusha that was a poorer area of the country.

characterized as one of the "bad old Western Imperialists" (USAID/T, 1974:34). However, the documents and interviews suggest that while the AID staff may have had good relations with the bureaucrats in the technical ministries, it had no meaningful links with the Party. This distinction is important because informed observers note that subsequent to the Arusha Declaration and throughout the 1970s the Party proposed and made policy decisions affecting agriculture with less and less input from the technical ministries such as agriculture.

### Strategy

The mission's agricultural development strategy during this period was essentially the implementation phase of the Period I analysis and planning effort. Many of the projects undertaken by the mission in the first half of the decade were a direct result of that effort. The mission's agricultural strategy was to create institutions which could serve small food crop producers and livestock herders. The objective was to lay the foundations for future development by "filling in the manpower and institutional gaps" (USAID/T, 1974:34). Seven components were to be implemented in sequence: research, seed multiplication, input supply, extension, storage, and marketing (USAID/T, 1972a:13-16). Nutrition was the seventh component, but it never received much attention.

Assistance for agricultural research focused on research planning, administration, agronomic research, maize breeding, and edible legume breeding. The effort was to be linked to AID's regional food crop research effort, then part of its assistance to the East

Africa Community. At the same time, a seed multiplication and distribution institution would be created to enable the research results to be multiplied and distributed to farmers. The need for additional or new inputs for farmers, such as credit from a formal public institution, would be addressed later, after the research and seed projects were underway. Extension needs would be addressed through manpower training projects. Storage and marketing were part and parcel of the mission's initial emphasis on improving Government institutions dealing with food crops.

As in the first period, training continued to be an important element of the strategy. The heavy emphasis on creating and improving state institutions, combined with Tanzania's low level of general education, meant there was a growing need for trained manpower. USAID/T initially intended to support all levels of training, but AID/W turned down three training projects that sought to support the development of agricultural training institutions.<sup>15</sup> AID/W was of the opinion that short-term nondegree training for farmers and for people dealing directly with farmers was the preferred New Directions approach. In response to the Minister of Agriculture's request for more advanced degree training, one USAID/T director pointed out that AID/W favored projects that "benefit the poor directly in the shortest amount of time possible" (USAID/T, 1979a:1). The mission said that its reading of AID/W preferences was based on its recent experience in getting a training project approved.

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<sup>15</sup>They were Agricultural Training Institutions (621-115), Agricultural Faculty at Morogoro Agricultural College (621-114), and Agricultural Education and Secondary Education (621-102).

USAID/T's agricultural strategy remained consistent throughout the 1970s. As the decade progressed, however, the economic environment created by the Tanzanian Government's policies caused more and more problems. In 1976 USAID/T reported that "serious problems had arisen in regard to the Mission's overall [agricultural] sector strategy" (USAID/T, 1976a:26). The problems were project-related, but since projects were the vehicle for implementing the strategy, the problems were also a sign that the strategy had weaknesses. Among the problems noted in different projects were that the Government's promised recurrent budget support was not forthcoming, that the Government failed to adhere to project agreements, that policy changes destabilized projects by not adequately reassigning new responsibilities or accounting for prior obligations, that returned trainees were not assigned to projects, and that project equipment was being diverted to other uses. These problems are discussed in detail in Chapter IV.

The mission explicitly acknowledged that its strategy and projects were encountering serious problems. Nevertheless, it persevered along its set course instead of reviewing the appropriateness of its program in light of the rapidly changing conditions in the country.<sup>16</sup>

The problems with the USAID/T program were recognized by AID/W. For example, it never formally approved the mission's 1973 Development

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<sup>16</sup>One former senior mission official has said that he believed at the time that the problems in Tanzania were little different than anywhere else in Africa. Thus, the problems were regarded as normal and did not warrant a reassessment of the program.

Assistance Plan (DAP). Subsequent mission strategy documents also generated considerable discussion. Few definitive decisions appear to have ever been communicated to the mission, thus permitting the mission to continue on its course with few adjustments.<sup>17</sup>

During this period, there is no evidence of any serious discussion about whether agricultural institutions would be controlled by the Government, the private sector, or a combination of both. USAID/T was committed to helping the Government expand its capacity to provide services to its people. Stronger Government control over the economy was assumed to be necessary to redress regional and ethnic differences and promote egalitarianism.

#### Projects and Programs

AID assistance as measured by obligations rose from an average of \$4.8 million a year in the first period to almost \$11 million a year in the second. Figure 1 shows significant annual obligation fluctuations, but they were due to administrative delays in new project approvals by AID/W and by the Tanzanian Government.

Table 9 shows that there was a major change in the top four subsectors to receive funding. But in fact, the change is best seen as a logical outgrowth of the earlier agricultural strategy. Rural infrastructure was the only subsector to appear on the list in both periods. Community development had dropped off the list as a result

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<sup>17</sup>The situation in AID/W has been described by various AID officials as having consisted of two camps: those who strongly supported Tanzania and its stated objectives, which closely paralleled the agency interpretation of New Directions, and those who argued that the Government was creating an economy prone to crises.

of the widespread disappointment with its performance.<sup>18</sup> Input supply became important through the seed and credit projects and the agricultural sector loan. Health activities were assisted as part of the New Directions emphasis. Agricultural education and training appears to have declined in importance, but this is misleading; what its disappearance from the list reflects is that the program became focused on fewer subsectors in the 1970s. Table 6 shows that the percentage of funds allocated to education and training was 7 percent in Period II, a decline of only 1 percent from Period I.

Table 9. USAID/T Obligations by Major Subsector for Periods I and II.

Period I	Period II
1. Infrastructure (30%)	1. Infrastructure (25%)
2. Ag. Ed. & Training (8%)	2. Input Supply (23%)
3. Community Development (7%)	3. Health & Population (13%)
4. Extension (3%)	4. Livestock (11%)

USAID/T proposed projects to implement all aspects of its agricultural strategy. In 1970 it proposed eight crop-related projects, and AID/W approved four. Three of the approved projects were Agricultural Research (621-107), to develop new and improved varieties of maize and legumes for smallholders; Seed Multiplication (621-092), to establish four seed farms to multiply the varieties produced by the research project and the regional AID research program; and Agricultural Marketing Development (621-099), to improve the parastatal that would handle the official marketing and distribution of these crops. The fourth project, Agricultural Credit (621-117), was not approved by AID/W until 1974, four years after the

<sup>18</sup>Holdcroft (1978) presents an analysis of the Community Development emphasis in AID.

other projects. Its purpose was to strengthen the Tanzania Rural Development Bank (TRDB) as the Government's rural credit institution and to develop a smallholder food crop loan program. This was intended to support the other projects by providing another agricultural input which could help improve smallholder productivity.

USAID/T livestock projects were similar in their comprehensive coverage of the subsector. These projects included Maasai Livestock and Range Management (621-093), to increase livestock production and marketing through improved resource management and physical infrastructure such as cattle dips; Agricultural Project Support (621-103), which was a vehicle for the mission to supply water, roads, stock route development, and equipment primarily to implement bush eradication (to control tsetse fly breeding); Tsetse Fly Eradication (621-118); Livestock Marketing Development (621-122), to establish an effective and efficient livestock marketing system and to implement the range and water development aspects of the World Bank (IDA) Livestock Development project; and Tsetse Fly Rearing and Control (621-144), to develop and test the operational feasibility of reducing tsetse fly populations by releasing sterile flies.

Manpower development also received a heavy concentration of USAID/T assistance. These projects included Agricultural Manpower Development (621-119), to develop professional and subprofessional agricultural extension training programs using the US land grant concept of combining education, extension and research at one institution; Farmer Training and Production (621-119.1), to strengthen research, extension, and farmer linkages by establishing programs in

four World Bank-constructed Ministry of Agriculture Training Institutes (MATIs); and Training for Rural Development I (621-149), to strengthen the Government's ability to implement its decentralized rural development policy. These agricultural projects are summarized in Table 10. They made up the bulk of USAID/T's agricultural activities.

The mission wanted to continue its earlier emphasis on rural infrastructure, particularly rural access roads, but the New Directions bias against rural roads slowed this thrust. When the rural access roads emphasis did reappear, it was masked as part of an integrated rural development project entitled Arusha Regional Planning and Village Development (621-143), a \$14.6 million effort.

In addition to these projects which arose out of the mission's agricultural strategy, there were three major activities which did not fit closely into that strategy but nevertheless amounted to a considerable proportion of total US assistance to Tanzania during this period. The first resulted from the continued regional political problems caused by Rhodesia. The US upgraded roughly 270 miles of the TANZAM highway from Zambia to Tanzania's ocean port at Dar Es Salaam.<sup>19</sup> The second activity was the high level of food aid sent to Tanzania as a result of the droughts and tightening of food supplies during the mid-1970s. Food aid rapidly became the major part of the US program in Tanzania. Between 1974 and 1978, food aid accounted for just over half of all US assistance to Tanzania. At its peak in 1975-

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<sup>19</sup>The World Bank and Sweden financed the upgrading of the road's other sections in Tanzania and Zambia.

77, it constituted nearly 70 percent of US assistance to Tanzania. Both the highway and food aid activities were unplanned additions to the mission workload and occupied a substantial portion of mission attention until about 1977.

Table 10. Major Projects Related to USAID/T Agricultural Strategy During Period II.

Number	Title	Obligations (\$000)
<u>Food crops</u>		
621-107	Agricultural Research	\$ 8,494
621-092	Seed Multiplication & Distribution	6,677
621-099	Agricultural Marketing Development	1,586
621-117	Agricultural Credit	3,707
	subtotal	\$ 20,464
<u>Livestock</u>		
621-093	Maasai Livestock & Range Development	\$ 4,414
621-103	Agricultural Support	1,002
621-118	Tsetse Fly Eradication	800
621-122	Livestock Marketing	4,057
621-144	Tsetse Fly Rearing & Control	2,150
	subtotal	\$ 12,423
<u>Education &amp; Training</u>		
621-119	Agricultural Manpower Development	\$ 4,555
621-119.1	Farmer Training & Production	2,528
621-135	Agricultural Education & Extension	2,356
621-149	Training for Rural Development I	5,521
	subtotal	\$ 14,960
	Major agricultural projects	\$ 47,847
	Value of all USAID/T agricultural projects signed in Period II	\$ 79,104
	Major projects as percentage of total agriculture	60.5 %

Sources: Table 1; Annex A, Table A-III.

The third additional activity thrust upon the mission was a new assistance vehicle entitled Sector Lending. It provided substantial sums of money to ministries in recipient countries to undertake programs and reforms in a particular sector. USAID/T was not enthusiastic about having such a program in Tanzania since its ongoing strategy and projects were experiencing difficulties adjusting to the

Government's new agrarian and rural development policies.

Nevertheless, with AID/W and the AID regional office in Kenya taking the lead, a \$12 million agricultural sector loan (621-133) was signed with the Government in 1975. Subsequent loans were planned for 1976 and 1977. But USAID/T, reiterating its concerns about the use of the loans given its problems, declined to develop the subsequent loans (USAID/T, 1976a:26).

The size of the agricultural sector loan was significant, amounting to 77 percent of all the funds obligated by USAID/T in the agricultural sector in 1975 (see Table 1). Yet few of the AID personnel in Tanzania at the time recall any of the details -- an indication that the program was designed with little mission participation. The loan was designed to meet Tanzania's domestic resource gap, increase the level of Government investment in agriculture, and provide immediate balance of payments support. Details of the program remain sparse, though loan funds did purchase Tanzanian shillings to support Government agricultural investments such as the World Bank-inspired National Maize Production Program as well as several mission projects.<sup>20</sup> This new assistance tool appears to have been applied in Tanzania before its potential uses had been fully determined.<sup>21</sup>

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<sup>20</sup>The National Maize Production Program experienced substantial problems (for a review see World Bank, 1983).

<sup>21</sup>This is similar to the problems experienced with the first agricultural sector loan in Kenya. Although signed in 1973, the loan was not utilized until several years later when the mission and the Government of Kenya finally decided to import fertilizer from the US. The AID mission in Ethiopia signed four such loans, but those programs have not been examined by this author.

### From 1980 on

The strategy pursued by the mission in the 1980s was appreciably different from that pursued in the 1970s. The new strategy directly addressed the distortions caused by the Government's development policies; the ultimate objective was a reduced role for the Government and a greater role for market forces in the economy. A key step was to develop, through analysis, a consensus on the impact of the Government's domestic development policies. Future mission activities would then evolve from these analyses. The similarity to the approach followed by the mission in Period I is apparent. And again, agricultural pricing and marketing issues came to the forefront.

This shift in strategy was encouraged by the Reagan Administration's general development strategy -- a strategy which constituted a shift away from AID's development priorities under New Directions.

The implementation of the new strategy stopped when Tanzanians ceased repaying US development loans. In accordance with established US policy, the loan default set in motion plans to close the mission and phase out its projects sometime in 1987.<sup>22</sup>

### Major Influences on Strategy

**US Concerns.** The shift in the general US development strategy played an influential role on the mission's strategy during this third period. In the early 1980s President Reagan initiated a series of

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<sup>22</sup>This was the situation as of the fall of 1986.

changes to increase the effectiveness of foreign aid. It was part of his response to the US Government's fiscal problems. The main change was to direct AID's general development strategy away from the New Directions approach toward an emphasis on market forces, policy dialogue, institution building, and technology transfer (AID, 1983b).<sup>23</sup> AID suffered personnel cutbacks, and the Economic Support Fund (ESF) account became relatively and absolutely more important than the Development Assistance account (AID, 1985a). Unlike the Development Assistance account, which has traditionally financed projects, the ESF account is intended to be fast disbursing and oriented to programs rather than projects.<sup>24</sup> Greater reliance on ESF also made foreign assistance more responsive to US political and strategic concerns, since these programs are developed and approved annually.

This shift from "project" to "program" aid coincided with the donor community's growing frustration with the poor economic performance of Sub-Saharan Africa, and its growing recognition that the absorptive capacity of many African countries, as well as their ability to finance recurrent costs, were seriously limited, and that their macroeconomic policies contributed to their economic problems. Studies pointed to the shortcoming of the basic human needs approach as implemented by development agencies and recipient governments (World Bank, 1981; 1983). A market-oriented approach with governments

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<sup>23</sup>These four emphasizes are alternatively referred to as the "Four Pillars."

<sup>24</sup>These changes are remarkably similar to features of the program introduced by President Johnson in response to an earlier fiscal crisis.

creating a policy environment conducive to growth was the prescription for correcting the excesses of governments. It fit well with the domestic and development emphases of the Reagan Administration.

Tanzania, although increasingly recognized as a country with policy problems, did not benefit from this shift from project to program aid. Like most AID programs in Africa, the budget for Tanzania was cut and it received no ESF monies. ESF assistance went to countries such as Kenya, whose "relatively democratic institution and open economy serve as important examples to... other countries in the region... some socialist, of what can be accomplished by a private enterprise orientation" (USAID/K, 1982:2).

Although Tanzania's political importance to the US declined with the resolution of the Zimbabwe conflict, this change does not appear to be closely associated to the change in the mission's strategy.<sup>25</sup> In Kenya, whose political importance to the US rose in the 1980s, the AID mission also shifted toward directly addressing macroeconomic policy issues (Dijkerman, 1986b). However, Tanzania's reduced political stature was undoubtedly a reason why it did not receive ESF funds. AID assistance to Tanzania declined, requiring the mission to reduce funding for several projects. One USAID/T project already underway was scaled back by \$30 million out of the original \$40

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<sup>25</sup>Zimbabwe's independence provided a possible alternative to Tanzania as the leader in the East and Southern Africa region. This expectation was associated with the premise that Mugabe's early pragmatic actions were a truer indication of his intentions than his socialist rhetoric. US assistance to Zimbabwe grew rapidly. Annual AID assistance to Zimbabwe after independence was higher than to Tanzania; it rivaled in magnitude what other politically important countries in Africa had received.

million of funding.

**Local Concerns.** The continued decline of the Tanzanian economy was an important factor contributing to the mission's reshaping its strategy in Tanzania. By 1980 it became clear to AID that its overall strategy in Tanzania was suspect. The mission's strategy document, the Country Development Strategy Statement (CDSS), was "not approved" by AID/W because the analysis did not address Tanzania's short-term economic problems and did not adequately examine alternative strategies (USAID/T, 1980a:10). The rejected CDSS, written in 1979, was in keeping with the New Directions priority of helping "the poorest of the poor" as AID/W had earlier requested. Washington sent a team from AID/W to lead a review of the mission's program. The report concluded that Tanzania's poor economic performance was mainly attributable to poor economic policies (AID, 1980c). These policies had made the country prone to crises.

The mission's review of the performance of the agricultural sector and related agricultural policies resulted in refocusing on three problem areas:

(1) the Government's policies and actions in setting prices for agricultural products, (2) the financing, marketing and distribution of agricultural inputs such as fertilizer, seed, pesticide and small implements, and (3) the continuing and expanded support of agricultural technology generation and distribution (USAID/T, 1982a:5).

These problem areas are the same as those identified during the Period I analysis and planning effort. The mission acknowledged the sensitivity of the policy issues and the lack of detailed study of their impact in Tanzania.

## Strategy

USAID/T's new strategy sought to reduce the Government's role in the economy and encourage more reliance on market forces. The strategy's three goals were to promote increased agricultural production, improved resource management, and effective decentralization (USAID/T, 1981a:9; 1982a:4). Those in rural areas, particularly smallholders, received the bulk of the attention (USAID/T, 1982a:4). The emphasis on increasing agricultural production was carried over from previous periods, although the focus was expanded to include export crops as well as food crops grown by smallholders. Improved resource management and decentralization constituted the "new" emphasis; it concentrated on improving the efficiency of Government and loosening its control over the economy to allow a greater role for market forces. The mission's emphasis on policy reform and decentralization of Government control paralleled the concerns of the US general development strategy as enunciated by the Reagan Administration. Another element of the mission strategy was to coordinate closely with the World Bank and the IMF on policy issues.

On the issue of policy reform, the mission noted that while there was agreement on the importance of external factors to Tanzania's decline, there was "less agreement on the extent to which internal factors ... played a role in this decline" (USAID/T, 1982a:i). In response to this lack of consensus on the role of domestic factors, a component of the strategy would fund studies to determine the extent to which the Government's agrarian policies were contributing to

Tanzania's decline: The mission created a policy analysis group to focus on these issues. Composed of several economists and agricultural economists, undertook analyses and funded studies on current topics.

Institutional development also had a role. First, USAID/T would continue to increase the capacity of Tanzania's agricultural research system to develop improved food crop technologies for smallholders by introducing the farming systems research methodology (an emphasis the mission began in 1978/79). Second, USAID/T would continue training programs at the low and middle levels of Government to increase the capacity of regional Government authorities as they assumed greater responsibility under the Government's decentralization plans (USAID/T, 1982a:9). Finally, through restructuring and phasing out projects, the mission would underscore its suspicion that certain Government policies were having a detrimental impact on the agricultural economy.

