

Politics, Patronage and Projects: The Political Economy of Agricultural Policy in Tanzania

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'Cursed is the ground for thy sake; in sorrow shall thou eat of it all the days of thy life; ... and thou shalt eat the herb of the field. In the sweat of thy face shalt thou eat bread, till thou return unto the ground;'

Book of Genesis,
Chapter 3, verses 17-19

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ACRONYMS

ADB	African Development Bank
AGRA	Alliance for the Green Revolution in Africa
AFSP	Accelerated Food Security Project
AMSDP	Agricultural Marketing Systems Development Programme
ASDP	Agriculture Sector Development Programme
ASDPr	Agriculture Sector Development Project
ASDS	Agriculture Sector Development Strategy
ASLM	Agriculture Sector Lead Ministries
CAADP	Comprehensive Africa Agriculture Development Programme
CAG	Controller and Auditor General
CCM	Chama cha Mapinduzi
DADP	District Agricultural Development Plan
GBS	General Budget Support
DIDF	District Irrigation Development Fund
GoT	Government of Tanzania
IFAD	International Fund for Agricultural Development
LAAC	Local Authorities Accounts Committee
LGA	Local Government Area
MAFS	Ministry of Agriculture and Food Security
MAFC	Ministry of Agriculture, Food Security and Cooperatives
MITM	Ministry of Industry, Trade and Marketing
MKUKUTA	Poverty Reduction and Growth Strategy
MLDF	Ministry of Livestock Development and Fisheries
MOWI	Ministry of Water and Irrigation
NAIVS	National Agricultural Inputs Voucher Scheme
NIDF	National irrigation Development Fund
NMB	National Microfinance Bank
O&M	Operation and Maintenance
PMO-RALG	Prime Minister's Office – Regional Administration and Local Government
PEAPAP	Political Economy of Agricultural Policy in Africa Programme
SACCOS	Savings and Credit Cooperative Societies
SAGCOT	Southern Agricultural Growth Corridor of Tanzania
TAP	Tanzania Agricultural Partnership
TNBC	Tanzania National Business Council
VVC	Village Voucher Committee
WB	World Bank
WRS	Warehouse Receipt System

0.0 Abstract

The Political Economy of Agricultural Policy in Africa (PEAPA) Programme examines the impact of political competition, patronage, and foreign aid on agricultural policy outcomes across a sample of eight African countries. This report examines the effects of these factors on agricultural policy formulation and implementation in Tanzania through the lens of two initiatives, the Agricultural Sector Development Programme (ASDP) and the National Agricultural Input Voucher Scheme (NAIVS). The report asks whether competitive politics has improved the policy regime for rural voters as political parties compete for their support and the ruling elite responds to increasing electoral pressures to deliver concrete benefits. The broad conclusion is that both vote-seeking and patronage incentivise agricultural policy but that the benefits to voters in terms of private and public goods delivered as a result are limited by the same patronage practiced from national to local levels. On balance, donor aid supports essentially statist policies which serve to marginalise the private sector as the 'engine of growth.'

The ASDP (2006-13) is Tanzania's main agricultural policy initiative of the new century. The Programme was slow to take off through disagreements between the Government of Tanzania and donor agencies, who part-financed it through basket funding and a World Bank soft loan. Donors perceived a heavily state-centred development strategy focusing on the provision of public goods, a consequent overconcentration of resources for central government ministries and their dependent parastatals, and a secondary role for markets and private actors.

Shortly after the 2005 elections, President Kikwete announced an ambitious target for irrigated rice production, which then became the main focus of the ASDP. A number of donors pulled out of the programme, but the WB weighed in with a large project, thus endorsing the controversial focus on small-scale irrigation schemes. Though there was a clear vote-seeking incentive to the President's initiative, it is likely that the rents created for irrigation and other ASDP initiatives were largely appropriated by central and local-level elites and private actors, though corroborative information is lacking.

The NAIVS is a clearer example of a vote-seeking initiative by the ruling elite. Consisting of input vouchers for fertiliser and seeds for maize and rice production, NAIVS expanded rapidly in the build-up to the 2010 elections, with significant support from the WB's Accelerated Food Security Programme (AFSP). In 2010/11, NAIVS was scaled up to 74 districts in 20 regions targeting around 2,000,000 direct beneficiaries. How many farm households actually benefited from the scheme is yet to be established, but there is substantial anecdotal evidence of patronage and rent-seeking from the centre down to the village level influencing actual distribution.

In all events, the 2010 elections attracted a very low voter turn-out, and the overall showing of the ruling party fell significantly nationwide, suggesting that voters are beginning to respond to the government's perceived poor performance in creating public goods and services and delivering on electoral promises. The continued lack of widespread benefits to farmers increases the likelihood of deepening voter disenchantment with the current ruling elite and of growing challenges to Tanzania's inclusive political settlement.

While stimulating some useful policy debate, the WB and other donors have been unsuccessful in addressing institutional constraints on policy implementation, while lack of coordination has contributed to systematic project failure in the agricultural sector. The two initiatives examined in this report are examples of the tendency of donors to finance policies and practices that do not meet their formal market-based principles or fail on practical grounds. We conclude that, in the final analysis, national interests trump donor attempts to exert policy leverage. Aid serves the political purposes of the ruling elite.

Local agribusiness and trade cartels have flourished since trade liberalisation, influencing trade in fertiliser, food aid, sugar and rice, tractors and power tillers, and limiting market entry for new aspirant players. The significance of these interests for agricultural policy has yet to be explored.

Possible forces for change in the existing policy regime include the gradual emergence of a class of commercial farmers, growing external strategic and commercial interests in acquiring land for biofuel and food production for export, and a plethora of initiatives by philanthro-capitalists and international agencies to deliver the green revolution, food security, and poverty reduction. It remains to be seen how these new forces will influence the existing political settlement.

The report concludes that patronage and rent-seeking undermine official policies designed to deliver public or private goods to voters, with both public and private sector interests informally capturing the lion's share of the rents created. What proportion of these rents is invested in production rather than dissipated in consumption is not known. Key future research and data needs are flagged in the final section.

1.0 Background and rationale

The gradual insertion of Tanzanian farm households into global commodity markets that began before colonial rule was reversed after a few years of independence, when the ruling party began to implement policies that proved to be inimical to sustained export growth on capitalist lines.¹ Declining terms of trade and depressed prices for export crops, together with inefficient state-controlled input and produce markets forced many export-crop growing households to switch

to maize and other crops for subsistence and cash. Households diversified their livelihoods by turning to non-agricultural activities, including trade, services, casual wage labour and mining. After two decades of deepening crisis, the Tanzanian economy eventually stabilised in the 1990s, but 'traditional' export agriculture has not prospered overall as a result of marketing reforms. Food production has more or less kept pace with population growth largely through the extension of cultivation rather than through productivity gains.² In drought years, the government still imports food.³

Fifty years after independence much of Tanzanian agriculture remains small-scale, undercapitalised and labour-intensive. Population growth, declining soil fertility, and (in some places) HIV-AIDS have undermined rural living standards. The 'green revolution' that has been promised more than once is yet to appear. A recent review concluded that:

'Weak incentives and low agricultural growth have left Tanzanian farmers in a severely de-capitalized state. They own very few productive assets, and are ill equipped to bring about an acceleration of agricultural growth.'⁴

Although the main notional object of the official policy narrative on poverty reduction and food security, the millions of small-scale Tanzanian 'farming' households have very little direct influence on national policy making. The majority of rural households remain relatively autonomous of the state as both recipients of state-provided services (public goods) or other private benefits, or as taxpayers.⁵

Numerous explanations for the lack of agricultural transformation have been proposed. These may be classified as structuralist, state failure, market failure and policy failure. Structuralist arguments stress declining terms of trade for primary produce reflecting falling prices for traditional exports and rising prices of fertiliser and other chemical inputs. Subsidies to farmers in Europe, America and Japan keep certain commodity prices depressed and dumping of these products undermines local producers in poor countries.⁶

Market failure arguments focus on the difficulties involved in deepening markets among low-density populations in rain-dependent⁷ agricultural systems that offer weak commercial opportunities for either farmers or external actors. The transaction costs and risks involved in expanding markets are prohibitive for both private investors and the state. Risk reduction strategies lead farm households to maintain a strong subsistence focus so as to avoid food shortages, or famine. Smallholder households that are already involved in commercial markets are vulnerable to market failures at the local, national or international levels. The post 2008 global credit crisis is a case in point.

State failure theories inspired structural adjustment in the mid-1980s and beyond. These propose that

potential market-led growth is undermined by excessive and inefficient state involvement in agricultural input and output markets, leading to the erosion of price incentives to smallholders and their shift to other crops and non-agricultural informal activities (petty trade, mining, casual wage labour). Reducing barriers to local and external trade, establishing macro-economic balance and providing positive price signals to producers are the policy corner-stones for turning agriculture around. The state failure discourse is linked to the democratisation and good governance/corruption control discourses that see the creation of western-style institutions as the precondition for economic transformation. These discourses have been challenged by critics arguing that neither western democracies nor more recent successful transformers were based on the model described above.⁸

Last, policy failure suggests inability to formulate policies that the state has the human and financial resources to implement and a 'disconnect' between policy formulators and implementers. Hyden argues that the policy environment 'lacks the instruments that allow policy makers to make a difference.'⁹ After independence, policy making developed four main features. First, there was a 'strong urge to do everything and do it at once.' Policies became 'frontal attacks,' 'operations' and 'matters of life or death.' Second, 'policy makers often decided on matters without first having obtained full and detailed knowledge of the possible consequences of their decisions.' Third, policy makers were unwilling 'to use the past as a source of guidance for the future.' Last, public sector officials 'work in a context where public expectations constantly exceed what can ... be attained...'¹⁰

We do not intend to undertake a detailed critique of these positions, each of which has its strengths and weaknesses, but none of which can be expected to capture the whole story.¹¹ The persistence of widespread rural poverty suggests that the Government of Tanzania (GoT) has succeeded in crafting neither state- nor market-driven solutions to the problem of agricultural transformation. Since structural adjustment, the Tanzanian state has not embraced market-driven strategies to address chronic poverty and underdevelopment with any conviction or consistency.¹² This paper focuses on policy failure by examining the dynamics of policy formulation and implementation within a state-dominated policy regime. We consider the contribution of aid to policy failure. New external influences on 'policy' have been largely left out of the mix, though they are dealt with briefly in section 5.2.

Low factor productivity in Tanzanian agriculture is reflected in high levels of food and income poverty.¹³ A generally depressed rural economy has driven livelihood diversification and migration. Bryceson employs the terms 'depeasantisation' and 'deagrarianisation' to capture the type of agricultural change that has taken place throughout sub-Saharan Africa during the last half century.¹⁴ Ellis and others have shown that both 'rich' and 'poor' farm households engage in a variety of off-farm

commercial activities to reduce farming-related risks.¹⁵ The proportion of adults involved in agriculture has fallen significantly as former or would-be farmers seek or create non-agricultural, largely informal, off-farm employment opportunities. Farming and fishing accounted for 78 percent of male employment in 1991, falling to 70 percent in 2001. For females the figures were 85 and 73 percent respectively. In both years women made up 55 percent of the agricultural labour force.¹⁶ Finally, whereas at independence in 1961, 95 percent of Tanzanians lived in rural areas, by 2004, well over a third of Tanzanians (37 percent) were urban.¹⁷ These figures suggest that providing the rapidly growing urban population with its basic staple (maize) and other wage goods constitutes a major success for Tanzanian agriculture over the last half century.¹⁸

Yet it would be wrong to conclude that as a result of poor policies and deagrarianisation there are no commercial farmers or (more or less) semi-subsistence smallholders who are responsive to market signals and opportunities. First, there are large farms and estates in the country, and their number is likely to increase in future.¹⁹ Second, though firm evidence is lacking, there are signs that a class of medium- to large-scale Tanzanian farmers is beginning to emerge, a trend already noted by Putterman in the mid-1990s.²⁰ Third, there are also numerous examples of small-scale producers responding positively to improved market signals during the post-liberalisation period, either by expanding production of established crops or experimenting with new ones.²¹ Lastly, successful outgrower schemes (sugar, tea, horticulture) or producer-processor value chain initiatives (cashew, tobacco, coffee) have gone counter to the deagrarianisation trend.

This study examines agricultural policy making and implementation in the Agriculture Sector Development Programme (ASDP) and the National Agricultural Inputs Voucher Scheme (NAIVS) in order to better understand the dynamics of policy formulation and downstream consequences.

2.0 Methodology and research questions

The breadth and focus of agricultural policies, variety of potential beneficiaries of such policies and multiple sources of influence on policy making and implementation complicate the discussion of agricultural 'policy' and force us to make some hard choices on research priorities. We also have to consider the possible benefits derived from policy that we might usefully study since there is a widespread sense that policies are not implemented as planned, benefits are meagre or unevenly distributed, and often not sustained after the conclusion of the mechanism that deliver them to farmers.

The Future Agricultures Consortium's PEAPA (Political Economy of Agricultural Policy in Africa) programme approaches agricultural policy as potentially emanating from two main sources: the formal political process and

informal patronage.²² In a competitive electoral system, ruling elites may initiate policies targeting specific constituencies, including the rural population who constitute a majority of voters, and particular subgroups who may be potential swing voters or defectors.²³ The extent to which ruling elites may be prepared to commit scarce resources to the provision of community and private benefits in order to retain or secure electoral support depends on a number of factors, explored further below.

We know that historically Tanzania's rural population has been more likely to use avoidance tactics than resistance or protest (collective action) when confronted by state power.²⁴ In the current competitive political context, has the state become more benign in its dealings with farmers than in the past? Have farmers become more organised and assertive in furthering their collective interests as a result of political competition and state policies of participation and empowerment? Do longer-term, underlying factors limit the impact of short-term changes?²⁵

The incentives that formal competitive politics present to the ruling elite to become more farmer-friendly are mediated by the nature of the existing power structure and state-civil society-private sector relations. Traditionally, Tanzania has been characterised by a high degree of inclusion of interest groups within the ruling coalition, in which the allocation of rents or rent-making opportunities to various interests to solidify the ruling coalition has not been excessively costly. Cooksey (2011) argues that the transaction costs of maintaining political order have risen rapidly in recent years, and some see the growing likelihood that the ruling party, riddled with costly and policy-crippling factionalism, will be seriously challenged in the 2015 elections. The tendential decline of elite solidarity creates the conditions for the deepening of a diffuse, rent-seeking elite that pays formal homage to an increasingly beleaguered presidency and ruling party in disarray. The impact of a weakening elite on agricultural policy is difficult to measure, but we speculate that 'increasing relative autonomy' would best describe the strategic powers and privileges of existing (sub-)state agencies, including ministry bureaucracies, regional and district commissioners, ruling party actors, and relevant parastatals, in unmediated²⁶ collaboration with big private interests both inside and outside the country.

It is not easy to assess the extent to which policies influence agricultural performance. There are numerous policies that impact directly and indirectly on the agricultural sector, but it is problematic to attribute causality to a single policy strand, since of course multiple factors influence short- and longer-term outcomes. Identifying definite trends in production, productivity and profitability is made more difficult by the well-known weaknesses of official statistics and inaccessibility of key data.²⁷ The impact of certain policy interventions, for example, research and extension, training and capacity building, cannot be measured directly. In terms of policy with (potentially) measurable state/donor-financed deliverables, we would hope to be able to identify both

beneficiaries and benefits. Candidates include irrigation schemes, outgrower and contract farming, subsidised inputs, and power tillers. Benefits from these are inevitably targeted, either formally, for example, focusing fertiliser subsidies on certain areas and crops, or informally, when benefits with a large potential target group are captured by strategically placed individuals and groups. Other significant 'policy' benefits accrue to importers obtaining licences and tax exemptions for routine or emergency food imports, generating major rents.

Official policies target various formal objectives, including boosting exports and foreign exchange earnings (see below), enhancing national food self-sufficiency and household food security/poverty reduction. In this programme, we are concerned with the forces that drive policy towards improving the lot of smallholders through the provision of public, private and club goods, as opposed to furnishing opportunities for patronage and clientelism to sections of the ruling elite, or providing rents to commercial interests.²⁸ For reasons just mentioned, imputing causality for any policy intervention is highly problematic. Both the GoT and donors are prone to claim that policies and supporting projects are more or less successful in achieving their stated objectives. Below we are at pains to assess claims of policy/project success critically, albeit very approximately. This impacts on the precision with which we address our two research questions, as explained below.

Two final prefatory remarks. First, the centrality of agriculture in the Tanzanian political economy has arguably declined significantly in the post-liberalisation period. Falling agricultural exports during the 1970s and 1980s was a major cause of the country's growing trade deficit and ensuing financial crisis. Liberalisation did not bring about the hoped-for revival of 'traditional' agricultural exports, and Tanzania came to depend increasingly on aid to bridge the trade gap. During the last 15 years, minerals, tourism and manufactured goods have reduced agricultural exports to almost a residual category: by 2008, non-agricultural exports accounted for 86 percent of total exports by value. Yet agriculture still employs about three-quarters of the labour force, accounts for a quarter (24 percent) of GDP,²⁹ and continues to be politically important from the point of view of feeding the towns and assuring food security. The distinction between 'food' and 'export' crops has largely disappeared as traditional exports have stagnated and maize and other food exports have become important in regional markets. The consequences of the decline of 'traditional' agricultural exports on agricultural policy have not been explored systematically, and should be incorporated in any future work on the political economy of agricultural policy. Continued widespread poverty, food security and urban food prices are enough key issues for politicians to take an interest in the rural hinterland.

Lastly, incentives to appeal to farmers do not necessarily denote agricultural policies that make sense from a developmental perspective. Short-term electoral gains

can be achieved through policies providing private or club goods to farmers, input subsidies being the example explored below, but these are unlikely to be the best use of resources from the point of view of long-term agricultural growth and transformation. Thus, a move from 'urban' to 'rural bias', through budgetary transfers (rents) to rural voters, would not necessarily signify a move to a more developmental policy regime. Providing concessional loans for such purposes can be interpreted as moral hazard.

This report should be thought of as a first look at issues which to date political economists have not studied adequately.³⁰ It is based on a review of the relevant GoT and donor policy documents, the academic literature, and interviews with government and donor agency officials and consultants. Since donor officials have a rapid turn-over rate, a number of key respondents were interviewed via email.

Our two key research questions are presented below.

Research question 1: To what extent is agricultural policy driven by the ruling coalition's concern with securing the rural vote directly through the ballot rather than indirectly through clientelism at national and lower levels?

Question 1 targets the political process as a potential driver of agricultural policy. A key issue is whether political competition, which was reintroduced in Tanzania in the early-mid 1990s, has had a beneficial impact on the rural population that still constitutes the majority of voters. Have post-1995 governments been less heavy-handed than their predecessors in dealing with the rural population and their problems? Have budgets and services increased? Are carrots replacing sticks in the policy armoury? Alternatively, has political competition heightened pressures for patronage from local political elites as a means of delivering votes?

Public spending on agriculture is one indicator of political commitment. Though spending has increased in absolute and relative terms in recent years, the GoT is still a long way from reaching the CAADP target of 10 percent of public spending. The agricultural budget increased from 3.8 percent of the total in 2000 to 4.6 percent and 6.1 percent in 2007/08 and 2009/10, but actual transfers in the last two years cited were only 2.3 percent and 4.9 percent respectively.³¹ For reasons discussed in this report, we should not assume a significant positive relationship between public spending, service and public goods delivery, and increased in agricultural production and productivity.

A number of policy decisions in recent years could be interpreted as offering benefits to rural voters as a means of gaining favour and containing the potential appeal of opposition parties, including the abolition of the development levy in 2003, reduction or abolition of taxes and levies on export crops (various years), lifting of export bans on maize and other crops (prior to the 2010

elections), and the expansion of primary education facilities in underserved areas.³² But survey results indicate that rural citizens do not see much improvement in official services in recent years, with rural roads constituting a key failure of official policy.³³

Tanzania's relatively lack of political rivalries based on ethnic/regional divisions means that the ruling party is not under severe pressure to target policy benefits on areas where the opposition is gaining ground. But possible general defection to rival parties is likely to worry the ruling party in the absence of improved livelihoods for the poor rural majority, particularly when investment and growth are taking place in other, non-agricultural sectors. Where livelihoods are under threat, party loyalties are likely to loosen.³⁴

Delivering additional indirect benefits to rural areas and voters, through research and extension, for example, takes time and is less visible than direct transfers such as input subsidies. Though, as we will see, research and extension are earmarked for substantial additional funding, it is not self-evident that more money will mean better performance.³⁵ Alternatives to offering direct policy benefits to rural voters include the use of force and intimidation, bribery and vote-rigging during elections. These require the mobilisation of local political and administrative elites and are unlikely to be accompanied by significant direct benefits to the mass of rural voters beyond receipt of green and yellow (ruling party) kanga (wrappers) and kofia (caps) at election time.

Research question 2: How has aid influenced Tanzanian agricultural policy formulation and implementation?

Structural adjustment in the 1980s saw a rapid decline in donor support for agriculture, reflecting the failure of statist policies of the preceding two decades.³⁶ More recently, international interest in food security and poverty reduction, global warming and biofuels has regenerated donor agency, philanthropy and private sector interest in tropical agriculture.

Aid to Tanzanian agriculture is dominated by loans from the WB, followed by IFAD and the AfDB. New initiatives, including the Alliance for the Green Revolution in Africa (AGRA), bring additional private resources into the mix, supplementing loan-financed project and (still quite limited) sector support from bilateral sources.³⁷ In addition, international NGOs also finance and implement projects of one kind or another in collaboration with local partner organisations. As a result, Tanzanian agriculture is the focus of multiple external initiatives with diverse rationales, objectives and implementation modalities. The literature suggests that neither the government nor the various external actors have the capacity to coordinate these different initiatives effectively.³⁸

Last, external agents push policy prescriptions as well as direct interventions. Since the mid-1980s, 'state versus market' discourses have been the focus of policy debate.

There is a view, expressed by both external and local critics, that donors—the WB in particular—have imposed neo-liberal policies on aid dependent recipients like the GoT. An alternative view is that, in the final analysis, local policy preferences prevail.³⁹ How has foreign aid influenced policies and policy implementation? How does foreign aid influence the main players' patronage strategies?

This report examines agricultural policy through the lens of two GoT initiatives, the Agriculture Sector Development Programme (ASDP) and the National Agricultural Inputs Voucher Scheme (NAIVS). The ASDP was chosen as it constitutes the GoT's major agricultural policy initiative of the new century. ASDP offers an opportunity to examine ways in which agricultural policy reflects and responds to the ruling elite's concern with maintaining electoral support during a period of rising political competition. Did the ASDP offer farming households new public goods or market opportunities that might help the ruling party retain its traditional support among the rural electorate? Alternatively, did existing informal patronage networks dominate the policy implementation process in ways that might undermine this electoral calculus? The NAIVS is a potentially politically rewarding investment in targeted input subsidies (fertiliser and improved seeds) that went to scale two years before the 2010 elections. Both ASDP and NAIVS involved policy discussions and financial commitments on the part of multilateral and bilateral donors. How did donor concerns with the GoT's policy choices and implications for deepening agricultural markets affect the elaboration and implementation of these two initiatives?

We first turn to the ASDP.

3.0 The Agricultural Sector Development Programme

The ASDP (2006-13) was Tanzania's main agricultural policy initiative of the new century. ASDP was billed as the 'operationalisation' of the Agricultural Sector Development Strategy (ASDS 2000). Preparing an agricultural strategy was a condition for Tanzania to receive HIPC debt relief (late 1990s) and for the subsequent PRSP (MKUKUTA). The ASDS proposed to: (i) strengthen the institutional framework for managing agricultural development; (ii) create a favourable climate for commercial activities, including improving the marketing of inputs and outputs; and (iii) improving transport and trade.⁴⁰ The ASDP added processes of decentralisation and participation to this list.

External support for the ASDP was to be 'basket funded'. From the late 1990s, GoT and donors developed basket funding arrangements for health and education, subsequently reducing the number of stand-alone projects in these sectors. According to the Agricultural Reference Group (2004:1) 'The large number of projects especially in the Agricultural Sector have distorted the

domestic decision (sic) process, undermined ownership, and decreased efficiency of resource allocation.⁴¹ Developing an agriculture basket to serve the same objective proved difficult due to major policy disagreements between the GoT and donors and the existence of no less than five agriculture sector lead ministries (ASLM).⁴²

Donors viewed the initial ASDP draft as proof that the GoT still maintained an essentially statist view of the sector, with the government as the main service provider and the private sector playing a subordinate role. One donor described the programme as a 'wish list' based on the four Cs: Cars, Cash, Computers and Cellphones. Ministries were likened to a 'hungry animal'. Donors were consequently reluctant to move towards basket funding the agricultural sector.⁴³

The ASDP proposed achieving poverty alleviation through decentralisation, community participation in decision-making, and private sector leadership in production, marketing, processing and service delivery.⁴⁴ All three themes reflect largely externally-derived agendas, and have proved problematic, as explained below.⁴⁵

The implementation of ASDP was extremely slow and there were many problems. Greeley (2008) suggests that 'the underlying problems with the ASDP process were ... decentralisation, irrigation and harmonisation and alignment.'⁴⁷ In a detailed analysis, Therkildsen (2011) shows how the GoT and donor agencies struggled to find enough common ground to proceed with the ASDP.⁴⁸ Despite GoT claims to privilege private sector leadership, to donors ASDP looked like a traditional government-centred, productivity-enhancing programme with the private sector playing the role of contractor.⁴⁹ The central

ministries resisted donor pressures to give LGAs a more independent role.⁵⁰

Additional problem areas identified by donors included a growing emphasis on fertiliser subsidies; state intervention in areas best left to the private sector; 'incremental administrative costs' entailed in spreading public agricultural functions across five ministries; and the failure of the GoT to reflect ASDP priorities in the agricultural budget. On subsidies, donors argued that:

'The recent increase in fertiliser subsidies creates specific distortions in the fertiliser market, and also sends a wider signal that the Government may not confine itself to provision of public goods and services, as committed under the ASDP.'⁵¹

We return to fertiliser subsidies in section 4.