The subsequent CDSS (strategy document) was approved by AID/W, but program funding and staff levels were further reduced (USAID/T, 1981a:1). USAID/T registered its objections by writing that,

to have approved our Country Development Strategy Statement on the one hand and at the same time deny us the financial and human resources necessary to effectuate that strategy strikes us as being capricious and wasteful of the skills assembled here...(USAID/T, 1981a:1).

Unfortunately, the new strategy came to a halt unexpectedly when Tanzania stopped repaying AID loans. When it first defaulted in February 1982, the USAID/T program did not suffer immediately. Under US regulations, the Tanzanians had a six-month grace period before they technically went into default. Then the mission obtained an

additional one-and-one-half month waiver from the US legislation -- FAA 620(q) -- in the hope that the Government would resume repayments. But by early 1983, after a year of accumulating arrearages, another part of the US legislation -- the Brooks Amendment -- stopped all obligations to Tanzania. Plans to close the program were formulated. At this point arrearages totaled approximately \$4.3 million.

Since AID generally does not fully fund projects when they are signed, they can be subject to early termination, as was the case in Tanzania. However, AID is permitted to make additional obligations in order to protect the effectiveness of prior investments, such as providing the needed resources to complete students' training outside the recipient country. Under another provision of the legislation -- FAA section 617 -- USAID/T requested and received a special obligation for two ongoing projects.

Food aid is not governed by the legislation that covers AID since it comes under the US Department of Agriculture's budget. As a result the US initially allowed the PL 480 Title I food aid programs to continue. But once it became clear that Tanzania would not repay its overdue debts, no further Title I programs were negotiated.<sup>26</sup> This case reveals the wide interpretative flexibility existing between the letter and the intent of the law. AID appears to have taken an accommodating approach to dealing with the loan default problem until it became evident that the Tanzanians did not intend to resume repaying.

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<sup>26</sup>A small amount of humanitarian food aid assistance continues through a US private voluntary organization.

In deciding whether to continue to repay US loans, one of the calculations Tanzania probably made was a comparison of its increasing loan repayment obligation in foreign exchange to the US and its decreasing assistance from AID. When one adds the deteriorating political relationship between the US and Tanzania and the oft-cited belief by recipient governments that most assistance is ultimately spent in the donor country, the Government's conclusion that Tanzania would not lose much by stopping the repayment of US loans is more plausible.

#### Projects and Programs

Before the loan problems put an end to its program, USAID/T was well underway in implementing its strategy of addressing Tanzania's policy problems. Its policy group, working with different Government bureaus, financed analyses of the consumption effects of Tanzania's agricultural policies, the effects of alternative structures and pricing policies in markets for maize, and comparisons of wages and prices in Tanzania and neighboring countries. The mission formally presented its concerns to the Government during the 1982 food aid negotiations. Although funding had already been reduced, the mission's stance with the Government was that it would seek increased AID assistance conditional upon substantive changes in Government policies (USAID/T, 1982a:5).

The mission circulated the reports to the Government and other donor representatives. Among donors, USAID/T took the lead in directly raising its concerns with the Government. The avenues

pursued included using the services of the US Ambassador to obtain access to Tanzania's senior political leaders, including technical ministers, the Prime Minister, and presidential advisors (USAID/T, 1983a:2). This was in contrast to the lack of contact between the mission and the country's political leaders in the 1970s. Until the default issue intervened, USAID/T appeared to have been faithfully implementing its strategy. Further plans included analyses of devaluation, marketing, pricing, input demand, and distribution (USAID/T, 1983a:3).

During this period, the mission made extensive use of its staff to undertake analyses and maintain contact with Government officials and donors on the issues it was raising. Although somewhat reduced in size USAID/T still had the largest in-country staff of any donor in Tanzania. At this stage, its size was an advantage.

Despite Tanzania's bleak prospects for short-term growth, the mission was cautiously optimistic. A 1982 document cited the changes that the Government had made to confront its problems:

- re-establishment of voluntary producer cooperatives [and consequently]... the reduction of responsibilities of crop parastatals...
- introduction of new local government structure which reduces dependence on central government and places more authority and responsibility at the lower (i.e. district) levels...
- the integration [and further decentralization] of the agricultural extension services for food crops, heretofore affiliated with the 'various crop authorities'...
- appointment of a high level committee tasked with reviewing current crop production trends and problems... and proposing a revised national strategy...
- movements away from pan-territorial pricing...
- removal of export taxes on sisal and coffee (USAID/T, 1982a:2-3).

There were difficulties as well. For example, a year after the

mandatory-membership cooperative unions were legalized, the Cooperative Unions of Tanzania were declared a mass organization of the Party, thereby placing control of the new cooperative in the hands of the Party rather than in the hands of the farmers. Then in 1984 membership was made "voluntary," but the monopsony purchasing power and production responsibilities of the cooperatives were retained. Another Government directive ordering the removal of road barriers designed to limit nonofficial movements of grain had not been executed uniformly by regional authorities. Later the Government eased restrictions on the amount of grain an individual could transport without a permit, raising the amount from 30 kilograms to 500 kilograms, roughly a half ton. In 1985 the Government reiterated its directive to remove road blocks. Through its marketing parastatal, it also announced a liberalization for permits to transport grain.

These policy shifts reveal that changes were occurring in Tanzania. Nevertheless, there seems to have been considerable disagreement among Government officials about what adjustments were needed to help the economy recover, judging from the reforms and reversals.

As a result first of funding reductions in the USAID/T program and later of the loan default problem, many projects as well as the policy analysis effort were phased out. In 1982 six projects ended, including seed multiplication, agricultural credit, and two livestock projects. By the end of 1985 an additional thirteen projects were phased out, leaving only three projects: Farming Systems Research (621-156), Malaria Control in Zanzibar (621-163) and Training For

Rural Development II (621-161). For the most part the projects were not taken over by other donors or organizations. An exception was a component of the Resources for Village Production project (621-155), whose technical assistance team was subsequently funded by the World Bank.<sup>27</sup>

High marks must be given to the mission for realizing the sensitivity of the issues to be dealt with and for establishing a policy analysis unit to gather the empirical evidence on the impact of Tanzania's agrarian policies. This served the dual purpose of building a credible analytical base and of molding a consensus among the donors and Tanzanians regarding the seriousness of the problems as well as future remedies.

The phasing out of the AID program in Tanzania is unfortunate. USAID/T was implementing a strategy which addressed the tough issues facing Tanzania in a constructive manner. Individuals within the Government and Party who held views similar to those of AID have lost a source of support. The reformers do not hold sway. AID assistance could have contributed to the discussion through studies and dialogue with senior Tanzanians. USAID/T's reasoned approach based on studies was an asset in the deliberations.

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<sup>27</sup>The Bank had purchased the computer which the technical assistance team was to install.

CHAPTER IV. CASE STUDIES OF PROJECT  
AND PROGRAM PERFORMANCE

The previous chapter, on the programming process within AID, has shown how the selection of strategies and projects in Tanzania was influenced by concerns in both the United States and Tanzania. This chapter extends the discussion by identifying the main factors that affected the design and implementation of specific AID projects.

To keep the discussion manageable, this chapter focuses on six programs that are indicative of certain types of AID activities, that raise important issues, and that appear relevant to any future program AID might have in Tanzania. They are agricultural planning, agricultural research, seed multiplication, livestock, agricultural education, and integrated rural development.

Agricultural Planning: pricing and marketing

Agricultural analysis and planning activities were a much more important part of AID's program in Tanzania than in the other two East African countries included in this study. These activities, moreover, had a great influence on the mission's strategy and selection of projects. The mission turned its attention to agricultural planning first in the 1960s and then again in the early 1980s.

### Planning in the 1960s

AID's involvement in agricultural planning can be traced to meetings in the mid-1960s between AID personnel and senior people in the Ministry of Agriculture, including its first Minister. At the time, there was little information available about agriculture in Tanzania. The Ministry of Agriculture asked for assistance to undertake reconnaissance evaluations, to be followed by feasibility studies of some dozen agricultural projects proposed in the five-year national development plan (USAID/T 1967:74). AID noted its interest in identifying "a number of productive agricultural activities capable of development on a commercial basis with good prospects of early returns" (AID, 1967:222). This interest was in line with the general development strategy of President Johnson, with its emphasis on the market place and the private sector.

Before agreeing to the Ministry's proposal, AID met with the World Bank to discuss and evaluate it. The "consensus of the meeting, strongly emphasized by the IBRD [World Bank] officials, was that the projects...were not sufficiently broad in scope to warrant development as self-contained projects... They represented, rather, limited elements of potentially broader development activities; and the development of these segments themselves, would not assure development of the total productive enterprise of which they were a part" (USAID/T, 1967:74). AID recast the proposal to undertake broader subsector studies. "For example, a study might be made of livestock development in the Mobula-Dodoma-Makayuni area, rather than just a

study of the feasibility of a hull breeding station" (USAID/T, 1967:74).

The recast proposal was approved by the Ministry and funded as the Agricultural Production Surveys Project (621-084). Its purpose included identifying agricultural subsectors whose output would not face an excessively competitive external or internal market, setting up two to four self-financing productive enterprises, and collecting in-depth data upon which to base scopes of work for feasibility studies (USAID/T, 1967:74-75). A ten-person AID team gathered basic data and analyzed some thirty potential programs (USAID/T, 1968:32). From this reconnaissance effort, five feasibility studies were commissioned -- on agricultural marketing, seed multiplication and distribution, livestock and range management, land consolidation and diversified farming, and smallholder tea development (USAID/T, 1968:31-32). All the studies were coordinated with the World Bank. Another AID project with the same title but a different number (621-097) was approved to help fund these feasibility studies. Later, a third project (621-101) was approved to finance several additional studies.<sup>1</sup>

Altogether some fifteen project proposals resulted from these analysis and planning projects. Roughly two-thirds were approved for funding by AID/W between 1970 and 1974. This appears to have been a reasoned approach to developing a strategy and projects. It had the elements of a successful beginning: Tanzanian involvement from the

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<sup>1</sup>It also financed materials and equipment for several ongoing projects (USAID/T, 1972a:89).

ministerial level down, reconnaissance studies, feasibility studies, project proposals, and donor coordination -- particularly with the World Bank, whose analyses had formed the basis of the Government's early national development plan. Several of the programs reviewed in this chapter had their origins in these planning projects.

A brief synopsis of one of the studies illuminates how AID's country program in Tanzania was affected by President Johnson's development priorities and then by Congress's New Directions development priorities. The agricultural marketing study was to appraise "the role and effect of agricultural pricing policies... economic function, management, and commodity span of the marketing boards... [and] cooperatives" (USAID/T, 1968:31). Michigan State University completed the field work in 1968-69 and published a report in 1970. It concluded that while the "deteriorating world markets and adverse growing weather" had its negative effects, there were "strong reasons to believe that internal pricing and marketing policies both on export and domestic products also [were] presenting serious obstacles to growth" (Kriesel et al, 1970:1). It also noted that "the current market mechanism concept employ[ed] the exclusive buyer concept" whereby a Government body held all the rights. The report's preferred recommendation was to "allow ... (Asian) private traders to compete with the cooperatives," but it acknowledged that the existing political environment made it difficult to implement such a recommendation (Kriesel et al, 1970:2). An alternative proposal was to reduce the Government body's role to a buyer of last resort and still encourage private competition between traders and cooperatives.

As a result of the study, USAID/T proposed a planning project (621-113) to improve the Ministry of Agriculture's agricultural analysis and policymaking capability, and a marketing project (621-099) to assist the Government's marketing and processing parastatal become a more reliable marketing organization for food grain producers and consumers. The two projects would encourage the Government to alter agricultural policies -- for example, to convert the agricultural marketing parastatal into a buyer of last resort. The planning project was not approved by AID/W, however, because it was politically sensitive and because a multidonor approach was preferred (Sanders, 1970). Eventually an analysis and planning unit was established in the Ministry of Agriculture; called the Marketing Development Bureau, it received support from FAO and later the World Bank. The marketing project was approved for funding. A letter to USAID/T noted that the project had been reviewed by the World Bank and AID/W and had "met with so much favorable comment it is embarrassing" (Bierman, 1971:2).

The marketing project did little to improve the marketing and processing capabilities of the parastatals with which it worked.<sup>2</sup> USAID/T documents argue that the project did have some impact on agricultural pricing in that "new prices announced by the [Government] followed recommendations [developed by the project] for 1974 and 1975 producer prices" (USAID/T, 1974:22). However, a more likely reason for the Government's action on prices is the drought that occurred in

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<sup>2</sup>Soon after the project was approved, the original parastatal was divided into several new ones,

these years. As AID evaluations noted, the economic analysis advisor was not senior enough to establish a meaningful relationship with the parastatal, and the US contractor had difficulty even filling the economist position.

Other difficulties included the project's inability to create a planning division or establish a data base (USAID/T, 1979b:7-8). The mission was partly responsible for the poor performance. An AID evaluation concluded that USAID/T did not provide substantive support to the project because it believed that, given the New Directions priority of reaching the poor directly, AID/W was no longer interested in such projects (USAID/T, 1978b:11). The mission's perception was reinforced by the fact that it took AID/W seventeen months to answer a mission request to revise the project (USAID/T, 1978b:10-11). The project's technical assistance personnel also complained bitterly about the inadequacy of USAID/T and AID/W support (Harvey, 1979:3). The project's positive contribution seems to be limited to the reported influence it had on the accounting practices of the food crop marketing parastatal and to the work of the technical assistance people when they filled in as "jacks-of-all-trades" during the drought of the mid-1970s to compensate for the lack of skilled Tanzanian manpower (USAID/T, 1977b:4; 1978b:3).

In this case, then, the mission's initial analysis and planning efforts appeared reasonable, but the follow-through by the mission and by AID/W -- the implementation (support and monitoring) of the project -- was poor.

In the 1970s the mission's interest in analysis and planning,

whether undertaken for the mission or for the Government, declined.<sup>3</sup> With no formal program for funding analyses, the mission appears to have been unaware of the extent of the impact of all the changes in agricultural policy introduced by the Government.<sup>4</sup>

### Planning in the 1980s

The same concerns about agricultural pricing and marketing that the mission had in the 1960s reemerged in the 1980s. As noted earlier, USAID/T established a special policy unit outside of the regular mission, the Office for Policy Analysis, to concentrate on the problems caused by Tanzania's agrarian policies. Given the controversy and sensitivity surrounding the charge that the Government's policies were partly to blame for the country's agricultural problems, the mission adopted the approach of undertaking analyses itself, commissioning others by consultants, and supporting the work of Tanzanian scholars and the Tanzania Agricultural Economics Society. Among the analyses produced before the effort was terminated due to the loan problems were "The Consumption Effects of Agricultural

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<sup>3</sup>This interest reappeared in the Arusha Regional Planning and Village Development project (621-143) approved in 1978; but as an integral part of a rural development project rather than a planning project with a national scope. This particular project also served as a way for the mission to finance rural access road construction without having to call it a rural roads project -- a low priority during the New Direction days.

<sup>4</sup>Some AID officials cite a mission's Project Design and Study account as a funding source for studies. However, studies funded by PD&S are often tied to the development of a specific project, thus are less likely to look at the larger issues that extend beyond a single project. Although formal data are unavailable, some AID officials believe the tightening AID budget is making it increasingly difficult to fund general analyses from the PD&S account.

Policies in Tanzania" (Keeler et al, 1983), "The Potential Effects of Alternative Structures and Pricing Policies in the Markets for Maize in Tanzania" (Renkow, 1983), \_\_\_\_\_ (missing title) (Newberg, 1983), "The Pricing and Income Implications of Removing the Sembe Subsidy Under Differing Devaluation Assumptions" (USAID/T, 1983b), and "A Study of Wages and Prices in Tanzania and Neighboring States" (USAID/T, 1983f). The University of Dar Es Salaam (Department of Rural Economy [Agricultural Economics], Department of Economics, and Economic Research Bureau) and the Marketing Development Bureau of the Ministry of Agriculture. the main economic analysis section in the Ministry whose responsibilities include developing crop pricing recommendations, participated in these analyses.

Knowledgeable people credit the mission with helping to bring agricultural policy issues into the open through its emphasis on analysis. USAID/T was able to play this role because it had the staff resident in Tanzania who could maintain the momentum generated by each study and stay in touch with senior Tanzanian political and bureaucratic leaders.

#### Agricultural Research: technology for smallholders

Agricultural research is an area where the US claims a particular expertise. AID was involved with Tanzania's agricultural research system for more than fifteen years, particularly at the Ilonga research station. Nevertheless, the national research system and the Ilonga station continue to have serious problems.

Two projects comprise the bulk of AID's assistance to Tanzania

for agricultural research. An analysis of these projects reveals how the contradictions in AID's own system helped to slow implementation of the research program. The mission's failure to deal effectively with the issues during implementation contributed to the failure of the institution-building components. Moreover, several mistakes made in the first project were repeated in the second.

#### The First Research Project

Agricultural research in Tanzania began on a small scale during the German colonial period and was continued by the British through the provision of expatriate researchers. AID began to assist Tanzania tangentially in the 1960s through a series of regionally and centrally funded projects signed with and managed by the East Africa Community.<sup>5</sup>

The mission, citing a World Bank review of Tanzania's research system in the late 1960s, termed the existing system an "important impediment" to the execution of agricultural programs (USAID/T, 1970a:13) and judged it incapable of making use of basic research results developed by the East Africa Community or other centers. The lack of continuity that marked research programs was attributed to the high turnover of expatriate staff because of a Government policy limiting contracts to two years (World Bank, 1970:48).

USAID/T financed two studies to examine Tanzania's research

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<sup>5</sup>The projects were Major Cereals Crops in Africa (946-419), Seed Seminars (968-611), Animal Crop Production (618-644), Cereals and Legume Improvement (618-652), and East Africa Community Food Crop Research (618-657). The projects appear to have benefited Kenya more than Tanzania, and so are analyzed in the country report on Kenya (Dijkerman, 1986b).

programs and develop a project proposal. The World Bank and the British aid organization were involved in reviewing the studies, scopes of work, and other aspects of the preliminary work. The result was the Agricultural Research Project (621-107).

The purpose of this project was to develop Tanzania's capacity to plan, organize, and administer an agricultural research system for grains, legumes, and food crops. Specifically, the project was to undertake varietal research through breeding and agronomic improvements, and to test the results on smallholder fields. These tasks were originally envisaged to take only two years. This unrealistic time frame was a source of disagreement between USAID/T and the World Bank consultant who had done the initial assessment of Tanzania's research system.

A US university was to be the implementing contractor. The technical assistance (TA) personnel would work directly for the Ministry of Agriculture and report to the Director of Research. In AID terminology, the TA would be Operational Exchange (OPEX) staff, that is, people that work in line positions until they are replaced by Tanzanians away for training.