A 2004 trouble-shooting workshop for GoT and donor representatives to review progress in preparing ASDP implementation listed 48 'achievements' and 111 'challenges', including lack of commitment, ownership and leadership.⁵² How did implementation proceed, and who benefited? We now turn to small-scale irrigation schemes, the (eventual) main component of the ASDP.

A 1997 Agricultural Policy Paper mentioned a target of irrigating one million additional ha of land, and this figure was repeated in the 2001 ASDS and the 2005 CCM election manifesto.⁵³ The original ASDP target for small-scale irrigation was 405,000 ha of additional irrigated land within 15 years (or 27,000 ha a year). This figure was contained in the 2002 Irrigation Master Plan prepared by Japanese consultants.⁵⁴ In 2005, the GoT dramatically increased the ASDP budget target, from TShs 744 billion

Box 1: ASDP in a nutshell

The formal objectives of ASDP (2006-13) are to (i) enable farmers to have better access to and use of agricultural knowledge, technologies, marketing systems and infrastructure, and (ii) increase private sector investment in agriculture based on an improved regulatory and policy environment. The ASDP has two components: (i) a local component which provides grants to LGs for community and farmer group investments in infrastructure (in particular irrigation) or productive activities, agricultural services (primarily agricultural extension), and capacity building and empowerment for farmer groups, local government and the private sector; and (ii) a national component, which finances agricultural research and extension service activities, development of irrigation policy and national level infrastructure, policy development and planning, capacity building for food security interventions, market development activities and programme coordination.

The five Agricultural Sector Lead Ministries (ASLM) undertake ASDP activities, with MOWI responsible for the core irrigation component. The Programme is run by a Secretariat under the Department of Policy and Planning (DPP) in MAFC, with three advisory Task Forces consisting of GoT, donor, and non-state actor participants. District-level activities are based on District Agricultural Development Plans (DADP) coordinated by PMO-RALG.

ASDP is basket-funded. The total budget (on paper) is USD 1,930 million over a seven-year period. The lion's share of ASDP money (70 percent) finances small-scale irrigation projects, formally selected on a competitive basis. A mere USD 8.8 million is earmarked for 'Marketing and Private Sector Development', suggesting that this is not an important GoT priority, but a donor 'enclave'. ASDP is funded by the GoT (75 percent - mainly for irrigation), donors (13 percent - for non-irrigation activities) and farmers (12 percent).⁴⁶ The WB (USD 165m) is the largest donor, followed by IFAD, ADB, and bilateral donors Japan and Ireland.

Sources: World Bank 2006; Wolter 2008; Lewis 2008; Simbeye 2008

to TShs 2,943 billion, and national and local irrigation activities were separated, with TShs 1,493 billion earmarked for districts and TShs 474 billion for national schemes.⁵⁵ According to Greeley, these figures represented 'a major shift in agricultural policy towards a huge public investment commitment.'⁵⁶ What was behind such a dramatic change?

Jakaya Kikwete came to power at the end of 2005, winning an impressive 80 percent of the presidential vote.⁵⁷ In a post-election meeting between Kikwete, Minister of Agriculture Joseph Mungai,⁵⁸ and employees of the MAFC, Mungai proposed a total of five million ha of additional irrigation within a decade, or 500,000 ha a year, nearly twenty times the ASDP target and surreally unachievable. The President responded that a more realistic target would be a million ha over five years, still more than seven times the original ASDP target. Since (hardly surprisingly) no one challenged Kikwete's proposal, which was contained in the 2005 manifesto, it was subsequently included in his inauguration speech, and became the main component of the programme.⁵⁹ Yet irrigation had not been a high-profile issue in the 2005 manifesto. This story shows how easily the 'intensive consultation with stakeholders', including donors, farmers, and technocrats, that was said to characterise the ASDP process could be overridden by the political centre, with little room for negotiation.⁶⁰ A CCM election commitment to one million ha of additional irrigation trumps a technocratic argument for a much less ambitious target based on practical considerations.

This story reminds us of the characteristic weaknesses of Tanzanian policy making discussed by Hyden for the early post-independence period, mentioned above, and alerts us perhaps to an important theme for a meta-analysis of the political economy of agricultural policy in Africa.⁶¹

How did donors react to the new emphasis on irrigation? ASDP was initially crafted by mid-level ministerial staff and consultants during 2001-02. Thereafter (2003-06) donors of mixed experience came to dominate the process, leading to an overconcentration on procedural as opposed to substantive technical issues. Conflicts emerged between different donors and between donors and government over the respective roles of the line ministries and the ASDP secretariat, as mentioned above. The ministries did not want a strong secretariat that could interfere with their established procedures and routines. Donors were unhappy with the chosen coordinator, but failed in attempts to get him replaced by someone more influential and qualified.⁶²

Therkildsen maintains that, prior to the President's sudden intervention, no senior politician or bureaucrat was intimately involved in or identified with the ASDP. He offers the following possible broad explanations: elites only get involved in policy in crisis situations; they are not normally expected to play an active policy making role, but only to 'interpret' party policies; frequent shuffling of ministries, ministerial portfolios and permanent secretaries weakens policy making capacity at the top.⁶³ OPM et al (2005) found that ministers were

not generally involved in bargaining over budgetary allocations: such decisions are made by a relatively small group of ruling party politicians and officials around the president. Thus it is unlikely that the Minister of Agriculture played a very central role in either raising the agricultural budget during this time or raising the profile of small-scale irrigation.⁶⁴

The donors doubted that the government had the required capacity to implement such an ambitious programme, and in 2006 withdrew from financing ASDP's (core) irrigation component.⁶⁵ One may imagine the surprise, therefore, when the WB's USD 90 million Agriculture Sector Development Project (ASDPr) was announced in 2008, making the WB the main external source of finance for both the national and the local irrigation initiatives.⁶⁶ In addition, in 2009/10 and 2010/11 the WB added a further USD 65 million to the original 90, most of which went to finance small-scale irrigation under the DADPs.⁶⁷ Additional finances were required as more and more proposals for new irrigation schemes were meeting DIDF funding criteria.⁶⁸ Thus the WB bankrolled the very component of ASDP that donors had earlier refused to finance.⁶⁹

Was there evidence that the GoT pressured the WB to support an initiative that its own experts had been critical of theretofore? Were fertiliser lobbies involved?⁷⁰ Was the WB happy to find a sizeable project to help meet its quite high disbursement targets?⁷¹ Perhaps a combination of these and other possible motives was involved.⁷²

How successful was the implementation of irrigation projects under ASDP?⁷³ Schram et al. (2007) identified numerous capacity constraints among all major stakeholders.

'...farmers do not see the importance of contributing to the water fees' so that '... irrigators' organisations often have problems with the collection of water fees.' 'Most WEOs ... lack adequate know-how to formulate irrigation projects.' 'The irrigation technicians that are available in the districts do not have the required skills for the implementation of the irrigation component of ASDP.' 'The Regional Agricultural Advisor is usually not an irrigation specialist...' 'The MAFC has not had a systematic and coordinated training programme for irrigation experts...' '...there is limited knowledge of irrigation agronomy among services providers in the private sector.' 'Many local firms have limited experience in irrigation design and construction...' ⁷⁴

Annual joint reviews since 2008 demonstrate that 'age old problems of irrigation are not being addressed...' ⁷⁵ The third joint review (2008) found that economic analysis is absent for most proposed schemes. Local authorities prefer to invest in new schemes rather than rehabilitate existing ones. 'Many projects are started but receive insufficient funds for completion.' Further finances cannot

be planned or guaranteed as DIDs have no legal status. 'This contributes to stop-go construction and the dragging out of project completion.'

The third joint review mission also noted 'with concern that all schemes visited had unsustainable arrangements for ... operation and maintenance.' Both skills to assess O&M needs and funds to finance them were inadequate. Beneficiary contributions towards O&M were 1/10th to 1/20th of those in Asian countries or Kenya, too low 'to prevent inefficient water use and eventual scheme collapse.' Problems exist with ensuring that water rights are respected and consistent with water availability. 'A number of ... schemes produce only one crop per year and the land is idle for 7 months due to the unavailability of dry season water rights.' Despite the grave problems noted by recent reviews, the 2009 review mission 'established that the programme implementation is on track and overall performance rated to be satisfactory.'⁷⁶

There is considerable evidence of corruption in local councils, which may undermine DADP implementation. For example, summarising spot checks of local road construction and maintenance in 2009, the parliamentary Local Authorities Accounts Committee (LAAC) Chairperson Dr Wilbrod Slaa⁷⁷ identified sub-standard (or no) construction and 'in most cases' procurement and tender procedures were not followed 'raising serious doubts of corruption.' These weaknesses include 'gaps in the accounting system, inadequate supervision and failure to observe laws and regulations.'⁷⁸

The quality of project implementation is therefore a major concern, particularly in the less developed regions. For example, in 2009 a TShs 230 million irrigation scheme in Nyatwali village, Bunda District, Mara Region, failed to take off, allegedly because the pumps procured for the project were too small or 'substandard'. The local DC twice refused to inaugurate the scheme, and 'over 200 hectares of maize are wilting for lack of water.' The scheme is in the constituency of Mr Stephen Wassira, the (then) Minister of Agriculture. The Minister directed his private secretary "to follow up on the engines."⁷⁹ More recently, the Minister of Agriculture, "...accused heads of agricultural departments of misusing funds." "For example, when the government releases funds for irrigation projects, you use it (sic) to pay allowances to officers who participate in exhibitions. When we query, you come up with lengthy explanations why you decided to misappropriate the money," he said.⁸⁰

Despite the serious constraints on project performance, the WB's additional USD 35m finance for the ASDP committed in 2010 rated the risk that 'Irrigation expansion targets [are] not aligned to capacity and available financing' as 'modest', as were all other risk elements.⁸¹ It is worth noting that almost as much of the additional finance was for rehabilitation (USD 15.4m) as for new projects (USD 16 million). To state the obvious: projects that have to be 'rehabilitated' have clearly failed the sustainability test. How many past donor-financed irrigation schemes have delivered sustainable benefits to significant numbers of farmers, cost-effectively?⁸²

The NIDF (large projects based on PPPs) has not taken off as government funds are inadequate and potential investors are not forthcoming because, it appears, of risks attached to water and land rights and failed out-grower arrangements. The problems of water rights and O&M identified at the start of ASDP had not been seriously addressed by 2010. The fifth joint review mission (September 2010) found that none of 12 schemes visited had O&M arrangements in place in line with ASDP guidelines.⁸³ Ten schemes had no user organisation. No farmers paid the required five percent of crop value as recommended. Yet the review makes no recommendations on how to tighten up O&M.⁸⁴ As in previous reviews, the overall progress of implementation is rated as 'satisfactory'.⁸⁵ Box 2 asks why so many audits, reviews and evaluations seem to paint an overly rosy picture of the performance of donor-financed projects and programmes.

Why are there so few project successes and so little impact? Therikildsen suspects that:

'donors and government collude in assessing the ASDP positively despite disturbing evidence from their own joint review reports to the contrary. One Tanzanian participant in the review told how the visited projects were cherry-picked by the local authorities, and how there was a clear reluctance in the team to take hard decisions.'⁸⁶

ASDP claims that the total area under irrigation increased from 264,000 ha in 2006 to 332,000 in 2010, or 17,000 ha of additional irrigated area a year.⁸⁷ DADP procedures for identifying and financing irrigation projects were slow and cumbersome. The 2010 joint review claims that average paddy yields (most of the irrigation projects are for rice) increased by 600 percent as a result of irrigation.⁸⁸ Even if this claim is an exaggeration (and we cannot know for sure) we may still assume that project participants enjoy some short-term gains, but our analysis suggests that these gains ('club goods?') are unlikely to be either significant or sustained.

There is no evidence to suggest that ASDP managers have addressed the fundamental issues of land and water rights, irrigation scheme O&M systems and finance that determine the sustainability of these investments.⁸⁹ After endorsing the irrigation focus of ASDP on coming to power, the President and his new ruling coalition left the tricky legal and institutional issues to the bureaucracy to sort out—or ignore. This division of labour between the political and the bureaucratic arms of the state has been noted by Hyden (1984, 2006). Donor concerns with GoT capacity to deliver proved well founded, though they did not prevent the WB from investing a total of USD 155 m in the programme.⁸⁹

What were the politics behind ASDP? Theory suggests that the ruling coalition may have both clientelistic and electoral motives for spreading material benefits to rural areas. ASDP took off in a big way after the 2005 elections,

Box 2: What do we learn from audits, reviews and evaluations?

With some notable exceptions, programme/project monitoring, evaluation and audit, are heavily biased towards funders and implementers, with basic issues ignored or understated. For example, a forensic audit of a USD 50m Norwegian funded programme implemented by the Ministry of Natural Resources and Tourism (MNRPT) concluded that at least half the programme funds had been misused, despite annual audits by the Controller and Auditor General, independently reviewed by PriceWaterhouseCoopers, and regular joint missions, including project and site visits. One sub-project, previously considered a major success, turned out to be riddled with corruption and waste. Working relations built up over many years between external programme officials, researchers and consultants and their Tanzanian counterparts made it difficult to address fundamental issues about how the programme was managed, and touchy issues like possible waste and corruption at national and project level were studiously ignored. Neither side was in real terms accountable to a public watchdog or elected body. In a controversial resolution to the problem, the Tanzanian government paid back a fraction of the amount identified as misused by the forensic audit, while at the same time the Norwegian government was designing a NOK 500 million carbon credit programme (REDD Plus) with the Tanzanian government.

From 1966 to 1998, the WB financed 40 loans to Tanzanian agriculture and livestock. Of these, the WB evaluated 31 projects: 19 were rated 'unsatisfactory' (61 percent) and 12 'satisfactory'. Three agricultural adjustment credits worth USD 227 between 1990 and 1993 were deemed 'satisfactory'. A more recent internal assessment rated all ongoing WB projects in the country as 'satisfactory'. Putterman (1995) explained the 'disappointing results of liberalization ... in agriculture' (particularly in export crops) in terms of 'deficiencies in policy and implementation.'

The Parliamentary Local Authorities' Accounts Committee (LAAC) routinely unearths examples of financial irregularities in LGAs receiving clean bills of health from the CAG. In part, this reflects the limitations of the audit function, which does not investigate value for money, but there is a strong suspicion that irregularities are systematically glossed over. 'External' and 'independent' reviews and evaluations are also routinely biased towards the funders and implementers who hire them. It is thus possible for an underperforming programme or project to be given an undeserved stamp of approval. Value for money (efficiency) and sustainability are chronic problems, rarely admitted.

Local academics and consultants generally avoid criticising the policies and projects on which they work. Patronage in hiring consultants and commissioning studies assures the bureaucracy that 'sensitive' or embarrassing issues will be ignored or dealt with sympathetically. Though there is somewhat less patronage in hiring external reviewers and consultants, most of these also exercise varying degrees of self-censorship in their handling of the same issues. Booth (2011) argues that self-censorship is exercised in part out of simple self-interest (school fees, mortgages...). Without honest feedback on project performance it is impossible to learn from past failures, including 'innovative' projects trying new approaches.

Sources: Jansen 2009; Erickson 2011; World Bank 1990; 1998; Putterman 1995; Slaa 2009; Booth 2011

not before them, suggesting that the new president was not seeking immediate pay-offs of either kind.⁹¹ If clientelism is the objective, the strategy may serve to keep local elites onside in order to get them to deliver the vote five years down the line. Assuming that clientelism is a partial motivation, the logic of allocating relatively large amounts of cash to LGAs is to allow the local elite to cream off some of the funds availed by the state and donors' largesse. The struggle over who should ultimately control ASDP suggests that rents were a motivation, but this is not the only possible explanation.

At the same time, the political centre delegates responsibility for identifying irrigation scheme beneficiaries to local elites, who may also be expected to capture rents from construction contracts, which have an upper ceiling of USD 50,000.⁹² These elites include regional, district and lower-level political appointees, MPs, district council and ward officials, and local businessmen.⁹³

Continued clientelism rather than seeking direct support from the electorate, is by far the dominant elite strategy. As Poulton concludes from a sample of African countries, 'policy is rarely the dominant approach to gathering votes.'⁹⁴ Patronage breeds leakages at all points in the project cycle, reducing the funds available for actual schemes. The likelihood that many proposed schemes are not financed through lack of funds or other reasons raises the risk of disappointing more voters than are brought (or kept) on side through successful projects. Figure 1 summarises key characteristics of direct vote seeking as opposed to indirect clientelist strategies for elites intent on gaining political support.

The likelihood that clientelism will absorb the major part of available resources, leaving little to trickle down to the intended beneficiaries should not be discounted lightly. Systemic clientelism with periodic efforts by local elites to bring in the vote, in the general absence of economic progress or state-derived benefits of any kind, sums up our political economy of agricultural policy at the local level. Initiatives justified in terms of poverty

Figure 1: Vote seeking and clientelistic elite strategies compared

	Vote seeking	Clientelism
Deliverables	• Broad-based benefits to selected regions, districts and localities	• Opportunities for local state/party officials and private sector to capture rents
Benefits	• Enhanced livelihoods • Greater state legitimacy	• Local level elites are bound to the ruling coalition and help it retain power • Rents may lead to accumulation
Limitations	• Private benefits do not reach many voters and are not sustained • Non-beneficiaries disillusioned	• Clientelistic rents reduce potential benefits of competitive politics to voters

reducing or livelihoods enhancing objectives serve the purposes of networks of national and local elites. Are these 'purposes' on balance economically productive or largely redistributive? Rent theory leaves open the possibility that rents or rent-creating opportunities can be put to productive use, perhaps spurring the growth of a commercial farming class. In this respect, access to cheap or free land afforded to elite members by exercising political influence constitutes a key rent. Whether these rents are or are not used productively remains to be seen.

Bourgouin and Therkildsen (2011) argue that democratisation has increased the power of local elites relative to the political centre.⁹⁵ Indicators of this trend include local control over land allocation, selection of CCM candidates, and the effects of decentralisation. Disputes over land allocation are common and increasing in light of growing population pressure and foreign investment in estate and outgrower agriculture, empowering village leaders. CCM candidates for parliament are now selected by all local party members, not just the local party elite. With the process of decentralisation delivering ever larger transfers to local governments, the political centre is under pressure to decentralise a significant amount of patronage to lower level actors.⁹⁶

A further innovation that has potential to strengthen the position of incumbent parliamentarians is the Community Development Fund (CDF) that became law in August 2009. Both ruling and opposition MPs supported the bill, which was strongly opposed by CSOs.⁹⁷ Currently, the CDF is worth TShs 10 billion (USD 6.3m) a year.⁹⁸

The apparent rising strategic powers of local elites vis-à-vis the centre are also a consequence of political competition: the centre now needs local elites more than it did before. Decentralisation may then be a way to compensate local elites for the extra political role that they now play as regards bringing in votes. Where opposition parties are relatively strong, there is potential for 'real politics' to develop around agricultural issues. Case studies are required to determine the circumstances in which real political competition is likely to improve rural livelihoods.

Since decentralisation policy originated with donors, one might speculate that—at least in this case—donor policies did have an impact on internal political processes.

Another key issue that data limitations prevent us from fully addressing is the extent to which specific regions/districts are favoured in the ASDP or alternatively discriminated against for being in the opposition camp, as is sometimes claimed. At the district level, what determines which of the contending projects gets financed and which don't? Are politically marginal regions/districts likely to receive more or less schemes than the more loyal?

Appendix 1 compares the country's regional irrigation potential with transfers to regions for irrigation projects in 2007. It is clear that the transfers largely favour areas with relatively low irrigation potential: Ruvuma, Mtwara, Lindi, Tanga, and Singida; not the higher potential irrigation regions (Morogoro and Coast are the only high irrigation potential regions which also have high DADP allocations). Ruvuma is an outlier, receiving 12 percent of all funds. We lack an obvious explanation for this pattern (assuming it represents actual disbursements). It is most unlikely that it reflects variations in the quantity and quality of project proposals, which are aggregated at district level. According to Greeley (2008:21) the political centre still has the major say on the overall allocation of irrigation scheme finances. The high irrigation potential of Kilimanjaro Region (ranked 2nd in the country) is not reflected in the 2007 DADP allocations (ranked 19th). Could 'Kilimanjaro' be being 'punished' by the centre as a hotbed of the opposition rather than courted for its swing voters? Alternative explanations for the pattern of allocation include attempts to secure regional food security and/or poverty alleviation, as some of the favoured regions are relatively poor.¹⁰⁰

Much comparative research suggests that Tanzania's regulatory and policy environment is still fundamentally inconducive to private sector development. Our review of ASDP suggests that the private sector plays a subsidiary role and that the objective of increasing private investment in the sector is not furthered by the programme's various components.¹⁰¹

3.1 Conclusions on ASDP

3.1.1 State engagement with stakeholders

What does the irrigation component of ASDP tell us about agricultural policy? In its formulation and implementation does it reflect a programmatic engagement of policy makers and technicians with farmers to find sustainable solutions to water management problems? Or does it reflect the interests of senior politicians and bureaucrats to advance their own interests, both formal and informal? Or a bit of both? Where does 'the market' fit in?

One of the ASDP's objectives is 'to increase private sector investment in agriculture based on an improved regulatory and policy environment'. GoT and donors have been the key actors throughout the ASDP project cycle. Commentators argue that the private sector (businesses and farmers) has not been sufficiently engaged in the programme. Did the private sector play a significant role in ASDP formulation and implementation? According to Lewis et al. (2008): 'the private sector is not yet an active player in ASDP. On ASDP formulation and implementation, Lewis et al. relate that:

'As early as 2002 - during ASDP preparation - there was a high level meeting of private sector stakeholders jointly chaired by the then Permanent Secretaries of the Ministries of Agriculture and Food Security and Cooperatives and Marketing. This 'brainstorming' session produced recommendations from key private sector organisations covering aspects of investment, marketing, institutional development and land development which might be addressed through ASDP. However, substantial support for private sector development has not yet been systematically incorporated into ASDP activities.'¹⁰²

'Joint Implementation Reviews of ASDP indicate that ... there has so far been limited involvement of farmers and other private sector actors in the process. It is generally acknowledged that "capacity building and a change of attitude in LGAs are needed to make farmer empowerment and private sector involvement a reality".'¹⁰³

Were irrigation schemes built and rehabilitated efficiently and effectively? Programme reviews cite fundamental problems that undermine impact and sustainability. Above we quoted Hyden's critique of the post-independence policy process in Tanzania. Policy making was overly ambitious and failed to take human and material constraints into account.¹⁰⁴ Does the decision to focus on irrigation conform to this image of unrealistic policy making? Arguably, the sudden

presidential initiative and ASDP's subsequent focus on small-scale irrigation provides a modern example of impromptu 'policy-making', largely uninformed by prior technical and risk analysis. Irrigation engineers were sceptical of the exercise, but were reluctant to say so publicly. This conclusion supports the 'policy failure' explanation of agricultural underdevelopment mentioned in section 1, but it does not address the issue of the interests served by irrigation schemes.

Although farmers and their representatives were involved in the formulation of irrigation projects at the local level, the ultimate choice of the 'most viable' projects was left to the secretariat representing the ASLMs. We have no information on the fairness or technical quality of the screening process, or the degree to which patronage is involved. Partial indirect evidence cited above suggests that the pattern of DADP financing is unrelated to irrigation potential, but more research is required.

No doubt some schemes were more viable than others, but the chances that many of them (rehabilitated and new) will prove sustainable or economically viable are not good, if past experience of routine policy implementation failure is any guide. A parallel is rural domestic water schemes, which have frequently suffered from management and governance problems that threatened their sustainability.¹⁰⁵

We cannot say that the main motivation behind the irrigation schemes was to provide public goods benefiting farm households and communities; they seem rather to serve the institutional imperatives of (part of) the ruling elite and the donor community, discussed further below.¹⁰⁶ We can speculate that success in providing patronage benefits to local elites may have helped motivate the latter to support the ruling elite as well as to bring out the rural vote at election time. It is also possible that some intended beneficiaries derived significant value from irrigation schemes, including higher yields and income, which might encourage them to vote for the ruling party. We lack hard evidence to test either proposition.

3.1.2 Role of donors

Donors fund the ASDP through basket funding, general budget support, and projects. From the outset, donors had difficulty coordinating their aid efforts and operationalising their formal commitment to enhancing the role of the private sector. They found it difficult to agree with the GoT on key aspects of the ASDP, but they also disagreed among themselves. According to Greeley:

'... donor proliferation, with seven DPs helping to develop the ASDP, has been a serious obstacle to speedy ... progress. There is (sometimes) lack of internal coherence of DPs within country offices and often with their HQs.'¹⁰⁷

These problems slowed down the launch and implementation of ASDP.