Problems first arose with the selection of the contractor. Two US universities expressed an interest but then informed AID that they would not enter into competitive bidding for the project (Buddemeier, 1972; Frolick 1972). Later, one did submit a proposal. It noted that USAID/T's cost guidelines were too low and would make it hard to recruit personnel and keep them happy. So the proposal contained the university's own cost estimates. These estimates resulted in an

average cost per field staff person per year that was more than 130 percent higher than the average for ongoing projects in Tanzania.

The university proposal contained terms and conditions similar to those in contracts that it and other universities had signed with AID in the past. But AID/W had recently implemented a new policy stressing that missions were to negotiate all OPEX contracts within certain specified guidelines (USAID/T, 1972b:1). USAID/T believed that accepting the university proposal would violate the single standard for OPEX personnel and would cause ill will among the other OPEX contractors in Tanzania. Negotiations to resolve the differences between USAID/T and the university continued for two years with little progress. Finally, the Ford Foundation suggested that USAID/T consider using the International Institute for Tropical Agriculture (IITA) and the International Center for the Improvement of Maize and Wheat (CIMMYT) to implement the project instead (Sanders, 1972). Ford would then contribute to the project. After USAID/T accepted the idea, it took another year to drop the negotiations with the university and work out a contract with IITA and CIMMYT. A contract was finally signed with IITA and CIMMYT in December 1973.

By the end of 1974 only two of the five scientists had arrived in the field. Two more arrived by 1976. Nearly seven years had transpired between the design of the project and the fielding of most of the technical assistance staff.

While the project was still getting under way, USAID/T conducted an evaluation which led to its redesign in February 1975. The evaluation noted that the project suffered from administrative and

management confusion (the team leader had not yet arrived); divided loyalties among the staff of IITA, CIMMYT, the Ford Foundation, and AID; and shortages of programmed inputs (USAID/T, 1975). Its recommendations included putting a greater emphasis on formal and on-the-job training of Tanzanians; developing a system of planning, budgeting, and implementation compatible with the national and regional research institutions; and adding research on sorghum and millet. The project was redesigned to incorporate these recommendations, and a component added to construct facilities at the Ilonga research station.

Thus before the project had fielded the full TA team, it had been given substantially new responsibilities but only limited additional resources. For example, the team of scientists was to develop a planning, budgeting, and implementation system without any new members being added. USAID/T underestimated the time-consuming nature of research and overestimated the abilities of scientists hired for their breeding and research capabilities to develop management systems.

A year later another evaluation found that the research team, through "the astuteness and good fortune of the scientists" produced some significant outputs in maize varieties in its first two years of operation (USAID/T, 1976b). The team developed three local and one new variety of maize, an "acceptable" variety of cowpea, and an "acceptable" variety of soybean; moreover, they were using "widespread field trials" to develop packages of practices for the smallholders (USAID/T, 1976c).

The extent to which the research was actually suitable for and

applied by Tanzania's smallholders is unclear because the TA team did not collect the necessary baseline data nor carefully document the project's results. Developing a new variety and conducting field trials do not necessarily improve smallholder farming systems. Intermediate indicators of accomplishment were confused with actual impact, such as the percentage of farmers adopting a new practice. A 1976 USAID/T field trip report questioned the degree to which the researchers were in touch with the farmers. Village trials were carried out under conditions poorly understood by the researchers. They were not aware of how the labor for the plots was drafted, nor of what the incentives were for labor to undertake the work (USAID/T, 1976d:2). Although noting these shortcomings, the mission did little to encourage the TA team to correct them. Later evaluations continued to report poor communication between researchers and farmers in the villages (USAID/T, 1978c; 1980b).

Added to these problems was the Government's inability to provide sufficient resources to upgrade the research facilities, and to supply the staff, transport, and other necessities for a viable agricultural research operation.<sup>6</sup>

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<sup>6</sup>A June 1977 article in the national paper quoted President Nyerere as saying, "Just now... 80 percent of the recurrent revenue allocated to the regions is spent on wages and salaries of government employees. This is absurd" (Sunday News, 1977).

Furthermore the link between research and extension had been severed as a result of the major reorganizations of the extension service. One particularly damaging change was to make the agents responsible to the Prime Minister's office but to continue to administer them from the Ministry of Agriculture. This effectively confused their loyalties and helped to sever the links between research and extension.

The efforts of the TA team scientists and those of the Tanzanian personnel were poorly coordinated (USAID/T, 1980b). In-service training was nonexistent. By the end of the project six of the seventeen Tanzanian scientists trained in the US had already left the project. More than 100 Tanzanians had been trained in nondegree ("short") courses, but this is not sufficient education upon which to base a research program. Furthermore, upon returning to Tanzania, several of the scientists were not posted back to the project (USAID/T, 1983d). Observers of agriculture in Tanzania note that this reflects the low status of agriculture within the Government and the low status of research within agriculture. The net result is that the training program has resulted in only limited benefits for Tanzania's national research system.

Research results were very poorly documented. Even though evaluations had stressed the importance of publishing results, USAID/T did not take any corrective action. Researchers working on the second project reported that they found little detailed information about the work of the first project's TA team. It was only with the support of the second research project that the IITA/CIMMYT team wrote and published a summary volume of the first project.

The lack of an institutional memory of the first project is becoming even more of a problem as more Tanzanian researchers leave Ilonga and Tanzania to find employment elsewhere. One Tanzanian particularly knowledgeable about the activities of the first project has left to work with SADCC in Botswana. Reasons given for his and others' departure included inadequate pay and poor conditions for

undertaking research.

Problems regarding the Government's contribution to the project, the links with farmers, and the retention of Tanzanian researchers plagued the project until its end in 1983. Evaluations consistently reported inadequate facilities, insufficient equipment, and shortages of funds at the Ilonga research station (USAID/T, 1981b; 1983c).

On the positive side, the technical assistance team developed new varieties, several of which were distributed to the AID seed multiplication project for replication. Their adoption by farmers -- judging from the little information available -- has been limited. The team also carried out maize fertilizer response trials and developed fertilizer application recommendations for different ecological zones to be used in the National Maize Program (World Bank, 1983:117-18). This information was ignored, however, and the extension service recommended one package for the whole country.

#### The Second Research Project

The second research project grew out of a 1979 agricultural research workshop, at which the Government indicated its interest in a follow-on AID research project focused on farming systems (USAID/T, 1979c). After many design problems an \$8.3 million Farming Systems Project started in 1982 with an initial obligation of \$3 million.<sup>7</sup>

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<sup>7</sup>USAID/T contracted with a US university to design the project. However, differences arose between the mission and the university regarding the degree to which the project would help Tanzania versus help the university. After many redesigns and reductions in size, an \$8.3 million project was approved by AID/W, down from the \$30 million requested in the initial proposal.

The second project incorporated a number of the lessons learned from the first project (USAID/T, 1983d). The management and administrative component was strengthened by creating a position for a senior advisor with agricultural research management experience. A condition precedent was added: the research activities of the Ministry of Agriculture and the crop parastatals were to be reorganized into one organization entitled Tanzanian Agricultural Research Organization (TARO). A covenant was added that states "the Government of Tanzania .. [will] provide all required participant trainees and will assure that such trainees, upon completion of their studies, will be assigned to positions within the project commensurate with the nature and level of the training received." And the Government promised "to contribute to the construction of the Ilonga research station and more than double the research budget from 7 million Tanzania shillings in 1982 to 15 million shillings in 1983" (USAID/T, 1982c).

Even though these terms were part of the grant agreement between Tanzania and the US, it is a question whether the mission could have realistically expected the Government to fulfill them. The Government had had serious difficulties performing basic tasks under the first project, and the mission had not followed up with any substantive corrective action. Since then, Tanzania's economy as well as the Government's fiscal situation had deteriorated drastically. Not surprisingly, a recent evaluation of the second research project found that the Government's financial support for research at the Ilonga research station has not improved; indeed, the evaluation found it to be doubtful whether the station could be adequately maintained since

funds were already seriously short, let alone be expanded as the new project had planned. The designers of the second project seem not to have questioned the appropriateness of expanding Ilonga's physical infrastructure, such as buildings and irrigation works, even though the existing facilities were not being maintained. One can question the wisdom of adding to the responsibilities of the research system before it had effectively assimilated the responsibilities already assigned to it.<sup>8</sup>

To alleviate the recurrent cost problem, the mission used local currency generated by its food aid program to help maintain and operate Ilonga. This was only a temporary solution which allowed the Ministry of Agriculture, the Government, and USAID/T to sidestep the central issues of what the role of agricultural research was to be in Tanzania and at what level the Government would support it. Not directly addressing these issues was a mistake in the first project that was not adequately remedied in the second. With the draining of the local currency account and the closing of the mission, the research station can be expected to encounter difficulties. The second project also did not directly address the unsatisfactory conditions of employment faced by Tanzanian researchers: low salaries, poor working conditions, poor facilities for conducting research, and so forth. As a result, Tanzanian scientists trained under the first project continue to leave the research system for positions elsewhere. The stipulation in the second project that newly trained Tanzanians be

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<sup>8</sup>The experience of AID's support for agricultural research in Kenya reveals the same tendencies and, unfortunately, the same results (see Dijkerman, 1986b).

assigned back to the project should hardly have been necessary: this again raises questions about how committed the Government was to research.

In spite of these difficulties, the second project did begin to implement the farming systems methodology in a few areas. As a result of farmer interviews and other reconnaissance work, a short maturing maize variety, kito, was introduced for use in the short rainy season. It had lower yields than the traditional and recommended varieties, but appeared to have a shorter maturation period (Lev, 1985). The variety had been developed by the earlier AID project but put on the shelf because it did not achieve higher yields. This is not surprising in light of the first project's emphasis on increasing yields rather than working closely with farmers on their concerns and felt needs. Although more testing is necessary, farmers have been adopting kito because it appears to offer stability of production, hence greater stability in consumption (that is, it fits well into their farming system).

The problems resulting from Tanzania's loan default only exacerbated the new project's difficulties. When the AID program was stopped and obligations were halted, the project had received only \$3 million out of the envisaged \$8.3 million. An attempt by USAID/T to secure additional funding failed, due in part to a critical AID evaluation which suggested that the mission did not incorporate lessons learned in the first project into the second (USAID/T, 1983d).

Although the mission did in fact incorporate some lessons learned from the first research project into the second, it ignored several

other important ones. In particular, without improvements in the commitment to research, conditions of employment, and financial support, Tanzania's research system is unlikely to generate useful results on a sustained basis.

Part of the current problem stems from the doubts that Tanzanians harbor about the benefits of agricultural research. These doubts have been reinforced by the overly optimistic project designs of AID and other donors, by the "bad" experience with the East Africa Community research system, and by other unfulfilled promises about the benefits research would bring. AID and other donors have failed to emphasize the long years of patient financial support for training and research necessary before meaningful results begin to emerge. A recent paper reviewing the experience of international agricultural research centers and national research systems in Sub-Saharan Africa found that most of them have been too optimistic about what they hoped to achieve in a given time (Eicher, 1984). An important conclusion of the paper was that future research projects should have a minimum time frame of at least ten years. AID's experience in Tanzania underscores that ten years is indeed a minimum.

#### Agricultural Education: Morogoro College

AID has been involved in Tanzania's agricultural education sub-sectors since the early 1960s. Most of its support has been focused on Tanzania's postsecondary agricultural institutions, in particular Morogoro College of Agriculture of the University of Dar Es Salaam and

the Ministry of Agriculture's Training Institutes (MATIs).<sup>9</sup> This long-term involvement provides a case study of how AID assistance to a subsector has been affected by shifts in the AID-wide development strategy, by Tanzania's policies, and by other donor assistance plans. The initial momentum for establishing Morogoro Agricultural College was sidetracked when the mission redirected its agricultural training and education effort to the MATIs. From that point on, AID assistance to Morogoro continued on a much smaller scale, justified as a component of other projects. This shift fit well with the AID interpretation of New Directions, the Government's funding preferences, and the World Bank's plans.

AID's assistance to Morogoro grew out of the decision of Makerere College in Uganda to terminate its agricultural diploma course in 1961. Until then, the Makerere program served as the major agricultural training institution for countries in East and Southern Africa. Tanzania accelerated its plans to establish its own diploma-level training institution (USAID/T, 1968:20). A \$300,000 grant from the Rockefeller Foundation launched the College in January 1961. Meanwhile, USAID/T commissioned West Virginia University to examine the feasibility of assisting Morogoro. In 1962 USAID/T signed a \$1.3 million project (621-044) with West Virginia to assist in establishing an agricultural college with the institutional capacity of meeting Tanzania's need to train diploma-level agriculturalists, who were

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<sup>9</sup>The College has recently been upgraded to the status of a university. It is now known as Sokoine Agricultural University. To avoid confusion, however, it will be referred to as Morogoro Agricultural College.

expected to work primarily in Government ministries and parastatals (USAID/T, 1968:20). The project provided instructors, teaching materials, and funds to initiate training immediately in West Virginia. The first group of fourteen Tanzanians left for the US in 1962 and a second group of fourteen followed the next year.

By the end of 1963 another project (621-058) worth \$1.1 million was signed with West Virginia to construct physical facilities at Morogoro. The facilities would enable the College to provide practical farm experience as well as traditional classroom training. Completed by 1967, the new facilities included eight senior staff houses, ten junior staff houses, three student dormitories, a lecture theater with three classrooms, a building with seven laboratories, a student union and cafeteria, and almost 800 acres of teaching farms including eight farm buildings (USAID, 1968:20). Most of the facilities and many of the commodities (desks, tables, chairs, and so forth) are still being used.

By 1968 the projects had achieved the two main targets specified in the original proposals. The physical facilities had been completed and were in use, and enrollment levels were exceeding targets. Morogoro had 57 diploma-level graduates in 1967, seven more than the target of 50 set for 1968. The student body had swelled from 14 the first year to over 140 by 1968 and was expected to reach 450 by the mid-1970s. A former AID participant trained at West Virginia had become principal of the college. Of the teaching staff of twenty in 1970, eight were Tanzanians, five were US instructors under AID contract, and the rest were foreigners provided by other donors. A

total of 76 Tanzanians has received AID-financed training. Sixteen received training to the MS level, two to the BS, and the others received two- or three-year diplomas.

In 1968 USAID/T judged the projects to be successful and decided to let them end at their planned completion date (USAID/T, 1968:22). Judging from the mission documents, "success" meant having exceeded or approached the targets specified in the original project planning documents. On the most difficult aspect of the projects, the institution-building component, an evaluation concluded that the College was "showing significant growth... toward institutional maturity." Farm work had been "integrated throughout the three year program... to overcome the traditional reluctance of students for manual work and to provide essential farms skills" (USAID/T, 1970c:1b-1c).

Not to be overlooked is the role played by the Tanzanians at Morogoro. Since the mid-1960s Tanzanians had been managing the College and coordinating the assistance from the various donors. The Rockefeller Foundation funded a dairy herd, vehicles and housing, the Dutch provided scholarships, housing, and four instructors, and the FAO and United Arab Republic each funded an instructor. Although the College was reported to have some management problems early on, it appears they were adequately resolved since serious difficulties were absent.

The one significant problem facing the College in 1969 was the future staffing situation. It was "not so bright" (USAID/T, 1970c:1d). Participant training was proceeding slowly due to the lack

of qualified Tanzanians. This reflects the fact that Tanzania, compared with Kenya, had fewer secondary schools before Independence and afterward pursued an explicit policy of emphasizing primary education and limiting the number of secondary schools. As a result, there is a shortage of qualified applicants for overseas training. More BS training needs to be financed before any MS or PhD training can be undertaken -- which means that it will take longer to build a cadre of people who can train the next generation of Tanzanians.

Making the staffing problem even worse, in 1969 the College became part of the University of Dar. Es Salaam and expanded its program to four years.<sup>10</sup> The rationale for this expansion was that the Makerere Faculty of Agriculture, which was the only degree-granting institution in East Africa and which had increased its enrollment fivefold since it opened, was not able to graduate enough students to meet the agricultural manpower requirements of East Africa. It was projected that Tanzania would need "636 university graduates in the agricultural and animal sciences by 1979 to cover the net increase of established positions, replace expatriates, supply agricultural teachers, replace attritional losses and meet animal husbandry personnel and veterinarian requirements" USAID/T, 1970a:27).

In the face of the staffing problems and the plans to expand the College, the mission decided to reconsider its decision to end AID assistance to Morogoro. It was amenable to the idea of continued

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<sup>10</sup>The continual expansion of the agricultural college's training responsibilities from diploma to certificate to BS and some to MS programs also occurred in Kenya and Malawi. One can expect these colleges to initiate PhD programs eventually.

support since this represented a "logical and professionally defensible" expansion (USAID/T, 1970c:9). The mission rejected a Government proposal for extending the projects, however, in favor of a bridging program and a study to determine exactly what type of assistance would be appropriate. The bridging program was to provide long-term training for five more people and three TA instructors.

The mission's preliminary idea for another project, summarized as Agricultural Faculty - Morogoro (621-114), was to provide specialists in various fields (including research and extension) to teach, to strengthen the Faculty at Morogoro through training, and to initiate a research program that would be closely aligned with that of the Ministry of Agriculture (USAID/T, 1970a:27). The project had all the components of the land grant model -- teaching, research, extension combined in one institution. Students gain a more relevant education by working on current agricultural problems with farmers and with the researchers seeking to solve those problems. This problem-oriented focus is at the heart of the land grant approach (Schuh XXXXX ).

The preliminary survey to develop the actual project proposal was to be funded by one of the mission's analysis and planning projects (621-101). The mission expected the project to get underway in 1972 (USAID/T, 1970a:27).

Due to the confluence of several events, the Morogoro project was never developed. With the support of the World Bank, the Tanzanian Government articulated its own plans regarding education and development (USAID/T, 1972a:79). They had concluded that the greatest need was for diploma and certificate graduates to staff Government

positions (World Bank, 1971). These graduates would serve as extension agents to villages established as part of the villagization program. The Tanzanian Government and World Bank agreed that the number of Ministry of Agriculture Training Institutes (MATIs) would have to be increased to obtain the needed graduates.

Farmer training centers were also part of the World Bank and Government program. Educated farmers would to complement the limited number of extension agents available to teach farmers new practices. While the need for university graduates with agricultural training was recognized, the World Bank expected Morogoro to receive sufficient Danish aid so it would not need other major support (World Bank, 1971:8).

As part of its 1971 Third Education Project the World Bank was to help expand five and establish four Rural Training Centers for farmer training, and expand two and construct two new certificate and diploma-level training institutes (World Bank, 1971:i). The Tanzanians were expected to provide the teaching staff or obtain them through bilateral aid and other means.<sup>11</sup> The US, having helped establish Morogoro as a certificate college was a natural candidate for providing assistance to the MATIs. USAID/T agreed to fund a preliminary survey to determine how it would support the MATI effort. (USAID/T, 1970a:31).

At this time, AID was beginning to implement the New Directions

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<sup>11</sup>The World Bank project provided 14 person-years of technical assistance and 7 person-years of fellowships (World Bank, 1971b:16). Most of the assistance went to the Ministry of Agriculture to integrate these new institutes with research and extension and to develop curricula rather than to staff the institutes.

legislation with its emphasis on directly reaching the poor majority. Funding university education was not regarded by AID as a direct way to reach the poor. Thus, the mission was faced with a strong case for non-university (certificate and diploma) education for people who would work directly with villagers instead of supporting Morogoro. Subsequently, USAID/T agreed that the Danish would provide sufficient support for Morogoro and proposed a new project (USAID/T, 1972a:79-80, 1973:46).<sup>12</sup> Essentially, it supported the World Bank's Third Education project by providing manpower and commodities for the diploma and certificate training institutes. This \$4.6 million Agricultural Manpower Project (621-119) was signed with the Government in 1974. The bulk of the assistance went to the MATIs, with a small component going to Morogoro to establish an agricultural education program (USAID/T, 1972a:80). Graduates of the Morogoro agricultural education program would train future teachers at the MATIs and the farmer training centers.

In 1978, at the Government's urging, USAID/T developed a \$2.3 million project entitled Agricultural Education and Extension (621-135) for the establishment of a Center for Continuing Education in Agriculture (CCEA) and a Department of Agricultural Education, both at Morogoro. The center was to provide in-service refresher courses to managers of teachers, extension agents, and technical specialists. Locating it at Morogoro would allow it to take advantage of the other

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<sup>12</sup>The companion MADIA report on DANIDA suggests that the Danish aid did not fill a major role (Hanak and Loft, 1986). Most of the assistance financed the expansion of a veterinary program for small animals.

facilities at the College.

Although the project with the MATIs did not perform well, according to evaluations, Morogoro did benefit from the resources provided under these project for the agricultural education program (USAID/T, 1976e; 1978d; 1979d; 1980c). It is too early to assess the Agricultural Education and Extension Project, but it appears to have been reasonably well integrated into the college in spite of various implementation problems (USAID/T, 1982c; 1984b).

The assistance to Morogoro through these two projects, then, has benefited students and staff at the college by providing books, equipment, and so on. Morogoro continued to develop, suffering relatively little from the fluctuations in AID's support.

The experience of Morogoro suggests that this type of an institution is less vulnerable to inconsistencies and changes in donor assistance than are other institutions, for agricultural research. The lack of books, teaching aids, and qualified teachers to maintain a school program can be more easily compensated for than the lack of petrol, equipment, and research staff to maintain experiment plots and field trials.

Another important difference is that more donors seem willing to support colleges than institutions such as agricultural research or even Tanzania's MATIs. Morogoro has received assistance from a number of different donors over the years. This has reduced the importance of any one donor. While receiving assistance from multiple donors could pose problems of coordination, Morogoro's administration appears to have managed that aspect reasonably well.

Just as important, all donor assistance has been centered at one location. This helps to diminish the effect of fluctuations in donor assistance because it is easier to shift resources among departments at one location than among research stations in different parts of the country. Classrooms and other physical facilities built for one purpose, such as agricultural education, can easily serve other departments on a campus, thereby increasing the benefit stream from the initial investment. In contrast, an AID-financed evaluation found communications between the MATIs to be very poor. It proved difficult to get the training institutes to shift excess resources from one facility to another.

This experience suggests a possible future role for AID in Tanzania's agricultural education subsector. In light of the economic difficulties in Tanzania, Morogoro's development is noteworthy. But its character, like that of Tanzania's other agricultural institutions, is still evolving. The land grant approach with its emphasis on combining teaching, research, and extension is still a useful concept for Tanzania. Morogoro College is the institution with the largest single pool of highly trained agricultural specialists in the country, yet they are doing little more than teaching. Providing additional resources to enable the staff to undertake research in conjunction with the Ministry of Agriculture is an area likely to offer significant returns. It would be capitalizing on the human and physical investments already made. It would also provide Tanzania's next generation of agricultural graduates with the opportunity to work

on problems currently facing smallholders.<sup>13</sup> As a result, the College's staff would better be able to participate and advise the Government on Tanzania's agricultural potential and constraints.

#### Agricultural Inputs: seed multiplication

In the mission's seed multiplication effort in Tanzania, most of the planned outputs were attained by the time AID assistance was withdrawn. Yet the lack of action on problems repeatedly noted by evaluations has left the future of the effort in doubt. This case provides an example, therefore, of the importance of substantive mission involvement during implementation.

There was only one seed multiplication project, but it was revised and extended six times with three major amendments over a ten-year period. The major amendments can essentially be viewed as "new" follow-on projects since they each sought to correct observed faults. Thus, these redesigns reveal how well the mission was learning from its experience and correcting the problems identified by evaluations.

The seed multiplication project was one outgrowth of the planning and analysis effort of the late 1960s. It was designed in 1969 and approved by AID/W and the Government in 1970. The overall goal was to raise the quality and increase the quantity of improved seed for the country -- still a valid goal today. The method for attaining the goal was to build seed institutions.

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<sup>13</sup>This is particularly important if the College initiates MS and PhD programs. Research opportunities for advanced degree candidates are a crucial ingredient in creating a program relevant to Tanzania's needs.

Five components are accepted throughout the world as essential for a successful national seed multiplication and distribution program. The project designers addressed all these major components, but with varying degrees of realism. Those components not directly part of the seed project were part of other AID projects, such as agricultural research, or were financed by other donors.

The first component needed is research to develop the seeds that lead to improved crop performance. This component was to be satisfied by the mission's agricultural research project (621-107), which had also been approved in 1970, and through the ongoing regional research effort through the East Africa Community (EAC) which was yielding useful results on maize. Maize is Tanzania's most important staple food crop. Thus, the design team was reasonable in assuming that there were research results on maize available for multiplication and that the seed project would have access to those results.

The other crops that the seed project was to multiply were rice, sorghum, millets, food legumes, and wheat. Little evidence has been found to suggest that research results for these crops appropriate to conditions in Tanzania were available. In light of this, the project was overly optimistic about what could be achieved in ten years. Its ultimate goal was "to double cereal and food legume production in Tanzania and go beyond self-sufficiency to surplus production for export during the ten year life of the project" (USAID/T, 1970b). It might have been possible to double the production of maize because some new varieties were already available, but not double the production of other cereals and food legumes. It took roughly a

decade (1955-64) before the original high-yielding maize hybrids were developed in Kenya and even longer in Zimbabwe (Eicher, 1984). In Tanzania there were not only few improved varieties, but the research institutions still had to be established.

The second essential component of a seed program is the staged multiplication process from production of breeder seeds (research product) to foundation seeds to certified seeds which will faithfully reproduce the qualities of the breeder seeds. Most of the seed project directly addressed this component of the seed program. Two foundation seed farms were to be established, one in a high-altitude and another in a low-altitude zone. Five farms to produce certified seed would also be established. All the farms would be self-contained, practice highly mechanized production, and be fully equipped with seed handling, drying, and storage facilities (AID, 1985e:4). They were to be operated by the Ministry of Agriculture.

It was not necessary for all these farms, particularly the certified seed farms, to be operated by the Government. However, even if opportunities had existed in the private sector, it is unlikely that they could have been exploited. The project was designed in the context of the Government's Second Five-Year Plan, which was strongly influenced by the Arusha Declaration. It reflected the Government's socialist orientation, stressing public ownership and control.

The third important component of a successful seed program is a distribution system which gets the seeds to the farmers. An AID evaluation summarized the seed distribution plans in the original project paper as "not explicitly spelled out... [and] basically no

project support was given to this activity" (AID, 1985e:4,8). Responsibility for seed distribution was left to TanSeed, a parastatal started with Government and Commonwealth Development Corporation (CDC) funds. CDC is a British organization with a long history of activity in Tanzania and other Commonwealth countries. The establishment of TanSeed was a precondition to disbursement of AID funds for the seed project. Because of CDC involvement the mission gave little attention to the distribution component. This lack of USAID/T interest was formalized when the original project title was changed three years after it started from "Seed Multiplication and Distribution" to "Seed Multiplication" and all mention of distribution responsibilities disappeared.

The final two components of a national seed program work are seed laws to ensure quality and an authority to enforce them. The Government did adopt the Seed Act in 1973. An enforcement agency, the Tanzania Official Seed Certification Agency, was established with laboratory and inspection capabilities.

The mission pointed to agricultural extension as important to the success of the project. Extension agents would teach farmers the benefits of the improved seed. It was decided to launch the extension effort after the research and seed multiplication efforts were already underway (USAID/T, 1972a:14-15). In the interim, a small extension effort was included in the project, but it was terminated before improved seed became available for distribution. An evaluation concluded that the project staff appeared to have assumed that good seed sells itself and that therefore the need to maintain the

extension component was not essential (AID, 1985e:16).

In addition to the questionable design aspects of the project, the mission was overly optimistic on several other counts. On a practical level the mission already had a history of logistical problems (USAID/T, 1967:71). Housing was generally not available for technical assistance personnel, even for those stationed in the capital. In up-country locations where the seed project was based, an additional 9-12 months were necessary to construct housing. Transportation and communication with the interior was extremely arduous and life in the interior was difficult for Westerners.<sup>14</sup> Spare parts shortages for AID-financed vehicles and the absence of mechanics to repair American vehicles outside of the capital greatly hampered communication and transport. Although aware of the practical problems of operating in as many as seven up-country locations, without complementary institutions, the designers included state-of-the-art equipment and machinery for the seed farms. Moreover, lead time for shipping goods from the US had grown to a year and a half. This delay was compounded by growing difficulties at Tanzania's major port, including losses of and damages to equipment.

Also, the mission's workload was increasing with all the new projects starting up in the early 1970s. As a result, the mission decided to give contractors more responsibility for project implementation (USAID/T, 1973:2). They would be increasingly

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<sup>14</sup>After a field trip to the Ilonga research station, which was less isolated than some of the seed farms, an AID employee reported "without question, living in Ilonga/Maimba is tough... there are no doctors available, food is spotty, snakes are always on one's mind, and recreation is very limited" (Podol, 1976:2).

responsible for training participants and importing commodities. This meant that further delays could be expected since official representatives of the US Government (as AID officials are) can often resolve problems more quickly than private AID contractors can.

Not surprisingly, the project ran into problems. The Government had difficulty in establishing the seed testing and distribution institutions (USAID/T, 1978e). The first major project revision reduced the total number of farms to be established from seven (two foundation and five certified seed farms) to four (all foundation farms) and removed all project responsibility for seed distribution. One evaluation reported that in the "rush to keep pace with project schedules, the construction of three of the farms had been initiated without adequate testing of soils, rainfall patterns, or crop suitability" (USAID/T, 1978e). Fortunately, two of the farms proved adequate, while the third was marginal. After four years of funding, the fourth farm was closed when detailed soil analyses confirmed that the location was poor.

As for the state-of-the-art equipment, it caused many problems, and these will probably grow worse now that AID assistance has stopped. Parts and supplies are needed constantly, but their purchase is unlikely given Tanzania's current economic state and serious foreign exchange shortages. This problem was foreseen and observed during project implementation (USAID/T, 1978e). A special AID impact evaluation noted that earlier evaluations had cautioned against overinvestment in heavy equipment and highly technical facilities. But the mission never modified the project's sophisticated approach

(AID, 1985e). The inability to secure fertilizers, chemicals, and spare parts when needed continually plagued the project. The corn pickers were heavily dependent on petrol in a petrol-short country, the disk plows were unsuitable for the terrain, and most of the seed handling and drying equipment worked only briefly (USAID/T, 1980b; AID, 1985e).

Government financial support for the project declined as the country's economic difficulties increased. The seed farms often did not receive expected funds from the Government; several AID officials recalled that the mission and the US Embassy had to intervene with the Ministry of Finance to "shake loose some Tanzanian Shillings." AID audits and evaluations found it virtually impossible to determine the actual level of financial support provided to the project by the Tanzanians.

In response to the continual shortfalls, the Government and USAID/T "relied heavily on proceeds from PL 480 Title I for farm development" (USAID/T, 1984a:10). The lack of financial support did not mean the Government did not have a general interest in the seed multiplication effort. In fact, during President Nyerere's state visit to the US in 1977 the question of six additional farms was raised.<sup>15</sup> The Tanzanians were content, however, to let AID shoulder most of the cost of the seed operation.

The same lack of Government support was observed with the seed testing and certification institution. In 1978, eight years after the

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<sup>15</sup>The mission later brought in an outside team of US seed industry experts, who recommended against such a step.

start of the project, USAID/T amended the project to include assistance to the seed testing and certification laboratory. Although the seed farms had not yet been firmly established and were having problems getting Government support, the amendment also included an expansion into Zanzibar.<sup>16</sup>

The mission paid little attention to whether the project would be sustainable once AID assistance was withdrawn. By 1977 there was ample reason for skepticism on this score. Evaluations and surveys in 1975 and 1979 had recommended changes (AID, 1985e:17), but they were not included in the 1977 and 1980 project amendments. The mission also passed up opportunities to develop a new project which could have complemented the seed program and sought to correct its shortcomings. Instead, the mission appears to have passively accepted the Government's growing fiscal problems and sought only to ensure the short-run continuation of the project. Pricing and other policy constraints on the development of the seed industry were not addressed. More positively, the mission appears to have twice averted an expansion of the seed multiplication effort.

Despite its problems, the project did have some positive impact. Formal and on-the-job training were an important element: forty-five Tanzanians were trained in the US, with twenty-two receiving a BS and three a MS. All the trainees returned to Tanzania and spent some time working on the seed program. All but three are still working with this or related projects or the Ministry of Agriculture. This is

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<sup>16</sup>The idea was quietly dropped by the mission after a year-long effort failed to establish the feasibility of such a program.

admirable since other USAID/T projects suffered when trainees did not return to the project or left soon thereafter.

Unfortunately, no formal or on-the-job training seems to have been offered since USAID/T assistance ended in 1982. Since the next generation of seed farm personnel is not being produced, the long-term sustainability of the farms is in question.

The seed farms have produced foundation seed and, because of their excess capacity, certified seed.<sup>17</sup> TanSeed, the parastatal responsible for selling seed to the regional authorities for final delivery to farmers, sold 5,380 metric tons of all types of seed in 1982 (USAID/T, 1985e:11). This is enough to plant roughly 203,000 hectares. The significance of these figures cannot be established, however, due to lack of information. In fact, the special AID impact evaluation states that a major weakness of the report is the lack of comprehensive farm-level data on the use of certified seed. In any case, given the very poor reliability of the national statistics such comparisons would be nearly meaningless (Lele and Chandler, 1984).

The Seed Act was passed but enforcement is weak. This is partially attributable to the same problem which plagues most Government activity in Tanzania today -- the lack of financial resources.

A special review of the seed program, undertaken in late 1982 by two senior US seed industry consultants, concluded that the "principal

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<sup>17</sup>Informed officials believe that the sale of improved seeds has been limited more by their high cost than by any fundamental resistance to their use. This, in turn, results in the continued underutilization of the farms' capacity as foundation farms. Further study is needed to clarify whether this is indeed the case.

components of a comprehensive seed industry, except for extension education, [were] present in Tanzania... [but] the development, management, and economic viability... was in complete disarray" (USAID/T, 1984a:11-12). Thus, USAID/T has succeeded in establishing and maintaining a fragile seed program dependent on external assistance.

The original goal of expanding the quantity and increasing the quality of improved seed was and still is appropriate. Unfortunately, the specific methods for attaining the goal were only marginally modified by USAID/T during the thirteen-year life of the project. In this case the mission appears not to have reacted adequately to the changing context in which the project was operating.

#### Livestock: Range and Ranch Development

USAID/T livestock projects sought to assist the Maasai herders by increasing their off-take of beef and improving their range management skills. Three projects constitute the mission's effort with the Maasai: Maasai Livestock and Range Management, 621-093; Livestock Marketing, 621-122; and Agricultural Project Support, 621-103.<sup>18</sup> This case reviews the Maasai Livestock and Range Management Project in detail. Its problems are indicative of the other two projects which worked with the Maasai.

The Tanzania Maasai livestock projects are of particular interest

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<sup>18</sup>This bulk of funds under the last-named project went to purchase equipment for the Maasai livestock project.

for two reasons. First, the project sought to transfer US technology to the Maasai area but failed to incorporate important and available information into the project design and made little allowance for learning-by-doing during implementation. The mission shares responsibility with the technical assistance team for this deficiency. Second, the mission added new responsibilities to the ongoing effort before it could be reasonably confident that the original project objectives would be met. The result was to bog down the entire effort.

AID's involvement with the Maasai people began in 1967 when the Government asked the mission to review the range program it had started in 1964. USAID/T commissioned a survey by US Department of Agriculture (USDA), which emphasized the importance of sociological factors. Using the USDA survey, the mission designed a project to develop and integrate a package of structures and skills aimed at improving production on rangelands within the framework of the ongoing Government program.

The project design did not, however, fully reflect the findings of the USDA survey, which had reviewed earlier work in Tanzania. For example, the survey pointed to the importance of sheep and goats to the Maasai economy and stressed that the Maasai used cattle for dairy rather than beef production. These and other insights were apparently ignored, since what the mission proposed was essentially a ranching project designed to increase the off-take of beef. Moreover, in specifying the technological characteristics of the effort -- such as the number of watering points, rural roads, and so forth -- the

designers appear to have paid little attention to the social and economic setting in which the project would operate.

The Maasai Project was poorly designed in several other respects as well. One extensive evaluation concluded that

the scope of work needed more inputs than could be provided by available funding and personnel...[and] the job descriptions of the [technical assistance team].. contained a far greater number of tasks than could be accomplished under the conditions existing in Maasailand... (USAID/T, 1979e:30).

This evaluation also concluded that poor project design and later poor project design revisions were responsible for the failure to achieve many of the thirty-four project outputs and objectives specified during the life of the project (USAID/T, 1979e:166).

The overly optimistic project design had negative consequences for implementation. The technical assistance team tried to rush to stay on schedule -- similar to what happened with the seed multiplication project. It tended to reinforce the technical assistance team leader's attitude that "research or fact finding is a luxury that this project cannot afford" (USAID/T, 1979e:5). The first sociologist hired for the project resigned because his fact-finding efforts were "considered excess baggage" by the other members of the team. Other technical assistance team members reported that USAID/T and the Government were "explicitly fearful that the team members were doing research and not a job" (Moris and Hatfield, 1982:53).

The mission was also directly responsible for the lack of attention given to collecting and analyzing information; it did not respond to repeated recommendations that it promote such activities. Internal AID evaluations of the project in 1971, 1972, 1974, 1976, and

1977, as well as external evaluations in 1976 and 1977, all identified this problem and recommended action (Utah State, 1976; Hoben, 1976; Jacobs, 1977, USAID/T, 1979e).