The GoT's administration of the agricultural sector—with five 'agricultural' ministries—makes it extremely difficult to implement sector-wide projects and programmes effectively, efficiently and on time. The practical solution adopted by the WB and other lending agencies has been to 'subcontract' project implementation to notionally independent Project Management Units (PMUs).¹⁰⁸ This solution offers significant opportunities for patronage in project staff recruitment, rent-seeking in tendering and contracting, and the embezzlement and waste of project funds.¹⁰⁹

In her discussion of aid to Tanzanian agriculture, Wolter (2008) notes that 'the evidence so far suggests that the involvement of recipient, and especially the private sector, in the development and implementation of DADPs is limited.' She cites evidence suggesting that 'donors were ... reluctant to share the lessons they had learnt from their projects. ... As a result the chance to feed project experience into programme support was largely missed.' Furthermore, 'The 2007 World Bank evaluation of several of its projects in the agricultural sector points to the Bank's limited analysis beforehand of the institutional capacity of the GoT to implement the ASDP.'¹¹⁰

Analysts have long linked aid ineffectiveness to institutional weaknesses and rent-seeking. Ateba (1999) argues that failure to take these into account can explain much of the WB's poor project performance in Africa.¹¹¹ During the 2008 parliamentary budget session, the chairman of the Parliamentary Finance Committee, Dr Abdallah Kigoda, said that 'the funds channeled to local authorities through the ASDP must be strictly monitored to curb embezzlement as the impact of the billions spent in the past was not evident.'¹¹²

ASDP was a first attempt at an agricultural basket arrangement following the successful introduction of education and health baskets. Inadequate oversight and accountability among both donors and government allow this collaboration to continue, despite failure to deliver economically viable and sustainable outcomes to significant numbers of farm households. Therkildsen identifies a virtual conspiracy between aid agencies and the GoT that drives a common discourse of project success despite broad agreement on the low level of state capacity regarding public goods creation and service delivery.¹¹³ As long as both sides of the aid equation are largely unaccountable to local or external publics, underperformance and waste of human and material resources in aid-financed projects are likely to continue. A political economy of aid needs to address the question: why, if project loans are so conceptually and practically flawed, does the project cycle continue to survive and prosper?

As bilateral donors either pulled out or retained a modest presence in ASDP, WB funding became far more than all other donor contributions combined. The WB's decision to proceed with a large loan in support of ASDP

despite serious policy and practical reservations among numerous other donors served to underwrite the vested interests of state actors in the programme, thus undermining the attempt to leverage a more market-oriented approach through basket funding and budget support. The WB's dominant role among Tanzania's traditional donors allowed this to happen without the obvious contradictions becoming a public embarrassment for the Bank. The virtual conspiracy between WB and GoT includes claims that the WB's support was validated by the results, despite the major caveats mentioned above.¹¹⁴

We now turn to input subsidies. Are these a more successful vote buying ploy than irrigation schemes?

4.0 The National Agricultural Input Voucher Scheme

In his 2003 budget speech, the Minister of Agriculture and Food Security announced the reintroduction of fertiliser subsidies. Neither the subsidies nor their concentration on the Southern Highlands had been the object of prior public debate.¹¹⁵ Moreover, 'subsidies went against the stated policy of all major donors.'¹¹⁶ Continued donor opposition to subsidies contrasted with pressures from MAFS and MPs to spread the subsidies beyond the Southern Highlands¹¹⁷

Subsidies were worth TShs 2 billion in 2003/04, increasing to TShs 32 billion in 2008/09 and, with the help of a WB loan, TShs 138 billion (USD 92 million) in 2009/10, when the system expanded to include paddy. In 2008/09 the National Agricultural Input Voucher Scheme (NAIVS) targeted 700,000 farmers in ten regions¹¹⁸ to receive 155,000 metric tons of subsidised fertiliser and 65,000 tons of seeds.¹¹⁹ Nearly 1.5 million farmers were targeted in 2009/10. In 2010/11, an election year, NAIVS was scaled up to 74 districts in 20 regions targeting 2,000,000 direct beneficiaries.¹²⁰ Therkildsen (2011) sees this escalation of subsidies as evidence of the ruling coalition's efforts 'to win political power.' The decision to reintroduce and expand fertiliser subsidies was politically motivated and seen as a vote winner by the highest political leadership.¹²¹ It was also very much against the advice of the donor community at the time, as explained in table 1.

Imported fertiliser is used mainly on maize, tobacco, and coffee. Fertiliser use varies hugely between regions. The Southern Highlands' 'big four' regions (Iringa, Mbeya, Rukwa and Ruvuma) consumed more than half of all fertiliser in Tanzania prior to the removal of subsidies. As part of structural adjustment, the IFIs advised the GoT to remove fertiliser subsidies and abandon pan-territorial pricing of inputs and purchased crops. The demise of these policies (1991-94) made commercial maize production too expensive for many smallholders, particularly in outlying parts of the Southern Highlands.¹²² In 1991, over a quarter (27 percent) of agricultural holdings are said to have used fertiliser, declining to only

Table 1: Use of chemical fertiliser, agro-chemicals and improved seeds in 2006, percent

Last year, did you use more or less of the following?				
Chemical fertiliser	Poorest	Middle	Least poor	All
About the same	1	4	10	5
Less	1	5	12	6
<i>Never used</i>	98	90	69	86
Agro-chemicals	Poorest	Middle	Least poor	All
More	2	5	9	3
About the same	6	12	19	12
Less	8	11	12	10
<i>Never used</i>	84	72	60	72
Improved seeds	Poorest	Middle	Least poor	All
More	3	6	11	7
About the same	3	9	14	9
Less	4	8	9	7
<i>Never used</i>	89	76	66	77

REPOA 2007 (n=2,837)

11 percent in 1997.¹²³ However, the withdrawal of subsidies seems to have had little effect on maize production per capita,¹²⁴ which has remained flat, while labour productivity has stagnated at a very low level.¹²⁵ Table 1 summarises input use in ten mainland regions in a survey undertaken during March-April 2007.¹²⁶

The majority of Tanzanian farmers have never used chemical fertiliser, improved seeds or other chemical inputs. Few have used agro-chemical pesticides, herbicides or fungicides. Even two-thirds of the best-off farmers have never used chemical fertiliser.¹²⁷ Disaggregating the results reveals marked regional differences, with nearly three-quarters (73 percent) of Iringa respondents having used chemical fertilisers (see below).¹²⁸

Not surprisingly, the least poor farmers were much more likely than the poor to use chemical fertiliser and improved seed, and to find input prices and availability more satisfactory than the poor. We suspect that a relatively small group of better-off farmers accesses the lion's share of the fertiliser available to Tanzanian farmers,

though evidence-based quantifications of this are not yet available. Below, we make a first attempt.

A review of fertiliser subsidies and use in Iringa, the country's main maize surplus region, reveals the following.¹²⁹ First, Iringa farmers received nearly a fifth (19.5 percent) of all subsidised fertiliser during 2009, and the four southern highlands regions nearly half (49.3 percent).¹³⁰ Second, more Iringa farmers use chemical fertiliser than farmers in other regions. In 2007, only 37 percent of Iringa farmers had never used chemical fertiliser, compared with 86 percent of farmers nationwide (see **Appendix 2**).¹³¹ Third, there was a wider range of fertiliser use between poorer and better-off farmers in Iringa than nationally, suggesting a group of larger than average farmers in Iringa who benefit disproportionately from subsidised inputs.¹³² Four, inorganic fertiliser use varies significantly between districts. Table 2 gives 2002/03 census figures for fertiliser use in Iringa's seven districts.¹¹³

In Njombe in 2002/03, 41 percent of the total planted area consists of farms using 'mostly' inorganic fertiliser, compared to only 25 percent for the Region as a whole.

Table 2: Fertiliser use in Iringa Region by District, 2002-2003

	No fertiliser		Inorganic fertiliser		Manure/compost		Total	
	Households	%	Households	%	Households	%	Households	%
Iringa R	28,351	54	11,520	22	12,842	24	52,713	100
Mufindi	31,180	56	8,962	16	16,625	28	56,767	100
Njombe	21,849	28	32,625	41	24,297	31	78,771	100
Ludewa	16,705	68	4,421	18	3,402	14	24,528	100
Makete	12,401	49	5,420	21	7,406	30	25,227	100
Iringa U	569	49	398	34	195	17	1,162	100
Kilolo	26,220	66	6,236	16	7,093	18	39,549	100
Total	137,276	49	69,582	25	71,859	26	278,717	100

Source: National Bureau of Statistics 2007:154

Appendix 3 suggests that Njombe received a disproportionate number of the total vouchers allocated to the region. Very provisionally, we may conclude that: the southern highlands (plus Morogoro) are the main targets for subsidies; better-off farmers benefit disproportionately from input subsidies; the better-off farmers are concentrated in certain areas, for example, Njombe; and such areas are likely to receive more vouchers per farming household.

Iringa rural constituencies are a bastion of support for the ruling party. In the 2010 elections, the Chadema candidate narrowly won the Iringa Urban constituency (50.4 of votes cast versus¹³⁴ 44.3 for CCM), but the other nine Iringa constituencies remained firmly in CCM hands. In Njombe Urban, Ismani, Ludewa, and Mufindi (North) constituencies, CCM candidates were returned unopposed, while in the other four the CCM majority ranged from 91 percent (Kilolo) to 67 percent (Njombe West).¹³⁵

The above description of input subsidies is consistent with a number of interpretations of what drives Tanzanian agricultural policy. There is little doubt that the ruling elite would be interested in the formulation and implementation of the NAIVS. First, if subsidies lead to a rise in maize production this would put a downward pressure on prices in Dar es Salaam and other urban markets.¹³⁶ Since food is the main expenditure item of the urban poor, it makes political sense to subsidise maize prices. Input subsidies are also consistent with a vote-seeking or a supporter-rewarding interpretation of policy. Alternatively, the solid support for CCM in rural areas could be seen as a response to the input subsidies, suggesting that votes can be bought by successful policies. The weakness of this argument is that many farmers probably do not receive subsidised inputs, even in Iringa. There is also a risk that the disappointed non-recipients are more likely to vote for the opposition than perhaps they would have been in the absence of subsidies. The evidence presented below concerning the implementation of the input scheme leaves little doubt that misallocations from national level down undermined the objective of targeting the subsidies on a broad group of smallholder households. But what orders of magnitude are we talking about?

Control of subsidies also means control of incentives for patronage and rent-seeking. At the national level, rents may be very substantial. Locally, we may expect subsidised inputs to provide benefits for 'lower level factions' within the ruling party and bureaucracy, and for big farmers.¹³⁷ These will then be more motivated to support the centre and bring out the vote when required to do so.¹³⁸ Clearly, the greater the benefits to lower level factions of CCM and other supporters through diversions of the subsidy, the fewer the benefits to farmers in general.

Further research is required to understand the local-national political dynamic and the role of larger commercial farmers in input policy and implementation.

How did donors react to the growing policy interest in subsidised inputs? In 2004, donors expressed their concerns in a letter to the Minister of Finance.¹³⁹ The main issues were that the profitability of fertiliser use varies widely; subsidies are difficult to target, and benefits are modest even for the recipients; they are expensive to administer; crowd out the private sector; and displace more sustainable land use practices. As regards targeting, 'benefits are often captured by the least needy farmers.'¹⁴⁰ Administrative costs (including rent-seeking) 'often outweigh the benefits.' Subsidised fertiliser often arrives too late to be effective, and has often been of the wrong type.¹⁴¹ The DPs collectively concluded 'that money currently allocated to price and credit subsidies for fertiliser can be better spent on alternative approaches, many of which are already operative in Tanzania and can be scaled up.'¹⁴²

The general donor attitude to fertiliser subsidies softened in the mid-2000s, in part as a result of the perceived success of the Malawi subsidy programme.¹⁴³ Thus it was somewhat less of a surprise than might have been the case when in 2008 the WB announced a USD 160m loan for an Accelerated Food Security Project (AFSP), in support of the input voucher scheme. Still, WB staff were warned of the likely risks involved in a large-scale project of this kind in Tanzania. They were reminded that input vouchers were 'enormously risky' because of the lack of critical background analysis and the inadequacy of state technical and managerial capacity at both national and local levels.¹⁴⁴ The WB justified the project as an emergency response to an urgent request from the GoT to address a short-term food crisis.¹⁴⁵

A food 'crisis' can denote localised shortages as a result of crop failure leading to hunger in rural households, or urban shortages leading to price rises for the majority poor. Both aspects were potentially important for the ruling elite in the build up to the 2010 national elections. Subsidies targeted the southern highlands, Iringa Region in particular. This strongly suggests a concern with urban food prices. In terms of farmer targeting, those with one hectare or more of maize or rice were formally identified as potential beneficiaries. Those below this threshold were excluded on the grounds that they would not be able to afford even subsidised fertiliser.¹⁴⁶ A relatively small number of better-off farmers were formally excluded on the grounds that they could afford to pay the full price.

In 2008, there were said to be just over four million farming households in Tanzania, of whom 'farming households growing more than 1 ha of maize or rice' numbered 2.9 million (73 percent of the total).¹⁴⁷ The total number of farmers (as opposed to farming households) growing more than one ha of maize or rice was put at 2.59 million. Of this number, almost all (2.55 million) were identified by Village Voucher Committees (VVC) as potential 'beneficiaries'.¹⁴⁸ MAFS distribution data indicate that 29 percent of this total received maize fertiliser subsidies in 2008/09, and 57 percent in 2009/10. Given that in 2007 86 percent of farmers had never used chemical fertilisers (Table 1 above), the input scheme aimed to reach an additional 29 percent of all farm

households nationwide (86 percent minus 57 percent), or roughly 750,000 farmers 'growing more than 1 ha of maize or rice'. If each household contained two voters, CCM's target constituency to help retain electoral support could be 1.5 million voters. However, the actual distribution of vouchers is likely to have reduced this figure significantly, for reasons discussed below.

Input vouchers are distributed through a series of committees from the national to the village level.¹⁴⁹ The MAFC manages and oversees the entire process, establishes the volume of vouchers to be distributed 'in line with regional requirements', prepares guidelines for the scheme's implementation and a directive on farmers' eligibility. MAFC also prepares guidelines for setting up voucher supervisory committees at regional, district, ward and village levels. The Minister of Agriculture chairs the MAFC committee and the PS is the secretary.¹⁵⁰ The regional committee, which is chaired by the RC, manages the scheme at the regional level and is charged to assure that areas whose irrigation infrastructure is in good condition are given priority in voucher distribution. The district committee, chaired by the DC, is responsible for identifying rice and maize farmers eligible for the scheme. Here we see the overlap between ASDP and NAIVS. The Ward committee, chaired by the WEO, is the link between the village and the district. Finally, the village committee prepares a list of farmers engaged in growing at least one hectare of maize or rice and identify those who qualify as beneficiaries for the voucher scheme. There are three vouchers, two for fertiliser and one for seeds. Agents provide inputs to farmers in exchange for vouchers and cash. The vouchers represent half the retail value of the inputs. Vouchers are checked by the DALO before the agents present them to the National Microfinance Bank (NMB) for payment.

Thus identifying beneficiaries of subsidies is micro-managed by the state's politico-administrative system, with the private sector brought in to handle the finances and physical distribution.¹⁵¹ The latest (2010) review rated most NAIVS/AFSP performance indicators as 'moderately satisfactory'.¹⁵²

'The implementation of the voucher program shows substantial regional and local variation. Critical data to facilitate decision making on voucher allocation and program implementation for the current year still has significant gaps. The implementation of seed sector activities continues to be seriously delayed, including as a result of slow procurement.'...the mission noted poor documentation and recording of the voucher distribution at both district and village level.'

In terms of financial management the review noted weak internal controls and poor record keeping, delays in voucher redemption and in the release of government counterpart funds. Consequently, the:

'Financial Management System risk has been rated as substantial due to the complexity of the project which involves different actors with high inherent fiduciary risk taking into consideration that the vouchers are as good as cash'.¹⁵³

Half a dozen actions agreed to in a previous action plan to improve financial management had not been implemented by the time of the 2010 review.

Despite these weaknesses, no grand corruption or 'elite capture' was detected in NAIVS/AFSP. In Iringa:

'At a meeting of District level officials of the entire Region those present were encouraged to share such instances but examples were not forthcoming. The only examples of maladministration related to capture by a particular agro dealer of all the vouchers thereby curtailing competition, attempt by an agro dealer to cheat farmers by giving less quantity of input that (sic) required, attempt by the village level officials to dominate the allocation of vouchers etc. However in all cases the maladministration was reported to have been detected in time and rectified. The mission found no reason to doubt this impression created by local authorities. It found the District Commissioner Iringa very involved in the project and taking a personal interest in its implementation by touring villages and educating farmers'.¹⁵⁵

An official audit of the AFSP for 2009-10 gave the project an 'unqualified' opinion, observing that: '... expenditure incurred was made judiciously and exclusively for the purpose of the Project with due attention to economy and efficiency'.¹⁵⁶

Independent information on the implementation and impact of the AFSP is patchy, but a picture of systematic 'leakages' is emerging that challenges the official view presented above.¹⁵⁷ At the national level, fertiliser agents have been registered under pressure from senior officials. In August 2009, training of agents by external consultants was interrupted when the MAFC came up with a different list of agents, who were duly trained, though some lacked the basic experience for the task.¹⁵⁸ 'Fake' agro-dealers may reallocate vouchers destined for remote areas to other beneficiaries. Asked in April 2008 whether the MOAF was 'aware that some of the selected agents are cheating by ... exporting subsidised fertiliser to neighbouring countries or even selling the same to farmers at full market prices' the Minister of Agriculture replied that: 'the ministry is ... investigating these allegations'.¹⁵⁹

At the local level, abuses of input distribution procedures are common. A civil society¹⁶⁰ source claimed that: 'The operation of the input subsidy ... has been

dominated by corruption.¹⁶¹ The CAG's annual reports note numerous irregularities in the management of the voucher scheme.¹⁶² In January 2008, two junior officials in Mbozi District were 'suspended ... for illegally selling ... tonnes of subsidised fertiliser' to Malawi and Zambia. In June 2010, Rukwa Regional Commissioner Daniel Ole Njoolay tasked the Prevention and Combating of Corruption Bureau (PCCB) and Attorney General's office (AG) to carry out investigations into 'massive irregularities, misappropriation of funds and theft of agriculture inputs worth over 8bn/- through the voucher system.'¹⁶³ In August 2011, two voucher distribution agents in Rufiji District were arraigned for offering a TShs 10 million bribe to a PCCB officer in connection with an investigation into input voucher fraud in the district.¹⁶⁴ At the same time, an Area Councillor in Moshi Rural District complained that she had "been swamped with complaints regarding the distribution of subsidised fertiliser."¹⁶⁵ In Chato District, Kagera Region, no less than 49 people, including three agriculture and livestock officers, 29 village executive officers and 11 village chairpersons) were charged in court for abusing the system. This source points out that 'all the accused are respectable community leaders and government officials who ... are tasked to implement and safeguard the system.'¹⁶⁶

Only farmers who can afford the fertiliser at the subsidised rate are supposed to be deemed eligible by the village committee, headed by the Village Executive Officer, but in some villages all farmers are deemed eligible.¹⁶⁷ Some farmers are said to sign for vouchers they do not receive in exchange for a small cash payment.¹⁶⁸ In September 2009, the Mbeya District Commissioner complained that 'dishonest agents ... collude with unscrupulous businesspeople who buy the fertiliser and sell it to farmers at a higher price.'¹⁶⁹ One MP is cited as saying that "the subsidised fertiliser was bought by traders and resold to farmers at a profit." Another MP claimed that "poor farmers don't benefit."¹⁷⁰ In a study of the voucher pilot programme in Kilimanjaro Region, Pan and Christiaensen (2011) found that elected village officials 'received about 60 percent of the distributed vouchers, a factor that significantly reduced the targeting performance of the program, especially in more unequal and remote communities.'¹⁷¹ Ongoing research in Manyara Region found that in a small and unrepresentative sample of input voucher recipients, 22 out of 26 vouchers (85 percent) were captured by the best-off quartile.¹⁷² Finally, in August 2011, President

Kikwete complained that some officials were 'sabotaging the delivery and distribution of farm inputs' while 'others were forging farmers' signatures to show that they have received subsidised ... fertiliser...'¹⁷³

The possible abuse of the input system is corroborated by oversight exercises by the Controller and Auditor General (CAG) and the Parliamentary Accounts Committee (PAC). In April 2011, PAC Chairman John Cheyo criticised the Ministry of Agriculture over the management of the inputs and the power tillers (small tractors) programmes. 'The committee says there are all tale-tale signs of existence (sic) of massive corruption and flouting of rules and regulations governing good business practice in the ministry...', citing the qualified reports MAFS received from the Controller and Auditor General for the last two financial years.¹⁷⁴ One of the CAG reports referred to states that the:

'Ministry ordered 2,687,600 farmer's input vouchers with face value of Shs. 87,684,600,000 at a cost of Shs. 646,552,040 out of which vouchers with face value Shs. 18,633,000,000 costing Shs. 135,010,669 were not distributed.'¹⁷⁵

Officially, 'The segment of the voucher supply chain most vulnerable to manipulation and corruption is at the village level.'¹⁷⁶ We may doubt this, but the above narrative seems to suggest a concerted attempt by higher levels of the administration to curb abuses of the inputs distribution system at lower levels that might serve to reduce the number of beneficiaries and increase the frustrations of those left out. This in turn suggests an important conclusion: the chain of command, with its multiple principal-agent linkages from national to village level, lacks the enforcement capability required to realise the vote-attracting intentions of the political apex. The president complains, but who will take offenders to task?¹⁷⁷ This suggests the limits of voter-oriented elite initiatives in a political structure characterised by the rationale of decentralised patronage and informality.

The evidence cited above suggests that subsidised fertiliser is being systematically diverted from the poorer to the better off target groups. Evidence from REPOA (2007) suggests that benefits from the state accrue disproportionately to better-off farmers (Table 3).¹⁷⁸

Table 3: Government help to farmers, percent 2007

'What does the government do to help farmers?' ¹⁷⁹	Poor	Less-poor	Least-poor	All
Nothing	82	76	66	75
Subsidises fertiliser	1	5	15	7
Supplies improved seeds	4	6	6	5
Markets	2	4	3	3
Other	4	5	3	4
DK/No response	7	4	5	6
All	100	100	99	100

Source: REPOA 2007:17

Although three-quarters of all farmers thought they received ‘nothing’ from the government by way of agricultural services, over a quarter of the least poor saw some benefits, subsidised fertiliser in particular.¹⁸⁰ The emerging picture is of benefits formally intended for a broad swath of rural voters being systematically diverted to the better-off. If the latter were likely to vote for the ruling party anyway, there is little to be gained electorally from input subsidies. For the moment, no data are available on the actual distribution of vouchers or the extent to which the system is being manipulated. Further research is required on the distribution of subsidised inputs from the national down to the local level.¹⁸¹

A final point: the majority view is that from the late 1970s, agricultural policy had a deleterious effect on rural livelihoods, but the party of ujamaa was not rejected en masse by rural voters as a result.¹⁸² It is possible that the ruling elite’s greater commitment to agriculture and the rapid expansion of subsidies in the build-up to the 2010 elections had a positive impact on rural voters, independent of any benefits derived. Again, it is difficult to test this empirically.

4.1 Conclusions on NAIVS

The immediate objective of fertiliser subsidies was to help assure food self-sufficiency during a period of rising global food and fertiliser prices.¹⁸³ But food self-sufficiency has been an agricultural policy objective since independence, and there are other ways than state-managed projects of achieving the same objective. Below we return to our two research questions.

4.1.1 *Vote-seeking versus clientelism*

Our first research question asked whether the reintroduction of fertiliser subsidies could be interpreted as vote- or rent-seeking, or both. Policymakers may be motivated by a mix of both vote-seeking and rent-seeking goals. Senior politicians were clear that subsidising inputs, which accounted for half the MAFC budget in 2010/11, had a vote-seeking dimension. It is clear that a much larger number of voters may benefit from relatively cheap farm inputs than from irrigation schemes. At the same time, a voucher scheme is much more vulnerable to clientelism at both national and local levels than a small-scale irrigation programme.¹⁸⁴ Direct vote-seeking incentives are limited by the reach of the voucher scheme. In the 2009/10 season vouchers were said to have been distributed to 1.5 million households.¹⁸⁵ Clientelism reduces the number of rural voters benefiting from input vouchers. In an election year (2010) input vouchers were a means of mobilising both local elites and voters. Allowing local agricultural elites to capture rents from subsidies serves to keep them on side, and enlists their support in bringing in the vote. Evidence cited below suggests that this strategy is remarkably successful at lower levels of the electoral system.¹⁸⁶

As in the ASDP, the local ‘private sector’ was not a prime mover in the NAIVS but was incorporated into the scheme on the GoT’s terms as contracted financial and distribution

managers. The only local source of fertiliser for the voucher scheme is the Minjingu phosphates factory in Manyara Region. The quality and appropriateness of the phosphates produced have been criticised by some farmers. Despite official support, the privately owned factory was obliged to sell through the Tanzania Fertiliser Company (TFC), an arrangement that threatened to bankrupt the plant.¹⁸⁷ In this case, the inefficient incorporation of the private sector into the input subsidies programme served to lessen its impact. A more strategic inputs policy would be to support the development of an efficient private inputs distribution system, but this is not an obvious short-term vote winner, and would require creating rent-making opportunities for a substantial number of small and medium-sized private companies, while removing such opportunities from existing beneficiaries/clients.