The attitude that it was not necessary to expend much effort on collecting information stemmed from the belief held by some of the team's livestock experts and mission staff that the US range and ranch technology was appropriate to Tanzania. Having made no real effort to understand the environment in which the project would function, the technical assistance team, the mission, and the Government reduced their chances of realizing the inappropriateness of the US technology. Indeed, the lack of adequate base-line data collection and monitoring has been a major failure of AID's livestock effort in Tanzania.

The technological optimism regarding the direct applicability of US range management practices ignored the fact that the indigenous systems were rather carefully adapted to local conditions. For example, the project sought to restrict the movement of herds in order to control access to pastures. But this underestimated the importance of pastoral mobility as a mechanism for surviving on a range with low and highly variable levels of forage in distinct ecological niches. The movement of herds of cattle and ruminants permitted the efficient use of these different niches and protected against overgrazing (Gilles, 1982:217-18). Others have pointed out that the US technology, and hence the project, were based on six premises appropriate only to the western US cultural setting (see Moris and Hatfield, 1982:46-7 for details). Failure to recognize these implicit premises slowed progress toward project goals.

The mission's 1971 project report noted "very good progress," evidenced by the registering of ranching associations and the construction of seventeen tick dips. In fact, these steps do not indicate that "good" progress is being made toward the project objectives, but only that paperwork is getting done and construction is proceeding. More useful indications of progress would have been that the legal status of the ranching associations was clear and respected by all parties, and that the Maasai were involved in selecting, constructing and maintaining the dips. As it turned out, secure legal rights for the ranching associations were not obtained, and the number of functioning dips had declined to about 50 percent of the number constructed by the eighth year of the project (USAID/T, 1979e:65-67, 82-83). In its progress report the mission confused intermediate measures of change with substantive impact toward achieving overall goals.

As a result of such reported indicators of progress, "the project began to be viewed by the donors and the Tanzanian Government as a success...[and] there was a constant attempt to link additional components" to the effort (AID, 1980b:27). The scope of the added projects, although worthy in their own right, exceeded the management capability of the technical assistance team and the Government. Rather than gaining through economies of scale, the overall effort suffered (AID,1980b:27-8). The new components burdened project staff and drew the mission's attention even further away from the original project and its problems.

One of the added components was a new project entitled Livestock Marketing and Development (621-122). Started four years after the original livestock project, this project supported the establishment of a parastatal by providing technical specialists and training some Tanzanians. It complemented an \$18 million World Bank effort to assist the livestock subsector. USAID/T stated that the new marketing project represented "the major AID effort in the livestock subsector" (USAID/T, 1978a:20).<sup>19</sup> This shifting of mission interest contributed to the finding by later evaluations that the mission inadequately managed and coordinated work on the original project.

As with the agricultural research and seed multiplication projects, the original livestock project experienced, as one evaluation concluded, "the continued reoccurrence of many identical problems throughout the ... implementation period without effective corrective action" (USAID/T, 1979e:24). Although this can be partly attributed to the problems identified earlier, it also reflected a broader tendency of the mission not to take action when problems were identified. As cited in Chapter III, the mission even stated that its strategy was in trouble, yet it seems to have taken little corrective action.

Despite these difficulties, the project did have several accomplishments. Twenty Tanzanians were trained in technical fields relevant to project needs. However, eleven of them were assigned by

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<sup>19</sup>The Livestock and Marketing Project is not reviewed in detail in this report. An AID-funded evaluation concluded that it also failed to accomplish its stated goals or objectives (USAID/T, 1979e:20-21).

the Ministry of Agriculture to administrative posts and seven others were assigned to posts away from the project. Although the project did not benefit as planned, the trained people were not lost to the country.

The project also contributed to improved animal health while the cattle dips were operating. Watering points (dams, boreholes) were constructed, but their impact is unclear. Although they did increase the water supply, they also contributed to serious overgrazing around the watering points (in an area some ten to fifteen miles in diameter) because of the absence of other institutions to bring balance to the changed system (Moris and Hatfield, 1982:60). The damage to the environment can still be observed today. Similarly, the lack of maintenance systems suggests that like the dips, the watering points have not produced sustained benefits.

This case reveals the problems caused by an unjustifiably strong belief in the direct applicability of US technology. It also reveals a mission's incomplete and selective use of information to the detriment of the project. Later, additions to the mission's livestock program led attention away from the original project before it had been completed or before one could conclude it was operating reasonably well. Only eight percent of the project funds (\$429,000) was spent training Tanzanians, arguably the most successful element of the effort. It seems that the remaining \$4 million spent on technical assistance and commodities contributed little to Tanzania's long-term development.

### Rural Development: Arusha regional planning

The \$14.6 million Arusha Regional Planning and Village Development Project was implemented between 1978 and 1984. A review of this project reveals problems resulting from the contradiction between AID's programming priorities and its implementation practices. The New Directions strategy specified clear priorities which guided the mission in designing the project. But it provided little guidance on how to gain the flexibility needed for successful implementation given AID's existing implementation regulations. The Arusha project also suffered from a particularly poor relationship between the mission and its contractor, which reduced the impact of the project by reducing the chances for each to utilize the comparative advantages of the other.

Under the Tanzanian Government's policy of decentralization, the country's twenty regions were to become the primary authority for implementing development programs for the rural population. In pursuing this strategy, the Government apportioned the regions to various donors. The US was offered the Arusha Region since USAID/T already had several projects (Seed Multiplication and the two livestock projects) and a small office there. The purpose of the Arusha project was to improve regional planning and implementation capabilities with respect to agricultural output, access roads, village water systems, and appropriate technology. The effort can be likened to an integrated rural development project.

The project was designed using the concept of a process model

(USAID/T, 1981c:5). This innovative approach grew out of a desire to ensure local participation in the selection, design, and implementation of development activities -- a New Directions objective. Such participation meant it could not be known in advance exactly what the project would finance. The process model allows for this by stressing the establishment of processes that contribute to development instead of specific outputs, as in a traditional AID project. The specified outputs are the objective of the output approach, whereas establishment of the process is a key objective of the process approach.

The differences between the process and output models have an important bearing on project implementation. AID's implementation regulations are geared toward output projects. For example, the 611(a) regulations require that the review and approval of project components must be made in terms of the adequacy of design, cost, and conformity to that contained in the project agreement. In the Arusha project, many of the specific activities were to be selected and designed during implementation; so in approving the project, AID was essentially approving the use of funds for indeterminate future activities, the adequacy of design and the cost of which were not known. This degree of uncertainty is generally unacceptable to AID, whose regulations are designed in part to ensure that the work it finances satisfies certain standards, particularly with respect to construction, and in part to avoid activities that would invoke criticism by the US Congress, the recipient government, and others.

It is not impossible to implement a process project within current AID regulations, but it is quite difficult. A very good mission-contractor working relationship and close mission monitoring are essential. Neither of these conditions was met by the Arusha project.

The project's designers (which included the firm later responsible for its implementation) spent much time and many resources to reduce potential implementation problems and to learn why other USAID/T projects in Tanzania were having problems. One predesign study analyzed the administrative and implementation structure of the Maasai livestock project. Some of the findings were incorporated into the Arusha project, such as requiring the technical assistance staff to be proficient in the local language.

The design effort resulted in a set of concepts and understandings that would guide the implementation of the project. AID/W approved the project after a long review process that also included the development of specific procedures for implementation. Neither these understandings nor the specific procedures, however, were ever clearly spelled out in the Project Paper, AID's planning document, which also explains the rationale and intent of a project to those who implement it (USAID/T, 1981c:38).

The project design proved to be overly optimistic about the expected relationship between the contractor and the mission. The contractor did not seek to involve the mission actively, even when it was necessary under AID regulations. Although the contractor had participated in designing the project, it was not sensitive to the

objectives of AID's implementation regulations nor to the concerns of AID as a representative of the US Government. The technical assistance team operated under the assumption that if the Tanzanian authorities approved of an activity, then it could proceed. Certain project components did not receive prior mission approval as required by the Project Authorization and Agreement. For example, some buildings were not built to AID safety specifications. AID's concern is that it will be accused of authorizing the construction of facilities which would not have been approved in the US, leaving it open to the charge from Tanzanians and critics of foreign aid that it is doing shoddy work.<sup>20</sup>

USAID/T monitoring of the project proved to be inadequate. The mission staff who had participated in its design had almost all left by the time it started. The implementation understandings and concepts so important to the project were poorly communicated to new staff.<sup>21</sup> Senior mission managers never appear to have focused on the project -- in part because of high turnover. During the seven years of the Arusha project, mission leadership changed hands seven times. Another part of the problem was the disagreements between the mission in Dar Es Salaam and the mission's field office in Arusha as to how the project should be managed by AID. A conscious decision was made

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<sup>20</sup>This is a real concern. Two recent examples where this has resulted in problems include Malawi, where the US was accused of constructing a poor-quality road, and Somalia, where the US was charged with building a port with substandard materials. In both cases the respective governments blamed the US for the poor construction.

<sup>21</sup>One former AID project manager argues that the information was communicated but ignored.

by the mission to allow the contractor greater flexibility in approving activities (USAID/T, 1981c:40). In light of the intent of AID implementation regulations, that decision was suspect.

The absence of a meaningful association between USAID/T and the contractor reduced the potential benefits each could have gained from working with the other. This lack of coordination increased the project's susceptibility to local political pressures for the laying of roads, funding of activities, and use of project equipment for nonproject purposes. Had the mission been closely involved, it could have used its status to assist the project in ways unavailable to the contractor. By the same token, a closer association with the Arusha team could have helped the mission gain a better understanding of the Tanzanians' perspective on agricultural issues like migration, rural nonfarm employment, and the feasibility of pursuing income-generating strategies in light of the Government's development policies. The Arusha project's studies (which included work by Tanzanian researchers) concluded that national policies and international factors had placed "unsurmountable obstacles in the path of any major program to increase general levels of production and income in the villages in the region" (USAID/T, 1981c:22).

The Arusha project raises a crucial point. While it is clear from AID regulations that the mission is responsible for the way a project is implemented, it is unclear who is supposed to control the contractor. There is a question of whether contractors are to be treated as adjunct mission staff, hence reporting directly to mission personnel, or as parties working for the Tanzanian Government, hence

directly responsible to the Government and only indirectly to AID.<sup>22</sup> The issue of the contractor's role is important because, within AID, the Arusha project has a negative reputation. The view is that the contractor was out of control, a situation attributed to the project's process design and the contractor's opinion that it worked for the Tanzanian Government. Judged by the contractor's failure to comply with certain AID regulations, that reputation is partly justified.

But this view of the project masks its positive accomplishments and the potential usefulness of the process design for future AID projects. One of the accomplishments was the development of a methodology for determining which rural roads to maintain in the face of a severely constrained budget -- an ever-present situation in Tanzania. Working with the regional government and Tanzanian researchers, the project also funded numerous useful studies on migration, health, availability of smallholder technologies and small implements, and off-farm employment opportunities. Moreover, many small village-level activities funded by the project were selected, designed, and implemented with the participation of the villagers -- one objective of the project.<sup>23</sup>

The evidence suggests, then, that the Arusha project's negative reputation is not fully deserved. A careful review to determine what

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<sup>22</sup>As one contractor put it, "Whose project is it really? AID wants it to be the host country's [project], but then wants everything going though them first."

<sup>23</sup>There are also reports that some of the managements systems established by the project are still being used by the regional government. Because of the lack of time, this could not be substantiated by the author.

can be learned from this innovative attempt to assist rural development would be particularly useful, since AID and other donors are still having difficulties encouraging development on the local level in rural areas.

## CHAPTER V. IMPACT OF AID'S AGRICULTURAL PROGRAM

Assessing the development impact of AID's agricultural program in Tanzania is complicated by several factors. It is not easy to determine whether sufficient time has passed to permit a fair judgment of a particular project's impact. Gaps in information and problems of measurement further complicate the task. Even if these are resolved, there remains the problem of how best to compare the effectiveness of projects that are in different stages of implementation. And yet, despite these difficulties, there is enough evidence to be gleaned from documents and interviews to permit a useful assessment of AID's agricultural program in Tanzania.

This study views agricultural and rural development as a generalized process of "capital accumulation." The concept of capital accumulation is used in its broad sense to include contributions to physical capital in the form of infrastructure, commodities, and resources, to human capital in the form of skills, and to social capital in the form of knowledge and institutions. This concept of development emphasizes the importance of establishing efficient mechanisms for sustaining and increasing the stock of "capital" in its various forms. It also implies the need for a balance among the types

of activities undertaken, since contributions to development are enhanced when the different forms of capital complement each other and interact effectively.<sup>1</sup>

### Contributions

#### Contribution to Physical Capital

Although AID has made a contribution to Tanzania's physical capital base through the construction of roads and buildings and the provision of commodities, the positive impact of this contribution has been greatly limited by poor or nonexistent maintenance procedures, absence of spare parts, and inappropriate US equipment. The limited impact of the physical investments, in turn, has constrained the contribution of other complementary AID activities.

Most of AID's transport infrastructure projects were financed in the 1960s. These included the Mwanza-Musoma Road; the Nansio-Bunda Road, which was also listed as the Nyerere Road as it was in the President's home region; the Morogoro-Iringa road; parts of the TANZAM highway; and several general road projects for construction, culverting, engineering, highway maintenance, and road material testing laboratories (621-002, 621-017, 621-052, 621-059, 621-061, 621-062, 621-098, 621-110).<sup>2</sup>

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<sup>1</sup>The conceptual framework used in this chapter follows the work of Harry Johnson (1969). A detailed presentation of the framework and the reasons for choosing to use it appear in a companion paper by Johnston et al (1986).

<sup>2</sup>The Morogoro-Iringa road would later become part of the TANZAM highway.

The largest of these road projects was AID's part in the upgrading of the TANZAM highway, under construction from the late 1960s into the 1970s.<sup>3</sup> At least six regional and bilateral AID projects totaling over \$35 million funded the engineering and construction of two parts of the road.<sup>4</sup> One 146-mile section went from the Zambia border to Iyayi, while the other ran from Morogoro to Dar Es Salaam.<sup>5</sup>

The benefits derived from most of the roads projects could not be accurately determined. But, discussions with individuals familiar with the various trunk roads and travel on several of the roads by the author give some indication of the current quality of the roads, and hence of their sustained impact. Most of the evidence suggests that the roads have deteriorated from lack of maintenance. The author did observe some maintenance on the Morogoro-Dar Es Salaam section of the TANZAM highway, which still functions as an important artery. Not only does the Morogoro-Dar road funnel traffic to and from the agriculturally productive southern regions of Tanzania, it also links the northern regions such as Arusha and beyond. It also serves as a regional artery to Zambia and Malawi to the south and Rwanda, Burundi, and Kenya to the north. Although justified on regional political

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<sup>3</sup>This is also known as the Great North Road, which comes from the name given to the TANZAM highway in Zambia.

<sup>4</sup>The World Bank and Sweden financed the other sections of the road in Zambia and Tanzania.

<sup>5</sup>The latter section paralleled an earlier paved highway constructed by the Germans, but which had deteriorated to the point that constructing a new road was more economical than upgrading the old one.

grounds, the two sections of the TANZAM highway, particularly the Morogoro-Dar portion, appear to be providing sustained service.

USAID/T financed relatively few rural access roads because the New Directions bias against such roads emerged just as the mission was shifting from trunk roads to rural roads. Forty miles of rural roads were supposed to be constructed as part of the USAID/T livestock effort, but no action appears ever to have been taken.

During the drought of the mid-1970s, the mission financed the construction of a \$2.8 million rural drought relief road (621-128) as part of its large and, to some extent, politically motivated response to Tanzania's food problems. Pressures from Tanzanians officials resulted in the road being placed with little regard to technical considerations. This, and the lack of maintenance, caused the road to deteriorate rapidly.

Rural roads were also included as part of the Arusha Regional Planning and Village Development Project (621-143). Only 85 of the 475 miles of roads targeted were rehabilitated. Procurement problems delayed the arrival of equipment, replacements, and spare parts (USAID/T, 1981c:25). In addition, a shortage of recurrent funds plagued maintenance programs developed by the project and regional authorities.

As part of the livestock projects, AID financed the construction of reservoirs, boreholes, and other watering facilities. A 1979 evaluation found that many of the completed dams had been breached, filled with silt, or otherwise rendered unserviceable (USAID/T, 1979e:46-47). The potential for a sustained benefit stream from these

investments was limited by the lack of appropriate hydrological studies which should have preceded the work, by the lack of maintenance plans, and by the lack of Maasai involvement. One evaluation concluded that the water development component was implemented "ad hoc, reportedly under political pressure or in response to emergency situations" (USAID/T, 1979e:46-47). The construction of dips for cattle suffered from similar problems. By 1979 about half of them were no longer operating. Although the Maasai generally appreciated having the water and dips and benefited from them for a time, most of these investments are unlikely to make a sustained contribution. It has been reported that in several instances Maasai assumed responsibility for the maintenance and repair of equipment, but the extent of this practice is believed to be limited. A final evaluation of one of the livestock projects found that the Maasai felt it was a Government project and they had no responsibility for any part of it (USAID/T, 1979e:89-90).

All the AID projects considered in this study included a provision for equipment and commodities to complement the other project activities. In some cases these appear to have been appropriate; good examples include livestock vaccines provided as part of the livestock projects and experimental seed for agricultural research purposes. But, as noted in the case studies, some of the equipment provided for the livestock and seed multiplication projects caused difficulties.

Sometimes project commodities caused other kinds of unexpected problems. The 1,200 US dairy cattle shipped to Tanzania as part of a

\$1.6 million project initially experienced a high death rate due to inadequate inoculation prior to their shipment and poor handling after their arrival. There was also a controversy over whether a US food aid shipment did, in fact, introduce the Greater Maize Borer to Tanzania or whether it came from Rwanda and Burundi.

The more common and significant problem with AID-financed commodities is the lack of local maintenance capability and spare parts. As a result, they have caused problems disproportionate to their share of project cost. A random sample of USAID/T projects found commodities typically accounted for less than 5 percent of the total project cost, yet were almost always cited as a source of implementation difficulty.

Buildings constructed by AID have continued to provide service over an extended period. At Morogoro, buildings constructed in the 1960s are still being used in the 1980s. Since the construction materials for some of them are not normally considered permanent (such as corrugated sheet metal for roofing and walls), a share of the credit for their continued service must go to the College's maintenance program. Unfortunately, other buildings, such as those at the Ilonga research station, are underutilized for lack of complementary resources, such as monies to pay staff and to purchase commodities.

#### Contribution to Human Capital

AID has clearly added to Tanzania's stock of human capital. Formal degree and nondegree training, a major element of AID

agriculture activities since the early 1960s, has been a component of almost all AID projects. Table 11 shows that well over 1,600 Tanzanians completed degree and nondegree training through AID bilateral and regional projects between 1956 and 1984. This is equivalent to 56 new trainees a year for this period. Roughly 55 percent of them received training in a field related to agriculture. Areas of study have included agricultural economics, agronomy, animal sciences, biology, entomology, general agriculture, livestock production, plant breeding, range management, and veterinary medicine.