4.1.2 *Role of donors*

The role of the WB in supporting a policy that other concerned donors had challenged on both theoretical and practical grounds is consistent with the view that policy content matters less than the imperative to meet lending targets.¹⁸⁸ For a number of years, donors criticised subsidies on economic efficiency grounds as well as on concerns with the GoT’s capacity to deliver.¹⁸⁹ It appears that the WB chose to ignore these concerns, including the GoT’s delivery capacity. We argue that the WB and other lending agencies assume a certain level of capacity to manage the state apparatus efficiently at national and sub-national levels. This assumption is a prerequisite for project loans managed by government to flow, for without it, aid of this type would be very difficult to justify. The Tanzanian ruling elite actively promotes the illusion of capacity, which is useful for its own self image as well as for the smooth functioning of the aid machine.

The virtual conspiracy that we and others identify between donors and the Tanzanian state is protected by relatively low levels of accountability to respective constituencies. Though internal evaluations are often quite critical of project outcomes, the project mode itself continues unabated. **Appendix 4** provides an historical background to aid to agriculture in Tanzania.

5.0 Discussion and tentative conclusions

‘What is striking about many African countries is how little trickles down to the worse off through patronage network and how much sticks to a few hands at the top.’¹⁹⁰

Poverty reduction and economic growth are the twin policy objectives of Tanzania’s ongoing MKUKUTA. For more than a decade, economic growth has been robust in sectors other than agriculture, and poverty has fallen significantly in Dar es Salaam but not in rural areas.

Apparently, neither MKUKUTA in general nor policies targeting agriculture directly have had much impact as regards reducing poverty or improving livelihoods.¹⁹¹ Targeting putative benefits on relatively poor farmers is clearly unlikely to succeed when rents can be easily appropriated by the less poor.

Below we proceed as follows. We review our two research questions in order and add a brief discussion of possible policy drivers other than the state and donor agencies. Then we ask briefly whether private sector interests are more significant than previously assumed, and how these are linked to the two main actors.

Research question 1: To what extent is agricultural policy driven by the ruling coalition's concern with securing the rural vote directly through the ballot rather than indirectly through clientelism at national and lower levels?

Our review suggests that providing direct benefits to farmers in order to assure their political support is not a major motivation of the Tanzanian ruling elite, even in an increasingly competitive political system. Clientelism continues to trump the ballot box. First, though the picture is changing quite rapidly, most rural voters continue to support the ruling party despite its low capacity to deliver concrete benefits through sound programmatic policies. Possible explanations include a 'better the devil you know...' attitude among voters, and a fear that the ruling party's propaganda that voting for the opposition would inevitably lead to violence and bloodshed might be true. In a discussion of livestock politics, Leonard et al (2009) maintain that the patronage linkage between voters and MPs is heavily weighted in favour of the latter. Eking out a precarious existence and largely uninformed of what policies their MPs promote at the national level, poor rural voters are perforce satisfied with occasional handouts in lieu of better policies.¹⁹²

The ruling elite does not yet appear to be excessively worried about the potential mass defection of rural voters to opposition parties. Second, there are multiple examples where policy-as-practice appear to have a negative effect on rural voters' welfare, for example, when RCs ban cross-border crop sales, local officials shake down small farmers and traders at road blocks, the Warehouse Receipt System (WRS) presents opportunities for official rent-seeking, and the government makes promises (input subsidies, irrigation schemes) on which it delivers only partially and unevenly. Third, rural projects are likely to deliver few benefits (at perhaps significant cost) to 'target groups' through inefficiencies and rent-seeking in project implementation. In addition, patronage diverts benefits away from the mass of poor households towards the better off farmers and local elites, who can usually be relied upon to bring in the vote. For these reasons we expect the rural population to continue to be short-changed by state policies and practices.¹⁹³

Policies that intentionally or coincidentally undermine private investment at all levels help perpetuate failed approaches to agricultural development. The dominant

discourse justifying state-led agricultural policy is strongly normative and ideological. The rural population is considered backward, custom-bound and ignorant. The incumbents of state power have to protect the small farmer against the predatory ('greedy', 'unscrupulous') middleman/trader.¹⁹⁴ Public investment in research and extension will increase the productivity of land. Benefits promised are collective (public goods) not opportunities for private risk-taking and accumulation. Narratives of 'empowerment' and 'participation' in local development planning are essentially donor-inspired, and do not correspond to the dominant view of the appropriate relationship between the state and the rural poor, which is paternalistic or *laissez faire* at best and authoritarian and coercive at worst.

Nationalist sentiments dominate the discussion of foreign investment in large-scale agriculture. Many in the elite are worried by the potential political consequences of foreign investors taking over large areas of land and turning small farmers into landless labourers. Since colonial times, foreign-owned estates and plantations in densely-populated parts of the country have been the subject of conflicts over land and water rights with local populations. Despite a quarter of a century of liberalisation, the GoT still owns hundreds of thousands of hectares of estates and ranches that it is reluctant to 'privatise'.¹⁹⁵

Unstated anti-market sentiments sometimes help undermine formally pro-market projects during implementation. For example, the 5th ASDP review concluded that the 'Warehouse receipt system'¹⁹⁶ is being implemented successfully ... on cashew nuts and sesame crops ... in Lindi region. 'Yet for cashew there is no rationale for a WRS, since the crop is harvested and sold immediately, not stored post harvest to wait for prices to improve.'¹⁹⁷ The WRS gives cooperative societies a monopoly of cashew purchasing and the opportunity to make a sizeable rent through arbitrage between sellers and buyers.¹⁹⁸ Cashew purchases are financed with loans from the National Microfinance Bank (NMB), guaranteed by the treasury.¹⁹⁹ NMB actively supports the WRS: with a state guarantee it does not have to worry about the creditworthiness of his customer. Cooksey (2008) estimates the rent earned by the official middleman in the 2007/08 cashew marketing season at over twenty million USD. 'Success' in implementing the WRS means the effective exclusion of the private sector from buying specific crops.²⁰⁰ **Box 3** gives an example.

Though justified in terms of the expected income and welfare benefits to the rural population, agricultural policy and its implementation serve primarily the interests of key members of the state apparatus, including CCM cadres at all levels, state bureaucrats in central and local government, parastatal organisations under the five 'agricultural' ministries, marketing boards and cooperative societies.²⁰¹ Though data are lacking, it is likely that the additional funds that the GoT has allocated to agriculture in recent years have not been used to create value-for-money public goods, despite the enormous needs for more and better services of all kinds, but rather to service the needs of a diversity of poorly functioning,

Box 3: Green gram traders exploit farmers

The way in which the WRS has been appropriated to serve the interests of the elite demonstrates how donor-driven policies and projects may be 'instrumentalised' during implementation. For example, in March 2012, Nanyumbu District Commissioner Ms Fatuma Alli, 'banned traders who have been buying green grams from farmers without using proper weighing machines.' 'Farmers should sell their crops to the primary cooperative societies which have been licensed to do the business,' she said. 'The DC noted that the government had done everything to empower cooperative unions to ensure that they buy crops from farmers at reasonable prices.' 'We have also introduced the warehouse receipt system to ensure that farmers are benefiting by getting maximum price for their crops,' Ms Alli said, noting that there was no reason why farmers should sell their produce to fraudulent traders who have been exploiting them.' 'The DC, who is also the chairperson of the district peace and security committee, directed village and ward executives to ensure that they apprehend businessmen who would short change farmers by buying the crop at low price or using unauthorised weighing machines.' 'Buying crops at low prices or using weights which have not been authorised is against the law. Businessmen who do so should be arrested,' she said.'

Source: Ibadi 2012.

semi-autonomous state bureaucracies. Research and consultancy interest groups help legitimate state agricultural policies and investments, while large corporations, project implementers and contractors receive a significant proportion of both external and internal development funds invested in 'agriculture'.

Statist policies emanating from anti-private sector values among the ruling coalition serve to undermine attempts at agricultural development, which to succeed requires cooperation and synergy between public and private domains that goes beyond cronyism. While the probity and competence of private agents are frequently questioned in public discourse, these qualities are routinely taken for granted in the case of the state.

We return to private interests influencing policy below.

Research question 2: How has aid influenced Tanzanian agricultural policy formulation and implementation?

'The need to burn donor money overrules prudence.'²⁰²

'The Bank has had limited success in helping address the challenges of agricultural development in Africa.'²⁰³

Until now, we have posed our research questions separately, but empirically the shared interests of donors and the ruling elite may be one of the main keys to the political economy of Tanzanian agricultural policy. Though both sides are formally committed to private sector driven growth, their separate and joint activities routinely serve to sideline the private sector, privileging activities designed to address state rather than market failures and to strengthen state rather than market institutions.

Aid agencies attempt to support market-led agricultural development through both money and projects. Much recent aid from the major agencies has taken the form of sector 'baskets' and general budget

Box 4: How did AMSDP perform?

Financed by IFAD, the African Development Bank and Ireland Aid, this USD 43 million project to promote local-level financial and commercial markets was operating in eight regions by 2008. AMSDP introduced the Warehouse Receipt System (WRS), designed to help farmers store produce rather than sell it all at disadvantageous post-harvest prices (see text). A final internal review of AMSDP and another IFAD initiative, the Rural Financial Services Programme (RFSP), worth USD 25m, concluded that 'there are many positive experiences' but that 'the programmes have had ... modest influence on the national policy and institutional frameworks for rural finance and agricultural marketing.' 'RFSP's support did not result in strong apex organisations for micro and rural finance.' 'The design of both programmes underestimated the challenge of establishing or promoting viable private enterprises.' 'AMSDP was to establish/promote 1,000 viable producer/trader groups and achieved 1,202 of which only 16 per cent are self-sustainable.' A major factor [contributing to high costs in RFSP and AMSDP] has been the combination of operating largely in project mode and the ambitious area coverage, distributing relatively limited budgets over vast geographical areas and many districts.' 'There are serious challenges related to the sustainability of the supported beneficiary groups. A relatively large part of the SACCOs struggle with critically low repayment rates which threaten their long-term survival.'

Despite AMSDP's mixed results, IFAD is financing a \$90m follow-up project building on the 'successes' of its predecessor, which is described as a 'pilot' project.

Source: Final AMSDP Evaluation 2011, IFAD website accessed 01/01/12

support. Both have helped boost the total agriculture budget and allowed the GoT to put substantial amounts of money into irrigation and input subsidies, with the results described above. Despite donor support, Tanzania has not met its CAADP target of allocating 10 percent of its budget to agriculture, though the trend has been generally upwards.

Second, aid agencies have taken the lead in promoting the private sector in agriculture through a large number of mostly uncoordinated projects. For example, in FY 2006/07, there were at least 140 donor-funded activities promoting the private sector in agriculture, with total commitments of USD 445 million.²⁰⁴ According to Wolter (2008), the Agricultural Marketing Systems Development Programme (AMSDP) was 'one of the few projects addressing ... agricultural marketing.'²⁰⁵ Box 4 examines its performance.

Area projects like AMSDP have negligible leverage on central government on agricultural marketing and regulation policy. The plethora of large and small market-related projects scattered all over the country enjoy no overall coordination, synergy or mutual learning. Rarely do they admit or react energetically to failure, and are lacking in public oversight and popular accountability. One experienced observer claimed never to have seen a successful WB agriculture project since independence 50 years ago.²⁰⁶ Globally, success in agriculture does not figure in the WB's five claims for developmental impact during the last decade.²⁰⁷

Virtual collusion between the GoT and donors allows both sides to describe projects as 'satisfactory' that by commercial standards would be described as failures. The absence of effective public oversight of donor-financed/GoT implemented projects allows both sides to repeat the underperforming project cycle unchallenged, incurring extremely high (but rarely mentioned) overhead/transaction costs in the process.²⁰⁸

Agricultural projects--both those implemented by donors and the GoT--have a miserable track-record regarding impact and sustainability. Yet projects continue to feature in the armoury of agricultural policy implementation, particularly those financed by the WB and other lending agencies. These projects supplement GoT budgets for the agricultural ministries. One respondent was highly critical of donor projects for:

'enabling the agricultural sector lead ministries to continue on their selfish, inefficient and ineffective paths of seminars, training, 4x4s and meetings. This masks the need to respond to real-life requirements and pressures. They are cushioned from these pressures by the donor funding...'²⁰⁹

We need to explain how repeated failure to achieve stated objectives can continue unchallenged for extended periods. An independent assessment would start from the premise that clientelism is a major driver

of agricultural policy in Tanzania, and that this helps explain why central and local government are so inefficient in the provision of public goods.

At the same time, central and local level regulatory practices undermine the confidence of the private sector, whose investments impact on agricultural policy. In the WB's 2010 Ease of Doing Business survey, Tanzania ranked 131st out of 183 countries surveyed (72nd percentile).²¹⁰ According to the 2009 survey, Tanzanian taxes are so numerous and so complex that most businesses 'must cheat to survive.' Ambiguity ('virtually everything appears to be negotiable') and high taxes create a 'hothouse for corruption.'²¹¹ According to Transparency International's Corruption Perception Index (CPI), Tanzania scored between 2.2 and 3.2/10 between 1999 and 2011, which is in the bottom quartile and slightly below the African average.²¹² Cooksey (2011b) describes how processes of looting, extortion and rent-seeking undermine the public goods and service delivery capacity of the Tanzanian state at both central and local levels.