Table 11. AID-Financed Degree and Nondegree Training in Tanzania, 1955-84.

Type of Project	Participants Trained*		
	1955-76	1977-84	Total
Bilateral projects (per year)	723 (33)	699** (87)	1,422 (85%) (47)
Regional projects (per year)	214 (10)	45 (6)	259 (15%) (9)
All projects (per year)	937 (43)	744 (93)	1,681 (100%) (56)

\*The mission is in the process of updating and expanding its Directory of Returned Participants. Thus, some of the figures might be revised upward, particularly for the more recent years.

\*\*Does not include Tanzanians trained in in-country courses by the two Training for Rural Development Projects.

Sources: USAID/T (1977c) and AID (1984a).

Until the mid-1970s, the AID program in Tanzania emphasized nondegree training. Nondegree short courses accounted for roughly 71 percent of all training, while MS degree and BS degree training accounted for 29 percent and 10 percent, respectively. No Tanzanians were trained to the PhD under AID programs, although some obtained doctoral degrees in the US with other funding, notably from the

Rockefeller Foundation. United States Department of Agriculture short courses are the predominate type of nondegree training financed by AID.

Since the mid-1970s, the proportion of degree training has gained in importance. BS trainees became the largest category (36 percent), followed by MS, nondegree, and PhD trainees with 32 percent, 26 percent, and 6 percent, respectively. The average number of participants per year increased from an average of 43 per year before 1976 to more than 90 between 1976 and 1984. The shift toward higher degrees largely reflects the mission's two large Training for Rural Development Projects.

The primary beneficiary of the training has generally been the person trained. The Government has also been a beneficiary since most of the trainees returned to the various ministries and parastatals from which they came and still occupy Government positions. This reflects USAID/T's long-term strategy of working to relieve the shortages of skilled personnel in Government, as well as the scarcity of alternative (nongovernment) employment opportunities in Tanzania. Of the bilateral trainees who returned before 1976, 91 percent still work for the Government or government-related organizations. The rest have gone to the private sector (4 percent), have joined international organizations (3 percent) or have retired (2 percent). Since most of the trainees are still in Tanzania, the country is an indirect beneficiary.

No study has been made of the career patterns of these former

participants.<sup>6</sup> This makes it difficult to assess the overall impact of the training on their careers and on Tanzania's development. However, if the evaluation results of the Africa Bureau's major regional training program are indicative, the trainees are likely to constitute a net contribution to Tanzania's human capital base. That evaluator found that "through the years, there was a solid and consistent movement of alumni into the highest levels of decision-making" (AID, 1984a:43-45). The "highest levels" included positions such as university vice-chancellor, minister of state, bank governor, and managing director. The second highest level included positions such as dean of faculty, head of a research center or academic department, and head of a major division in the public or private sector. The share of alumni working on the two highest levels had increased from 6.5 percent for their first job after being trained to 34.3 percent for their current job. Among those trained during the first ten years of the program (1963-73), the rise was even more dramatic: from 6 percent to 51 percent. This is a positive accomplishment if one believes that well-educated decisionmakers increase the likelihood of sound policies. Unfortunately in Tanzania, it is not known how many of these alumni have actually moved into important positions.

Another encouraging aspect of USAID/T's training program has been the support given to Tanzania's own training institutions, such as Sokoine Agricultural University (former Morogoro Agricultural

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<sup>6</sup>USAID/T is currently trying to determine the change between the former trainees' present positions and the first positions they had after completing their training.

College). The training of trainers yields multiple benefits.

### Contribution to Social Capital

The record on AID's overall contribution to Tanzania's social capital has been uneven. Transferring useful knowledge effectively and establishing an institutional capacity to generate such knowledge on a sustained basis at a reasonable cost has proved far from easy. Of those AID projects that contained elements designed to contribute to physical, human, and social capital, the social element has generally performed the poorest. In turn, this poor performance has limited the impact of the other forms of capital provided since growth is best fostered by an effective balance of all three forms of capital. While such a balance might have been envisaged by project designers, it was not often achieved.

Several examples discussed in the previous chapters are illustrative. The range and ranch technology that USAID/T and the other donors sought to transfer to Tanzania was inappropriate because it did not adequately address the situation in Maasailand. As a result, the physical capital provided in the form of water reservoirs and equipment, and the human capital provided in the form of Tanzanians trained in ranch and range practices, did little to develop the livestock sector.

This does not imply that those physical and human investments were a waste. At least some of the equipment may have been put to a more productive use. Those Tanzanians who were trained may well be contributing to their country in some different way -- such as by

participating in the current dialogue on how to address the country's agricultural problems. Nevertheless, such a contribution could probably have been obtained at a much lower financial cost had the training and commodity components been undertaken separately from the institution-building component.

The AID-financed seed multiplication and agricultural research projects are examples of partially successful contributions to social capital. An external evaluation of the seed farms found that the Tanzanian staff have the basic managerial and technical skills to operate them (USAID/T, 1984a:8). Although their future is uncertain, the farms have continued to operate and produce seed for which there is a demand. Over time they may be able to bring their production technologies more in line with Tanzania's resources by turning away from the highly mechanized approach provided by the project.<sup>7</sup>

The scientists financed by AID under the first agricultural research project made an initial contribution to social capital in the form of new crop varieties, but the project was unsuccessful in establishing an effective breeding program. Moreover, AID's support was too brief to have created a national research capacity. The second research project has been able to use one of the varieties developed under the first project. Equally encouraging, the technical assistance team appears to be showing by example the value of the farming systems methodology, thereby increasing the possibility that

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<sup>7</sup>For example, much of the project's original seed handling and drying equipment and seed laboratories operated only briefly. But alternatives developed during the project are performing satisfactorily (AID, 1985e:8).

it may become a useful part of Tanzania's research system. What will happen when AID's farming systems project ends in 1986, however, is still unclear.

In the case of Morogoro College, AID's contribution to social capital in the 1960s was probably substantial. The technical assistance team worked with the Tanzanians to help establish a functioning institution. The school has continued to expand and develop, adding to Tanzania's human capital base.<sup>8</sup>

It is impossible to determine how much the mission helped Tanzania focus on its agricultural policy problems in recent years. Observers and participants comment that USAID/T did perform a useful role in bringing the issues into the open. If this had even a small effect on eventual adjustments in the Government's policies, then AID will have made a substantial contribution indeed. With the abrupt termination of the mission's policy analysis effort, the outcome now depends on the activities of others.

#### Factors Influencing Impact

The factors identified in previous chapters as having an important influence on the impact of AID's efforts in Malawi fall into three broad types: those that have generally enhanced impact; those that have generally constrained impact; and those that have had sometimes positive or sometimes negative consequences, so that their influence is difficult to predict a priori. The value of identifying

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<sup>8</sup>The College has also been training people from other countries. For example, Rwandans go to Morogoro for forestry training.

and categorizing these factors is that they can have countervailing tendencies. If certain positive factors can ameliorate the effect of certain negative or potentially negative ones, then that suggests ways of increasing AID's overall impact.

#### Factors Contributing to Impact

**Nature of Activity.** Certain kinds of activities seem to have fared better than others. AID's experience in Tanzania supports the notion that it is inherently easier to design and implement construction components of projects than components seeking to transfer technology and the ability to create new social capital. Training people is also a relatively straightforward activity to design and manage.

**Interaction Effect.** The interaction effect among the three forms of capital has raised AID's contribution in some projects to a level greater than the sum of the parts. In the case of Morogoro College, for example, the physical facilities and trained people combined effectively with the knowledge and skills of the West Virginia University team. The technical assistance team, by contributing "social capital," increased the impact possible from the physical and human capital that AID helped to provide. Had the technical assistance team not been able to transfer useful knowledge, constructing buildings and training Tanzanian instructors would have contributed much less to Morogoro's development.

In contrast, interaction among the various forms of capital was lacking in the livestock projects and in the first research project.

In both cases the expected institutional improvements were not forthcoming. As a result, the contribution to development of the buildings, commodities, and trained people was much less than if they could have been organized into effective institutions.

The benefits to be derived from the interaction of types of capital reaffirms the importance of achieving an effective balance in the provision of assistance.

### Factors Constraining Impact

**Difficulty of Institution Building.** Contributing to the accumulation of a country's social capital has proved difficult. The evidence shows clearly that serious problems result from trying to transfer institutions and technology without adapting them to local circumstances. What appeared to be lacking was an approach to project design and implementation that consistently benefits from mistakes and seeks out information about the changing context in which the project is operating. Several of the case studies showed that the mission lacked this kind of flexible approach. The livestock projects suffered from an aversion to gathering empirical information and a stubborn commitment to an incorrect belief in the technological appropriateness of US range and ranch management practices for Tanzania.

**Project Design Problems.** Among the problems noted throughout the previous chapters are:

- o Unrealistic expectations about the time it takes to double food crop production (seed multiplication) or about the amount of beef likely to be marketed (livestock).

- o Unrealistic assumptions about the willingness of pastoralists to accept change (livestock) or about the ability of scientists to develop improved varieties appropriate for conditions in Tanzania (research).
- o Neglect of relevant experience regarding the difficulty of implementing projects in up-country Tanzania. This resulted in unrealistic implementation schedules for seed multiplication. Also neglected was relevant research on the social and economic organization of the pastoralists (livestock).
- o Unclear implementation responsibilities of contractors, the Government, and USAID/T (agricultural manpower and Arusha regional planning).

Availability of Qualified Technical Assistance. Neither AID nor its contractors have consistently been able to fill technical assistance positions with qualified people on a timely basis. Since technical assistance is expected to play an important role in many projects in bringing physical and human capital together to form social capital, this problem can seriously limit a project's contribution. In Tanzania, the agricultural manpower (the project with the MATIs), agricultural marketing, first agricultural research, and livestock projects are just a few of the activities from the mission's portfolio plagued by the failure to obtain the quantity or quality of technical assistance envisaged in the project design.

This raises a general question about the ability of AID to provide the technical assistance specified in its projects. The case of AID agricultural research projects is instructive. By the early 1980s, AID had fourteen such projects underway in East and Southern Africa alone (AID, 1983c). The technical assistance requirements of these projects were substantial. An average of five technical people per research project translates into 70 positions which need to be

filled.<sup>9</sup> Given that most contracts are for two years and that most projects last five years, the total requirement is 140 people. An assumption that around 60 percent of all the technical assistance people stay for a second tour implies that roughly 100 experienced agricultural research personnel were needed to work in East and Southern Africa alone. One can understand why AID's worldwide review of its agricultural research experience found this to be a bottleneck in over a third of the research projects reviewed (AID, 1982a:85).

**Time Needed to Develop a Project and Staff Rotation.** Another factor constraining impact is the contradiction between the time needed to develop a project and the average time an AID official serves in a country. The likelihood of the same people working on a project idea from conception through design and into implementation is low. Each new AID official has to learn what has already taken place, while each departing official carries away a detailed knowledge of Tanzania and of the projects. With staff changes, the probability of problems increases, as the Arusha project demonstrated.

AID records, moreover, are imperfect. This study found it difficult to determine the rationale for a number of decisions from reading the files. In many cases, the relevant files and evaluations were no longer available in Tanzania or in AID/W. AID employees have often mentioned that the length of a mission's "institutional memory" appears to be a direct function of the length of service of the

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<sup>9</sup>In Malawi the average number of technical assistance personnel specified in AID research projects was eight. For one research project in Kenya, AID specified positions for fourteen scientists. Thus, an average of five people per project is a conservative estimate.

official who has been in the mission the longest.<sup>10</sup> Given the two- to four-year tours of duty and the problems noted earlier, it is understandable why it is difficult to gain a useful historical perspective on AID's activities.

Implementation Problems: procurement regulations. It is not easy to attribute fault in project implementation because of the complex interaction of numerous factors. Nevertheless, one problem stands out: the difficulties associated with having to satisfy AID procurement regulations.

AID-tying is one of the much-discussed problems associated with procurement. It can reduce the overall impact of AID assistance when late deliveries delay project implementation, and when commodities, technology, or services are inappropriate, when resources could have been used more productively elsewhere. For example, some of the commodities bought in the US were vastly different from what was available in Tanzania (seed multiplication). This unfamiliarity was complicated by the lack of any in-country knowledge about how to install the equipment. Later, maintenance became a problem because of the lack of in-country or regional support services. Often it just took much longer to order commodities from the US when they were readily available in Tanzania or other countries in the region.

Even though AID officials in every mission visited by the author noted problems with the procurement regulations, some progress has

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<sup>10</sup>Local-hire employees, who have often worked in missions for years, are only of limited usefulness in recalling the detailed rationale for decisions because they are usually not involved in the decisionmaking process. They often recall what happened but not why.

been made in obtaining waivers from the aid-tying regulations. For example, AID is supposed to promote the purchase of US goods and services. However, providing US left-hand drive vehicles in right-hand drive countries such as Tanzania has caused problems. As a result, the East and Southern Africa region has obtained a waiver from the requirement to buy American vehicles, so USAID/T can buy vehicles in the region. Likewise, there are a number of "off-the-shelf" rules which allow for some procurement in the region.

Understanding the intricacies and contradictions of AID's implementation regulations is a mammoth undertaking and could easily constitute a separate study in itself.<sup>11</sup>

**Contradictions between the AID Programming and Implementation Subsystems.** The discussion in the previous chapters on the process of formulating a strategy, selecting projects, and then designing and implementing them suggests that it is useful to think in terms of a "programming subsystem," which includes the selection of the strategy and projects, and an "implementation subsystem," which includes the design and implementation of what was decided by the programming system.

The earlier chapters have provided examples of what happened when one of these subsystems was at variance with the other; their interaction had negative implications for AID effectiveness.

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<sup>11</sup>There is a ready source of information on existing problems and possible solutions. Each year AID conducts project implementation courses for a portion of its project officers, most of whom already have years of experience. At the end of the course, the participants identify specific problems they have encountered with the regulations, their effects, and possible solutions. The results are then sent to the AID Administrator.

Sometimes the strategies and projects that are selected by the "programming subsystem" are not analyzed to determine the implications for the "implementation subsystem." In the Arusha project, the mission tried to be responsive to the New Directions priorities of local participation and bottom-up planning and implementation. But AID offered little guidance about how to provide the needed implementation flexibility given the existing implementation structures. Problems resulted, in other words, from trying to implement the New Directions priorities (programming subsystem) without due regard for AID regulations (implementation subsystem). Another example of this type of problem is the contradiction between the strong emphasis on free trade which guides AID's current programming strategy, and the continued emphasis on procurement from US sources which steers implementation.

**Avoidance of Difficult Issues.** Until recently, the mission has not helped the Government of Tanzania to address the imbalance between its responsibilities and its available resources. From the 1960s on project evaluations warned repeatedly about the Government's recurrent cost problem, yet the mission did not address the issue in a comprehensive fashion. Instead it took a project-by-project approach, covering the recurrent costs for agricultural research or seed multiplication, for example.

A related problem is the lack of attention paid by AID and by the Government to the conditions of service for Government employees. As their salaries deteriorated relative to the cost of living, these employees devoted more and more time to other efforts to earn money.

Or some left the country for employment elsewhere. The departure of an experienced Tanzanian agricultural research scientist to work for Southern Africa Development Co-ordination Conference is a loss for the country.<sup>12</sup> Others have gone to various United Nations agencies.

Recent developments before the loan default were encouraging. The mission's emphasis on macroeconomic and agricultural policies was helpful in calling attention to these economywide problems.

#### Factors Exhibiting Different Tendencies

Role Played by Tanzanians. Tanzania's leaders have played a strong role in shaping the development strategy and policies of the country. While this is not necessarily a negative factor, it does appear that many important policies in Tanzania were pursued with too little pragmatism regarding technological factors and a great emphasis on ideological concerns. The Government overestimated its ability to organize and control all major segments of the country's productive and social life. It also underestimated the technological difficulties of increasing agricultural production (as evidenced by ignoring research and recommending one package of technology for the entire country during the National Maize Program). Similarly, it underestimated the potential benefits of relying on economic prices to guide decisionmaking in major sectors of the economy. These tendencies had a negative impact on almost all aspects of AID and

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<sup>12</sup>It will be of interest to see if the mission's current study of former participant trainees shows an increasing number leaving for positions outside Tanzania and if they tend to be the more highly educated ones.

other donor programs.

In contrast, several of the case studies have revealed the positive role Tanzanians could play. The administration of Morogoro College, for example, was able to manage the various donors to reduce the effects of fluctuating donor assistance.

**Flexibility of AID.** AID revealed considerable flexibility in responding to opportunities and ideas for new projects. The plethora of regional and centrally funded projects in Tanzania is testimony to this feature of AID. AID's flexibility results from the Agency being comprised of many parts with marginal jurisdiction over one another, each of which essentially has its own source of funds.

The negative side of AID's flexibility is that its various responses are not tightly coordinated. USAID/T files show that the mission was not fully aware of all the many activities in Tanzania being funded by AID. Basic information about many project -- such as the starting date, ending date, life-of-project funding, or AID/W office in charge -- were sometimes missing. It is unlikely that the mission learned the lessons that these many small projects had to teach.

**Donor Coordination and Size of Mission Staff.** The possible benefits from greater coordination among donors are obvious, but the record has been uneven. USAID/T has frequently coordinated its activities with the World Bank. In several of the livestock marketing and agricultural manpower projects, for example, the mission specifically followed the World Bank's strategy and projects. But the serious problems encountered by these efforts suggest that AID should

not complacently adopt the analysis and strategy of other donors. By doing so in the 1970s, it failed to take advantage of the fact that it had the largest in-country staff of any donor. That staff could have been working to gain a better appreciation of the actual situation in Tanzania. The mission seems to have made better use of its staff to monitor and analyze events in the early 1960s and 1980s.

US Concerns. That US concerns have influenced AID's country programs in Tanzania and elsewhere is clear. The effects have ranged from positive to neutral to negative, depending on the particular country and the circumstances. Even when these are known, however, it is difficult to predict which US concerns will dominate in a given situation.

It is also difficult to predict how long a certain US concern will dominate AID's agenda. Over the years, US development strategy has shifted from Kennedy's "stages of development" to Johnson's policy focus, to Congress's New Directions, to Reagan's emphasis on policy and the private sector, which has elements similar to Johnson's approach. A shift in strategy can have a negative impact on a mission's program -- as happened when the agricultural marketing project lost mission and AID/W support with the introduction of the New Directions strategy. The currently strong emphasis on liberalizing markets can even set back the cause of market-oriented development since the encouragement of a free market does not necessarily imply laissez faire. In Tanzania and elsewhere, one must take into account the issues of oligopoly, market power, ethnicity, and local history when assessing the probable impact of a strategy on

reducing the role of government and increasing the role of the private sector. Finally, this continual changing of emphasis does not augur well for projects which need steady support for years. Some types of institution-building projects, such as agricultural research are particularly vulnerable to these shifts in strategy.

A strong US development approach can have a clear impact on a mission's strategy. In period III, there was a high correlation between the general strategy pursued by AID and USAID/T's strategy for Tanzania. Unfortunately, the general AID strategy, if rigorously implemented, may not be appropriate for a particular country. For example, the New Directions legislation of the 1970s was biased against investments in infrastructure and higher education, yet these were priority needs in Tanzania.<sup>13</sup>

Several changes in the US general strategy have been positive in the sense that they represented an attempt to be responsive to development problems. The shift to New Directions was motivated by a sincere concern about the inequitable impact of development assistance. Likewise, the shift of focus under Reagan reflects a desire to correct the interpretation that New Directions means a concentration on social problems to the virtual exclusion of economic considerations.

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<sup>13</sup>This might have been a more reasonable shift in emphasis for Asia and Latin America than for Africa. In 1970, when New Directions started, Africa had only 29 scientists and engineers per million people as compared to 225 for Asia and 136 for Latin America.

## CHAPTER VI. CONCLUSION AND RECOMMENDATIONS

Part of the motivation for undertaking this study has been the widespread consensus that development assistance in Africa, particularly in agriculture, has performed poorly. As a result, this report seeks ways of improving the effectiveness of AID, one of the participants in Africa's past development efforts. The other MADIA donor studies have parallel objectives.

The preceding chapters have examined the environment in which AID's agricultural strategy in Tanzania was shaped and its projects were selected, designed, and implemented. In this final chapter some conclusions are drawn, and these in turn lead to some recommendations that appear to have the potential for increasing the impact of AID assistance.

Errors are bound to creep into an analysis of this kind. The author appreciates the comments offered on earlier drafts, which have proved very helpful in correcting errors of fact and shaping conclusions and recommendations. Since the author is also undertaking similar studies on Kenya and Malawi, some of the conclusions presented here unavoidably reflect that work.

## Conclusions

AID assistance has had a mixed impact on the development of Tanzania's agricultural and rural sectors. The reasons for this go beyond the role played by AID's institutional environment. Other important factors have been the nature of the projects selected for funding and the role Tanzanians have played.

AID has added moderately to Tanzania's physical infrastructure in the form of roads and buildings, although the contribution of these additions been limited in some cases by poor maintenance. AID has added more to Tanzania's human resources in the form of trained manpower. But its efforts at institution building and technology transfer have generally been much less effective. This weakness limited the impact of the physical capital and training provided under some projects by reducing the possible benefits from any complementarities.

The experience in Tanzania shows AID to be an organization that can identify worthy sectoral objectives but that, due to its own constraints and other factors beyond its control, is not able to attain them. Some of the constraints relate to AID's institutional environment -- including the contradictions between its programming and implementation subsystems and the multiple and shifting US concerns that have affected the Agency and the Tanzania mission.

Also observed in Tanzania was that the relevant information available (earlier studies and evaluations) was not necessarily incorporated into the design or redesign of projects. In theory, adjustments could have been made during implementation. Yet once

projects and programs were underway, the mission revealed a limited ability to correct any serious problems that emerged. During the 1970s, gap between the envisaged impact of the mission's work and the reality of events grew ever wider.

The case studies revealed reasons why the effectiveness, and hence impact, of an activity has been limited, even though the project or program may have lasted ten or more years. The seed multiplication and livestock projects suggest that rigid implementation of a project's original design can prove detrimental to the achievement of sectoral objectives. The record showed an apparent lack of learning during implementation and in the design of follow-on projects. Inadequate attention to issues such as how recurrent costs would be covered, how the Government's saw its commitment, and how the the problem of poor staff retention would be tackled, hampered later efforts. These examples suggest that issues of continuity need to be examined not only in terms of the strategy and design of projects, but also with respect to how they are implemented and how well problems are handled.

The lack of mission's staff or consultant continuity in project development and implementation exacerbates problems resulting from the absence of accountability for poor project design and from the absence of a useful institutional memory. AID/W is beset by the same difficulties, and by not being able to screen out suspect projects proposed by the mission.

AID's development effectiveness has been reduced by the influence of certain US concerns (or objectives) which have overridden or

impinged upon a recognized development need. These concerns have steered the selection of both strategy and projects -- such as favoring targeted projects rather than rural roads, or shifting away from a policy emphasis. They have constrained the design and implementation process since project design must be responsive to US concerns for buying goods and services in the US and so forth. Taken together, the various constraints have other negative consequences, such as undermining the credibility of AID with a recipient government.

The mission's strategy adopted at the start of the 1980s held the potential of making a significant contribution to Tanzania's development by documenting the impact of public policies on the agricultural sector in collaboration with Tanzanian organizations. It is a strategy AID may do well to continue pursuing in the future. Another possibility for the future is to support research at the agricultural college, which would complement earlier investments.

#### Recommendations

While AID officials are adept at working within the institutional framework, there is only so much that can be accomplished in support of development within the present framework. Improvements in AID's institutional environment are needed to enhance its ability to achieve the intended development impact. Some recommendations made here, therefore, are attempts to change the institutional constraints facing AID. Others point to changes that can be made within the present AID

system to alter the incentives facing AID officials.

1. By assigning responsibility for poor project design to the AID and contract personnel who designed the project or program, AID could try to improve its project design process. Because the present system continues to lack a useful and consistent mechanism for linking an individual's past work to future career or job opportunities, there is little incentive to make project design more realistic, particularly when time and obligation pressures mount. The Agency's fragmented institutional memory also aids in dispersing responsibility. Increasing the sense of responsibility will encourage project designers to assess a project more carefully in terms of what can reasonably be achieved in a given time. Unfortunately, improvements in this area will not be easy, since many of the factors permitting weak project design are associated with even larger problems facing AID.<sup>1</sup>

In order to improve institutional knowledge and memory, AID should encourage missions to make repeated use of outside experts with long-term experience and knowledge of a country. A funding mechanism can be developed whereby missions and AID/W offices could easily bring in such people on a regular basis or as needed. This would help to extend the institutional memory in an AID mission beyond the tour of duty of AID staff. It could also smooth the discontinuities caused by staff and contractor rotations. These experienced individuals could perform an important screening function since they would be in a

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<sup>1</sup>See Johnston et al (1986) for a detailed discussion of AID's external institutional environment.

position to judge project ideas and strategies based on a broad knowledge of the conditions in the country. Some missions are already doing this informally, but the practice should be done introduced more systematically and institutionalized on a broader scale.

AID should consider developing a job classification of "country specialist."<sup>2</sup> This would enable AID to reward individuals who develop a long-term expertise in a country or group of countries. Besides improving the Agency's institutional memory, these people could assess a mission's country strategy and its projects. Their objectivity could be protected by having them report to the Africa Bureau Administrator rather than to a mission director. They could also serve as the AID liaison officer with the outside experts.

Some mechanism is needed to enhance AID's ability to learn from prior experience -- something which the present system does not consistently foster. An obstacle encountered again and again in carrying out this study was the difficulty of finding relevant documents and evaluations. While this was particularly true for projects undertaken in the 1960s and 1970s, it was even a problem for projects initiated in the 1980s. AID needs to reexamine the low priority given to its document-handling system and to reconsider the weak links between AID/W offices developing many of the small regionally and centrally funded projects and missions who could perhaps benefit from knowing what is going on in those projects.

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<sup>2</sup>Another option would be to add this skill classification to an individual's technical backstop classification (for example, a Project Officer or a Behavioral Science Analyst could have a country specialist skill in Tanzania, Kenya, and Uganda.)

2. AID should continue its emphasis on institutional development, and not shy away because it is difficult. To argue, as some AID officials do, that the agency should move away from project to program assistance because of the poor performance of institution-building projects ignores the interactive effect possible when physical and human capital are combined with new knowledge and improved institutions. It also fails to differentiate between the different types of institution-building projects, and AID's ability to undertake them. The experience with Kenya, Malawi, and to some extent, Tanzania indicates that building an agricultural education institution is easier than building an agricultural research institution. More important, the anti-institution-building argument ignores one of the most significant lessons learned from the study of developed economies: increases in conventional inputs of physical and human capital frequently account for less than half of the increase in national output. Impressive growth comes from social capital, such as technological change and the development of new institutions.<sup>3</sup>

AID could perhaps concentrate on infrastructure and training if other donors were willing to undertake institution building. But given the difficulties of donor coordination to date, it is unlikely that any effective division of responsibility could be agreed upon soon. Moreover, that would ignore the differences among donors, and the comparative advantages the US does have in institution building in

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<sup>3</sup>See Johnston and et al (1986) for additional details.

agricultural education, training, and research.<sup>4</sup>

A more useful decision would be to acknowledge that present guidelines hamper the effectiveness of certain types of institution-building projects. Recent changes by AID are encouraging. The approval of a ten-year life-of-project for agricultural research programs is a step in the right direction. After additional analysis, AID could consider adopting a special set of regulations for the development and implementation of these types of institution-building projects. For example, it could extend them over fifteen years, while still holding the length of contracts to their current length of about five or six years. This policy would allow for both a continuity of objectives over time and a change of contractors if difficulties arise. The Agency's policy of allowing the financing of recurrent costs on a declining scale for up to ten years after the formal project completion date is also encouraging (AID, 1982c:19). This could be useful for agricultural research projects, which take a long time before beginning to bear useful results.

3. AID should continue to seek waivers that will ease the difficulties caused by the current Federal Acquisition Regulations and other AID implementation regulations. To this end, the recommendations made by AID employees at project implementation courses ought to be examined closely. Since the procurement regulations are an evolving set of rules, AID should establish a

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<sup>4</sup>This point is brought out in Johnston et al (1986) and in the MADIA report (forthcoming) that brings together the findings of all the donor studies and compares their respective abilities and complementarities.

formal mechanism which would encourage or require project managers to work in an established position whose purpose is to ease this problem.

4. AID should work to reduce the contradictions between its "programming subsystem" (development of Agency priorities, mission strategy, and selection of projects) and its "implementation subsystem" (design and implementation of projects). This report have provided examples of negative implications for AID effectiveness when one of these subsystems is at variance with the other. An example of this is what happens when the Agency's New Direction's objectives (programming) contributed to implementation problems for the Arusha project. The Agency can begin by making sure that the impact of new guidelines and policies is traced through the implementation subsystem rather than just the programming subsystem. If this is done, inconsistencies and contradictions may be identified before they result in problems.

5. Finally, AID should try to develop those factors in the recipient country that can counterbalance the distorting elements in AID and its environment. It should support activities -- such as collecting data, analyzing information, and formulating policies -- that build up the Government's capacity to manage the country. More advanced training is required to manage an ever increasingly complex situation. Ultimately, the host government should be able to "manage" AID more effectively. It would analyze AID's current approach to development and then would articulate those elements it favors in light of its own assessment of social and economic priorities. The lesson to be learned is that while AID may not control or be able to

change many of its own constraints that have a bearing on its performance, it can nonetheless be more active in trying to improve the host country's ability to resist being unduly influenced by AID's nondevelopmental objectives.

Taken together, these recommendations, if adopted, should introduce a new measure of realism into the way AID tries to assist the development process in Tanzania and elsewhere.

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ANNEX A.

Statistical Tables.

ANNEX A, Table A-1. U.S. ASSISTANCE TO TANZANIA, 1963-84, IN PERCENT OF CONSTANT DOLLARS.

SECTOR/Sub-Sector	TOTAL	1963-66	1967-70	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
		60	63	72	62	86	70	41	24	27	44	87	59	56	54	(2)	(2)
A.I.D. PROJECT & PROGRAM ASSISTANCE	53	60	63	72	62	86	70	41	24	27	44	87	59	56	54	(2)	(2)
		percent															
AGRICULTURE	20	9	5	31	39	11	57	39	13	23	22	51	23	7	30	(2)	30
of which:																	
Crop Production	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Storage & Processing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Input Supply	7	0	1	5	2	30	34	6	6	5	12	2	2	0	0	0	(0)
Credit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Research	2	0	0	1	11	2	1	1	3	4	11	5	3	15	0	0	0
Extension	1	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Education & Training	5	6	1	0	0	5	1	2	6	3	20	16	3	15	0	0	30
Planning & Management	1	0	3	5	13	2	0	0	0	(0)	0	0	0	0	0	0	0
Irrigation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing	0	0	0	4	1	1	2	1	0	1	0	0	0	0	0	(1)	0
Livestock	3	0	1	20	9	3	19	2	4	7	4	8	0	0	0	0	(2)
Forestry	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fisheries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RURAL DEVELOPMENT	24	22	39	35	15	71	13	1	11	5	21	38	36	48	24	0	(32)
of which:																	
Infrastructure	12	18	34	35	15	44	0	0	8	0	0	0	0	0	(0)	0	0
Health & Population	6	0	0	0	0	27	13	1	3	5	4	28	13	30	(0)	0	(30)
Education	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Water Supply	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Community Development	1	4	2	0	0	0	0	0	0	0	0	2	0	3	0	0	(2)
Industry	5	0	7	0	0	0	0	0	0	0	18	8	22	15	24	0	0
ALL OTHER A.I.D.	9	29	19	6	7	4	0	1	0	(0)	1	0	0	1	0	0	0
P.L. 480 FOOD AID	38	24	28	28	39	14	30	59	76	72	30	10	40	36	39	84	77
OTHER ECONOMIC ASSISTANCE (1)	9	16	9	0	0	0	0	0	0	1	35	1	1	6	7	18	25
GRAND TOTAL	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

(1) not elsewhere specified.

Sources: calculated from:

AID, W-253 Reports, selected years.

AID, COMG-R-0103 Reports, selected years.

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ANNEX A, TABLE A-2. LIST OF A.I.D. PROJECTS IN TANZANIA, 1963-84, WITH OBLIGATION DATA.

Project Number	Project Title	orm	Start/End	1963 Total																					
				1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
621-11-130	84 AF PROD SURVEYS	G	67 70 C	356	0	356	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	85 RURAL CREDIT UNION	G	68 74 C	224	0	224	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-995	87 CONST OF FACILITIES	G	67 74 C	7	0	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-999	87 CONST & ACQ OF FACILS	G	70 77 C	47	0	47	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-999	91 MA1 PABX EQUIP	G	68 74 C	899	0	899	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-999	92 SEED MULTIPLY & DISTR	G	70 82 T	6677	0	6677	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-930	93 MASAI LIVESTOCK & RANG	G	70 81 T	4414	0	4414	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-930	96 AC INVEST PROG	G	67 70 C	78	0	78	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	97 AC PROD SURVEY	G	68 70 C	57	0	57	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	98 MNGT & ENGIN SERVIC	G	69 75 C	1075	0	1075	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	99 RBET MARKET DEV	G	71 80 C	1365	0	1365	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	101 AG MATERIALS & SER	G	69 78 C	1486	0	1486	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	105 AG SUPPORT	L	71 77 C	1002	0	1002	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-22-390	103 WAR PARK EQUIP	L	68 70 C	900	0	900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	107 AG RESEARCH	G	70 A	8494	0	8494	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	110 HWY MAINTENANCE & ORG	G	70 75 C	270	0	270	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	117 AG CREDIT	G	74 82 T	3707	0	3707	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	118 TSETISE FY EXERCITATION	L	71 77 C	800	0	800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	118 TANZANIA-TAMBIA HWY	G	65 66 C	292	0	292	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	119 AC NAMPOMER DEV	G	73 82 C	2559	0	2559	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	121 RCH IRING PROG	G	73 84 C	8051	0	8051	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	122 LIVESTOCK MARKETING	G	74 82 T	4057	0	4057	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	123 DISASTER RELIEF ASSTG	G	74 80 C	648	0	648	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	124 DISASTER SEED & GRATE	G	75 77 C	447	0	447	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	127 DISASTER-FARM & FURMS	G	75 78 C	289	0	289	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	128 DISASTER RELIEF ASSTG	G	75 80 C	2808	0	2808	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	129 HELPER INTNL PVO	G	75 78 C	1136	0	1136	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	133 AGR SECTOR LOAN I	L	75 76 C	12000	0	12000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	135 AG ED & EXTEN	G	78 A	2356	0	2356	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	138 HAWANG OST HEALTH OPES	G	77 82 C	524	0	524	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	139 RURAL VDC TRNG-PVO	G	76 80 C	275	0	275	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	142 AG PROD SUPPLY	L	73 78 C	2600	0	2600	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	143 VILLAGES AG DEV CNTR	G	78 A	14591	0	14591	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	147 CANCER CONTROL OPES	G	78 A	550	0	550	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	149 IRING RURAL DEV I	G	79 A	5000	0	5000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	150 SCHOOL HEALTH PROG	G	79 A	5744	0	5744	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	154 EDWIN ED-HEALTH WAREHS	G	80 A	2206	0	2206	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	155 RESRCE VILLAGES PROD	G	80 A	16175	0	16175	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	156 FARM SYSTEM RESEARCHS	G	80 A	3000	0	3000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	160 VILLAGES ENVIROM OPES	G	80 A	399	0	399	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	161 TRNG RURAL DEV II	G	81 A	5455	0	5455	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	162 WOMEN IN DEV	G	79 A	400	0	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	163 MALARIA CONTR/72M	L	81 A	11771	0	11771	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	167 ROME WATER SUPPLY	G	81 82-T	150	0	150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	168 KISUMBO DAM RECONST	G	81 A	80	0	80	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	170 MASAI DIST VILLAGES DEV	G	67 71 C	24	0	24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	344 DAP POT LINA	G	69 70 C	25	0	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
618-22-660	611 DAR ES SALAM COL	L	65 58 C	2200	0	2200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
621-11-130	999 DT ASTER RELIEF ASSTG	L	75 75 C	3	0	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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ANNEX A, TABLE A-2. LIST OF A.I.D. PROJECTS IN TANZANIA, 1962-84, WITH OBLIGATION DATA.

1983-

B/L Proj. ProjSta - Grand Pre - 1984

Project-Number	Project Title	orM StartEnd	1963	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	
621	-9801 HUMAN RIGHTS	6	80	A	13	0	13																	
621	-9901 SPECIAL SELF HELP	6	80	A	39	0	39																	

Source: AID W-253 Reports, Project History Reports, and USAID/T files.







## Annex B.

### SCHEMATIC HISTORY OF AID POLICY AND STRATEGY IN AFRICA

The involvement of AID and its predecessor agencies in sub-Saharan Africa must be understood in the context of United States foreign policy interests and dominant paradigms of development. These have varied during the years since the second World War, as has the thrust and content of American development assistance to Africa. Indeed one of the most striking characteristics of American assistance to African agriculture has been instability. There has been a lack of continuity in country focus, program size, development policy, strategy, bilateral or regional organization of assistance, modes of programming (projects and sector loan), and target groups. Nor has there been continuity in support for agricultural production, higher agricultural education, institution building in general, infrastructure and major capital projects, or agricultural research.

The effects of this instability on AID as an organization, the way it operates and the impact of its programs are traced in the following chapters of this report.

This annex provides a schematic summary of the major shifts in United States foreign and development policy as they have affected African assistance. For heuristic purposes the discussion is organized in terms of presidential administrations. The history of American assistance to Africa is far more complex than this brief outline suggests.

#### The Truman Years - 1945-1953

The basic paradigm for American foreign assistance crystallized in the Truman years with the success of the Marshall plan which seemed to demonstrate how aid could secure the political health of a region, help ordinary people, and promote US commercial interests in a relatively short time frame.

In a more general sense the development paradigm that has informed foreign assistance is based on a rather ethnocentric interpretation of a particular historical process, the emergence of capitalism, and the industrial revolution in Western Europe. According to this interpretation, development is not merely an economic phenomenon; instead, it requires a far-reaching and fundamental transformation of society from "traditional" forms which constrain economic growth to "modern" forms which promote it and which resemble our own. The process of "modernization" entails the progressive erosion of traditional values, institutions, and practices and their replacement by those that are more rational, scientific, and efficient. In the early post war years of foreign assistance it was widely assumed that the process of modernization would be easy, rapid

and could be triggered by an infusion of Western technology and American know how, and, as something of an afterthought, by the installation of American democratic and participatory principles by means of community development.

Encouraged by the success of the Marshall Plan, American involvement in foreign assistance spread rapidly. In 1947 the United States assumed the responsibility of "stopping communism" in Greece and Turkey, and over the next two years the model was extended to East and Southeast Asia through the new Economic Co-operation Administration. By 1950 Truman's "Point Four" program had been established through the Act for International Development, and by 1959 the United States was aiding sixty countries.

The Point Four program, subsumed under the Mutual Security Act of 1951 after the outbreak of the Korean war, had little impact on Africa during Truman's administration, though assistance was given to British and French territories through the colonial powers.

#### The Eisenhower Years - 1954-1961

During the Eisenhower years foreign assistance was characterized by a strong concern with security. There was increasing criticism of the effectiveness of aid and a number of legislative and administrative responses leading most significantly to the emergence of the Development Loan Fund.

The Cold War cast its shadow over American assistance to Africa. There are numerous references to potential Communist influence in Africa throughout ICA programming documents during this period.<sup>1</sup> The few activities the United States undertook in sub-Saharan Africa during this period were managed by a "desk" in the Europe bureau of the International Cooperation Agency.

Early American interests in sub-Saharan Africa were shaped by the British presence on the continent. Assistance grew as a number of British dependencies moved toward independence because it was expected that "British assistance... (to its territories would) not be available at... current levels following independence."<sup>2</sup> Thus the US stepped in to insure a peaceful transition to governments oriented to the Western point of view. Noticeably absent in the documents of this period are comments pertaining to French-speaking areas of Africa.

During this period technical assistance to Africa was still informed by the conviction that the US knew what had to be done, and that the assistance effort was only temporary, requiring annual approval for its continuation. It was also assumed uncritically that

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1. For example ICA, 1957:195; ICA, 1960:83.

2. ICA, 1957:195.

available technologies were appropriate to African conditions and that they would diffuse rapidly if backed through agricultural extension services.

### The Kennedy Years - 1961-1963

The Kennedy years saw an emphasis on pursuing political security and mutually beneficial economic growth through new developmental initiatives that would foster economic "take-off." The effort was given new impetus in 1961 with the passage of the Foreign Assistance Act establishing the Agency for International Development, which combined and supplanted the ICA and the Development Loan Fund.

Other organizational changes were also made, including the creation of functionally specific funding categories. Among them are development loans and grants for long-range economic and social development, supporting assistance for "urgent strategic and political requirements," and contributions to multilateral organizations (AID, 1961:19). Four regional bureaus were also created, including one for Africa. The large technical offices, such as the Food and Agriculture office, were separated amongst the bureaus.

Two significant operational changes were also made. One was the creation of "no-year funding" category. This was intended to correct the several "major disadvantages" of annual funding levels, particularly "the pressure on AID personnel to enter into hasty obligations of funds prior to the end of the fiscal year or face the loss of funds, with future funding in subsequent fiscal years being uncertain" (AID, 1962b:19). No-year funding was also intended to reduce the significance of any particular annual aid level as a sign of United States political approval. Lastly, it was hoped that no-year money would enable AID and recipient country officials to negotiate projects and programs in "good faith."

The other operational change was the creation of a research budget to be used to address issues of world-wide development importance. Agricultural research was one of several topics addressed.

The Kennedy administration was faced with growing concern over the economic effects of foreign aid on the US economy. The central issue was the effect of aid on the US balance of payments, trade and competition. Since foreign aid was not a good whose supply and demand is regulated by the market, a political equilibrium had to be sought.

In response to this problem procurement was increasingly tied to US sources. Already in 1959, about 47 percent of ICA monies had been spent in the US. By FY 1962, tied aid had risen to 73 percent of obligations, and was projected to increase further (AID, 1962:47-8).

In Africa the administration identified an urgent need to assist with the "long-range process of nation building" (AID, 1962:145) in

the newly independent nations. Continuing concern with East-West relations is evident in AID program documents, which noted that: "the African peoples are preoccupied with their own problems and are not as aware of or concerned about the conflict between the free world and the Communist bloc as ... (the US) might wish. Nor do they always have a full understanding of the real nature and the crucial seriousness of this conflict" (AID, 1962:145). American assistance, it was argued, would help them stay free from other influences until they became aware of the political situation.

Countries were divided into three categories, which determined the type and magnitude of assistance they received. The first group included nations which had most of the "prerequisites for development other than adequate external assistance" (AID, 1962:146). These "prerequisites" were a public administration which was relatively well advanced or a strong nucleus thereof and long-term prospects for political stability. Also by implication, the country's planning capability was rated to be adequate. Countries in this category "would generally receive priority attention in the allocation of US development assistance" (AID, 1962:146). Under these criteria, Tanzania and Nigeria were judged to be qualified and were given access to flexible no-year money.

Countries in the second category lacked some of the prerequisites for development, including adequate leadership, trained manpower, and planning capability. US "assurances of financial assistance over an extended period of time would be considered premature" for these countries (AID, 1962:146). Assistance would be directed in areas where the country itself was making an effort. It could also be directed to manpower and basic economic facilities.

The third category consisted of "newly independent countries and dependent territories which are not likely to reach a point of becoming self-sustaining for some time to come" (AID, 1962:147). Aid to these countries would have to be flexible, experimental in nature, and unlikely to create an obligation for increased support by the US or other aid donors.

During the Kennedy years AID bilateral programs thus expanded exponentially. By 1965 the Agency had missions and programs in the great majority of the newly independent sub-Saharan nations.

The dominant development paradigm retained its emphasis on the extension of existing technologies. The transfer and extension of US agricultural technology continued to be the dominant manner by which the rural sector could be made to contribute more to development. The assumption of the relevance of the available technology to the situations existing in the developing countries was only beginning to be questioned.

At the same time the development paradigm was broadened and further articulated, however, by a line of reasoning developed in the

work of W.W. Rostow in his influential writings on the "stages of development." Rostow himself was part of the Kennedy Administration in the Department of State, of which AID was a part. His work suggested specific objectives concerning what had to be done to achieve development, and presented targets and a rough time-table by which this could take place. Rostow's assessment of the nature of development helped to sustain the optimistic belief among Americans and Africans alike that it would take about ten years to self-sustained "take-off" in Africa.

Although there is not necessarily a bias against agriculture in Rostow's thesis, his emphasis on increased savings, investment and productivity through industrialization may have led to the neglect of the role of agriculture. Taxing agriculture to finance industrialization, a pattern already established in Africa, was encouraged under this approach.

The Rostowian ethos also appears to have reinforced the bias of many African leaders and planners in favor of capital-intensive agricultural development.

Agricultural research received little support, not only because of the optimistic extension bias already noted, but also because AID personnel believed that funding research would violate the spirit of AID's restriction on supporting food grain production that would conflict with US interests.

AID did, however, try to strengthen higher education, including agricultural education, and to foster cooperation and coordination at the sub-regional level.

#### The Johnson Years - 1964-1967

Shifts in AID's African assistance program during the Johnson years reflected growing scepticism concerning aid effectiveness, as well as increasing priority and cost of the Vietnam war.

The traditional security arguments for giving assistance to Africa remained essentially unchanged. AID documents from the period note that: "Communist attempts to gain footholds in Africa continued in 1965... but suffered setbacks" (AID, 1966:184). The following year AID documents claim that the "Soviet bloc and Chinese Communists are making a determined bid for influence in East Africa" (AID, 1967:265). Other references to the communist threat are scattered throughout AID budget requests to Congress (AID, 1965:180, 183; AID 1965b:191); but the argument appears to have lost some of its influence with the Congress in light of the events in Vietnam. The undeclared war's increasingly large fiscal demands and AID's growing association with the CIA and public safety programs also were undermining AID's public image.

During the first half of the Johnson period there was little change in AID's African strategy. But as the Vietnam war became an increasing burden on the US government budget, AID felt its fiscal impact. The central question was how foreign aid could be made more effective. The administration's response to these concerns were two major changes in the way AID was to operate. The first change, the introduction of program loans, was AID-wide. The second, retrenchment to fewer bilateral programs complemented by regional and multilateral modalities, was specific to Africa.

The introduction of "program loans" in 1965 was intended to increase the effectiveness of AID without increasing funding levels. Donor policies and funding biases had been creating problems for aid recipients. The "preference of many aid donors for financing specific large projects..(had) reinforced the tendency in many less developed countries to over-emphasize large-scale public sector projects and to neglect small investment and the private sector" (AID, 1965:19). Program loans would correct this tendency, it was hoped, by "providing incentive for major improvement in self-help...reforms and improved development policies... (they also) provide the logical opportunity for review and agreement on the countries' general economic policies, often in conjunction with the IMF and IBRD" (AID, 1965:20). Initially the focus of the discussion was centered on the Near East, Asia, and Latin America, rather than Africa.

The following year AID presented a more comprehensive statement of its change in emphasis to Congress. Its major components were greater emphasis on policy formulation, promotion of the private sector, institution building, and technology.

In AID's view small farmers were becoming more "rational." AID noted that Agriculture was "the largest private sector in the less developed world... (and that) no farmer (would) adopt new technology unless (conditions made it) rational for him to do so" (AID, 1966:14-15). AID proposed to address this problem by providing and training experts to help create good policies for farm progress. Amongst the elements considered essential for success were land reform and credit.

It was argued that "By making (program) loans conditional on adoption of more liberal policies, AID (could) double their ... effect" AID, 1966:29). Once again, the US knew what the problems were and knew how to solve them. US technology was still perceived to be appropriate, but it had now been discovered that it was the poor policy environment which was preventing large-scale adoption of improved techniques.

In FY 1967, about one-third of AID's agricultural assistance supported this program loan concept by financing fertilizer exports, American equipment, and engineering skills to build plant capacity in the countries themselves (AID, 1966:19).

The American private sector was involved through an expansion of the investment guaranteed program. Cooley loans (based on P.L. 480 currency generation) and investment survey programs were already available. The report by the Advisory Committee on Private Sector Investment in Foreign Aid (August 1965) helped formulate this policy thrust. AID also supported and encouraged non-governmental organizations to expand their development activities (AID, 1966:33).

AID also gave "(i)ncreased assistance... to help create or expand extension systems, cooperative and farm credit associations, agricultural training schools, marketing outlets, and rural transport systems" through greater involvement of land grant colleges, crop associations, and specialized federal agencies.

In part this was an attempt to broaden the base of support for foreign aid. The strategy was not an unqualified success. Agricultural research assistance remained a small component, perhaps, as one study suggests, because the administration was still grappling with periodic problems of surplus production at home.<sup>3</sup>

The institutional development of agricultural colleges in Africa was less controversial than was directly productive research. In any case the development impact of such an approach on production would be long in coming, thus less threatening to US interest groups.<sup>4</sup>

The second major change in AID's activities in Africa were based on the recommendations of a report by Ambassador Edward Korry, commissioned by President Johnson. The report, which is still classified, recommended three main changes in US assistance policy for Africa:

- A shift towards a multi-lateral and regional framework. Multilateral organizations would take the lead and AID would fill in with specific activities (AID, 1967b:3).
- Substantive emphasis on education and training, food, population, health, private sector, and physical infrastructure.

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3. This stance reflected the position of Congress, the American public and American farm organizations (World Food and Nutrition Study, 1978:95).

4. Although Johnson suggested the restriction against supporting agricultural research be lifted in 1966, it was not until 1968 that the policy was officially changed (World 1977:96). Pray and Ruttan (1985:5-5) cite others as noting that by this time AID had lost the few people who had any experience with agricultural research and Congress still continued with some constraints on funding for research.

- A change in AID's organizational structure in Africa. Only ten of the thirty-three missions and field offices were allowed to stay in operation. The remaining twenty-two were phased out as currently underway projects were completed. AID would "make no new bilateral development loan or technical cooperation starts ("new projects") in these countries" (AID, 1967b:261).

#### The Nixon-Ford Years - 1968-1975

During the first years of this period the foreign aid program was confronted by increasing criticism in the Congress. Its support eroded badly. The foreign assistance bill was defeated in 1971 and the program survived by slim margins on continuing resolutions until the passage of the New Directions legislation in 1973.

Disillusionment with AID's effectiveness was based in part on a growing body of studies showing that lower income groups were not benefiting from economic development efforts. Unhappiness with the conduct of the Vietnam war and the status of the Nixon administration were undoubtedly also contributing factors.

The substantive changes introduced by the New Directions legislation in 1973 included: a greater emphasis on project aid directly targeted on low income groups; an emphasis on greater participation of intended beneficiaries in identifying their needs, designing solutions and evaluating results; and the redefinition of authorization and appropriation categories as functional sectors (food and agriculture, health and population, and education and human resources). The legislation also had the effect of greatly reducing support for agricultural research, higher education, infrastructure and large capital projects.<sup>5</sup>

The unfortunate impact of this interpretation on African programs will be discussed at greater length in Chapter IV.

AID's task of coping with the major policy shifts of the New Directions legislation were exacerbated by a number of personnel and management changes which had also been set in motion by Congressional unhappiness with AID performance and AID's role in Vietnam. The most important of these were:

- A reduction in AID's workforce and operating budget;
- A deliberate decision to retain and recruit development "generalists" as direct-hire employees and to hire experts and technicians as needed on fixed-term contracts. AID thus suffered attrition and aging in the ranks of its economists,

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5. The reasons for this change and the actual extent of its effect are complex and will need to be explored further in the final report.

- A deliberate decision to retain and recruit development "generalists" as direct-hire employees and to hire experts and technicians as needed on fixed-term contracts. AID thus suffered attrition and aging in the ranks of its economists, agriculturalists and in many other fields;
- Changes in the way AID managed its program cycle that had the net effect of greatly centralizing control in Washington. The amount of bureaucratic paper work was increased exponentially by introducing a three-tiered system of complex and detailed project documentation and a more time-consuming and repetitious system of project review. The effects of these changes are discussed in Chapter V.

At the same time that AID was being stretched thin by the need to increase its "bureaucratic productivity" with reduced personnel resources, unforeseen circumstances led it to quietly abandon the policy of retrenchment it had adopted in response to the Korry Report. With the growth of assistance in the aftermath of the Sahelian drought in the early seventies, the regional approach was gradually replaced once again by a steadily increasing number of bilateral programs and missions. The combination of rapid expansion in county coverage, seemingly unworkable new policy guidelines and a reduced workforce did little to improve the morale of its employees or the integrity of its work.

#### The Carter Years - 1976-1979

There were no dramatic developments in AID's African program during the Carter years. The administration and the Congress continued to support the New Directions policies with somewhat more emphasis on human rights and some hair-splitting rhetoric on the "meaning of basic human needs." Modifications in PL 480 (Title III) enabled AID to program food aid for up to five years and convert the loan into a grant if agreed-upon policy reforms were made by the recipient government.

Initially AID's budget increased moderately, the number of full missions in Africa continued to increase and personnel ceilings in the field began to creep upwards in grudging recognition by the State Department that small, targeted projects were labor intensive. AID staff in Kenya and Tanzania, for example, which had declined by 53% and 22%, respectively, as a result of the Korry report, had grown by 65% and 43% by 1979. By the end of the Carter years, however, the US Government's fiscal health was becoming a major national issue. The planned expansion of foreign assistance was checked and the theme in Congress and AID/Washington was to "do more with less." Tighter money and personnel levels were being planned.

Tension between AID/Washington and the field continued to engender bureaucratic maneuvering, as the missions sought and attained an increased delegation of project approval authority, while

Washington added new country-level analytical reporting requirements and review procedures.

Towards the end of the Carter years the limitations of New Directions projects, problems of project proliferation, recurrent costs and excessive state control of markets and input supplies, and the looming economic crisis brought on by structural adjustment, world economic recession, and the renewal of the cold war all harbingered the changes that were to come to AID under the Reagan administration.<sup>6</sup>

#### The Reagan Years - 1980-present

In several important respects the Reagan years have seen AID return to earlier approaches to assisting Africa. Leadership in foreign aid has shifted once again from Congress to the White House. There is renewed concern with the spread of Communism, the role of private enterprise, and the development of trade and commercial links between the United States and the developing nations. Once again, AID is giving program loans in hopes of obtaining policy reforms from African governments. Institution building, particularly in terms of agricultural research and higher agricultural education are once again in favor.

The rationale for these changes was familiar. Against the background of concern with growing fiscal problems at home and skepticism about foreign aid, the Administration developed a "new" initiative to increase the effectiveness of AID. The "do more with less" theme, started under Carter, was modified to "we can do more with less because a different approach will be pursued." New Directions lost favor as the dominant philosophy, supplanted by policy dialogue, private sector initiatives, technological transfer and institution building.

To a considerable extent AID's "new" approach, however correct it may ultimately prove to be, was born of necessity. With personnel levels cut back still further, the Agency could not continue its labor-intensive targeted project approach. Focusing on policy reforms through non-project assistance (similar to "program loans" of an earlier period) would enable AID to concentrate its remaining technical resources on macro-economic problems of developing countries. The expected policy improvements would create an environment more conducive to private sector investment, hence development. Technology transfer and institution building would enable this process to proceed more rapidly and efficiently. Money

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6. The need for increased spending on agricultural research and higher agricultural education, and for policy changes by African governments were becoming recognized to some extent even before the Reagan administration took office.

has been shifted into the faster disbursing Economic Support Fund (ESF) account to increase the flexibility of the US to respond to these needs. It would also make it more responsive to any political needs.

This shift from "project" to "program" aid also coincided with the growing recognition by the donor community of absorptive capacity and recurrent cost problems, particularly in Africa. Here the fast disbursing nature of ESF would address the short-term fiscal needs of the recipient, show US support, and maintain aid levels with fewer personnel.