While the regulatory environment discourages investment and entrepreneurship, the state justifies an interventionist strategy on the grounds that the private sector is weak. For example, debating the proposed Cereals and Other Produce Bill in October 2009, Minister of Agriculture Stephen Wasira said the Cereals and Other Produce Board was required because "the free market has failed."²¹³ Yet, neither of the interventions discussed in this paper placed any priority on 'private sector development.'

The private sector needs to be actively encouraged by competitive taxation policies, effective regulation and predictable corruption. Failing a dramatic turn-around, the highly flawed but well-entrenched state-donor nexus will be in charge of agricultural policy for the foreseeable future. The following sections examine possible emerging political and private sector challenges to this gloomy conclusion.

5.1 The political settlement and Tanzanian agricultural policy

Tanzania's 'political settlement,' defines the broad 'rules of the game' adhered to by the component parts of Tanzania's ruling elite.²¹⁴ Tanzania's political settlement has moved from centralised hegemony (single party, strong president, moral as much as material incentives, tolerable corruption control, little regionalism) based on a heavily rural support-base to a looser alliance around the ruling party's Central Committee, senior bureaucrats, and the army where competitive rent-seeking ratchets up the cost of the settlement without assuring stability over the longer term.

By African standards, Tanzania is still a relatively well-integrated polity, reflecting low levels of historically-derived conflicts based on race, religion, geography, ethnicity, or class, and the successful statecraft of the country's first president, which established an institutionalised ruling party.²¹⁵ During the 1960s and

Table 4: Electoral results during the multiparty era, 1995 to date

	1995		2000		2005		2010	
Presidential (% votes)	61.8	38.2	71.7	28.3	80.3	19.7	62.8	37.2
Parliament (% seats)	80.2	19.8	87.5	12.5	88.8	11.2	75.4	24.6
Local Councils (% seats)	96.8	3.2	91.7	8.3	92.9	7.1	84.0	16.0
Village/Hamlet (% seats)	--	--	94.6	5.4	97.2	2.8	91.7	8.3

Source: USAID 2010; National Electoral Commission (www.nec.go.tz); Chaligha 2008; Wikipedia 24/11/11

1970s capitalist tendencies in cooperatives and among 'rich' African farmers and traders were suppressed, while European and Asian businesses and rental property were nationalised. Until the 1990s, politicians, bureaucrats and parastatal employees could not own shares, rental property or private companies. The resultant elite settlement incorporated all national and regional elites under a strong executive that largely managed to control opportunistic rent-seeking tendencies.²¹⁶

Tanzania's political settlement is currently in transition from a centralised and inclusive single party to a looser and more competitive model. Competitive politics in the 1990s saw the rise of new political parties to challenge the hegemony of CCM, while economic liberalisation removed the constraint on public servants engaging in private business, opening the door to 'money politics'. In the first multiparty elections in 1995 opposition parties obtained nearly two fifths of the popular vote, but CCM strengthened its position in 2000, with significant increases in both presidential and parliamentary majorities (Table 4). In 2005, President Kikwete trumped his predecessor's performance and opposition presidential candidates performed poorly, though there was little change in CCM's (huge) parliamentary majority.

But in the most recent elections (November 2010) the opposition made significant inroads into both presidential and parliamentary majorities, reflecting a substantial rise in the opposition vote and a very low voter turn-out.²¹⁷ Nationally, only 8.4 million voters out of 20.1 million registered (43 percent) actually voted in the 2010 elections.²¹⁸ Though most of the seats won by the opposition parties were in urban constituencies, the rural voter seems to have voted with his/her feet, abstaining in large numbers. These results suggest that the ruling party is under increasing pressure to deliver tangible benefits to rural voters if it is to retain its dominance of Tanzanian politics. We would thus expect to see more programmatic policy initiatives aimed at the rural vote. Yet, with the arrival of Kilimo Kwanza and related initiatives discussed further below, official 'policy' is veering away from exclusive concerns with smallholder productivity and poverty reduction and towards encouraging large-scale commercial agriculture based on substantial foreign investments and land acquisitions.

The party bosses' attempts to retain pan-elite unity under the ruling party is threatened by the emergence of rival internal clientelist networks of senior politicians, bureaucrats and businessmen. The currently dominant

faction that orchestrated President Kikwete's 2005 and 2010 election strategy is challenged internally by a minority faction concerned that growing political corruption will weaken the economy and strengthen the hand of opposition parties. Since the reintroduction of political competition, aspirants to political office have increasingly vied for political support with war chests financed directly through looting state coffers and/or indirectly through deals with foreign and local businessmen.²¹⁹ There is a view that looting, rent-seeking, land grabbing and natural resource plunder are increasingly costly consequences of heightened political competition within the ruling party.

Signs of a loosening of the centralised hegemony of the ruling party's settlement since liberalisation are said to be the increasing influence of lower-level elites through decentralisation, control of land allocation, and the selection of parliamentary candidates.²²⁰ The security of tenure of CCM incumbent MPs has fallen as a result, raising the possibility of defections to opposition parties when incumbents are not reselected. The weakening of central control of the political selection process allows for local state-private-civil society relationships to come more into play.

The settlement is also under threat from urbanisation, which reduces the importance of the rural vote, traditionally the core support of the ruling party and from the decline of ujamaa as an ideological force. The press has revealed excesses at the top, but accountability still remains inadequate. For the moment, the majority of senior CCM officials, bureaucrats and the military are in the President's camp, but this could change, depending on conjunctural politicking and the opposition's unity and popularity in the build-up to the next elections.

Finally, the role of aid has to be factored into the political settlement. Di John and Putzel (2009:18) see a possible two-way relationship:

Not only does the political settlement set the constraints for what can and cannot be accomplished with foreign assistance, but foreign assistance itself can have an impact on the political settlement. This analytical framework provides a window for donors to grasp the politics of a place in order to design more effective interventions.

The manner in which this interaction between aid and the political settlement works over time is a story yet to

be told. Our working hypothesis is that the aggregate impact of aid is massively supportive of Tanzania's state-led agricultural policy, providing additional recurrent and development funds that fuel the clientelistic practices of the state bureaucracy at all levels. Far from stimulating policy reflection and debate, on balance, aid reinforces the anti-market approach to agricultural policy.

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We conclude with some observations on the role of local and external business interests on the political settlement and agricultural policy during a period of trade and investment liberalisation.

5.2 Business and agricultural policy

How do private interests influence the political settlement and agricultural policy? With the arrival of Kilimo Kwanza in 2008, official agricultural policy took a sharp turn towards large-scale investment in agriculture. In support of this policy, discussed further below, the Tanzanian Investment Centre set up a 'land bank' and some large foreign investments are underway, usually brokered by senior members of the 'system.'

Since liberalisation, local private interests (largely Asian and Arab) have begun to penetrate the political centre. According to Hoeffler:

'Within agricultural sub-sectors, the continuous existence of quasi-monopolies in commodity marketing, trade or processing demonstrates that the struggle against patronage and corruption is far from over.'²²²

Regional and global grain markets are key components of the agricultural policy story. It has been common for the GoT to ban cereal exports to neighbouring countries in the name of food security. For example, in May 2008, the Minister of Agriculture banned exports of all food crops pending the results of an ongoing food assessment' by his ministry and the PMO. Global food shortages and price increases had discouraged 'some local traders' from importing maize. In January of the same year, the Minister had suspended maize exports after 'establishing apparent cereal shortages', leading the GoT to 'waive tax on imported maize ... in order to enable local traders to import 300,000 tonnes of maize.'²²³

'claim that an oligopoly of importers actively seek to influence the perceptions of food crises by influencing the media to write about impending food shortages. The aim is to influence politicians to allow food imports at lower duty rates. When ministry of finance recently tried to question the validity of a food security assessment, it eventually had to back down.'²²⁴

If there is collusion between 'a powerful lobby of grain importers' and the GoT which allows the former to ignore

the East African Community's (EAC) Common External Tariff (CET), then it must be incorporated as an important piece of our understanding of agricultural 'policy'.²²⁵

Politically well-connected companies obtain access to major rent-making opportunities, while politically un-connected companies get little or no official support and are vulnerable to the extortive behaviour of the TRA and officialdom in general. As in other sectors, there is a 'missing middle' of commercial farmers and farm service providers, reflecting the difficulties and costs of doing business in a hostile legal and regulatory environment.

In 2008, the anti-private sector bias of official policy often complained about by donor agencies was challenged by the arrival of Kilimo Kwanza (KK), the latest framework for agriculture sector development, superseding the ASDS/ASDP. KK was formulated by the Tanzania National Business Council (TNBC).²²⁶ Although it is said to be 'private-sector driven', Kilimo Kwanza is structured in a surprisingly similar way to the ASDP, with a heavy GoT presence in the majority of components and dozens of activities supposedly involving multiple coordinated actors.²²⁷ Tanzania's horticulture strategy has the same claim to be private-sector driven, and the same complex blueprint for implementation, with a major role for the state.²²⁸

The potential for rent-seeking within KK has been highlighted with the importation of Indian-made tractors and power tillers in a deal involving SUMA JKT, the army's commercial wing, and a local trading company that was involved in the External Payments Account scam in the Bank of Tanzania.²²⁹ Funded with a USD 40m soft loan from the Indian government, 1,860 tractors, 400 power tillers and other farming implements were to be imported. By early 2011, most of these remained unsold, and were said to be gathering dust in Lugalo Barracks, outside Dar es Salaam.²³⁰

Other potentially important external influences on agricultural policy come from the private corporate sector, the international community, and private philanthropies. The driving forces for these increasing external interests are the threat of global food shortages, rising energy costs and efforts to reduce carbon emissions. The UN promotes the Alliance for the Green Revolution in Africa (AGRA), which receives massive funding inter alia from the Gates Foundation. The Comprehensive Africa Agriculture Development Programme (CAADP) under the New Partnership for Africa's Development (NEPAD) is another major initiative to increase farm productivity. CAADP aims at attaining a budget commitment of 10 percent of total spending and 6 percent annual growth for agriculture to help achieve Millennium Development Goal 1 (cutting hunger by half by 2015).²³¹ Major agribusiness corporations put together public-private investment consortia, with mandates to increase food security and generate exports. DFID has created a 'challenge fund' for investment in African agribusiness.²³² And so on.

By invitation from President Kikwete, the Norwegian fertiliser giant YARA recently entered the Tanzanian

market and is already supplying 40 percent of the fertiliser consumed in the country.²³³ YARA says it has invested USD 20 million in bulk storage capacity at Dar es Salaam harbour in anticipation of growing commercial fertiliser imports. YARA supplies unsubsidised fertiliser for the tobacco industry on the basis of an annual competitive tender. YARA is a member of SAGCOT (the Southern Agricultural Growth Corridor of Tanzania), a public-private consortium of 23 official and large international commercial interests, farmers' groups and the GoT, with ambitious plans to develop market chains for smallholders and large-scale farms.²³⁴

YARA has been actively lobbying major donor agencies to get them to share the risk of major private investments in relatively insecure African markets.²³⁵ It claims success in 'rolling out' its multi-sector value chain approach in a number of Tanzanian districts.²³⁶

The growing global interest in biofuels has led to the rapid acquisition of large areas of land in numerous African countries, including Tanzania, by a range of external players of all sizes and degrees of integrity.²³⁷ External and local opposition to the new 'land grab' suggests that foreign investors may find it difficult to enforce their land and water rights. Early investments have not been particularly successful, with at least one European investor pulling out prematurely.

What is the potential impact of these new external actors and initiatives on national agricultural policy and practice? On the one hand, the involvement of the international community in promoting the green revolution could be seen as unlikely to influence Tanzanian policy, based as it is on traditional technical approaches to increasing land productivity. This plays into the hands of the GoT by endorsing statist solutions to the chronic problem of agricultural underdevelopment. On the other hand, agribusiness interests in commercial farming, backed with market influence and donor support, might stand a better chance of influencing Tanzanian policy. Whether or not this would be a good thing remains to be seen.

Key issues for policy are the relations between local and external 'private' interests. Local interests could be expected to lobby to limit foreign investments in land-extensive projects, ban certain imports, or reserve certain sectors for local businesses. Joint ventures are a possible solution to the external-internal problem. It is only natural for existing patronage networks controlling key imports to protect their monopolies against external attempts to dismantle them.²³⁸ It would be hard to identify a local pro-market agricultural lobby favouring a radical opening of agricultural investment and trade, including agribusiness multinationals.²³⁹

If the experience of the mining sector is any guide, state support for agribusiness could wane quite rapidly. Land and human rights groups and adverse media coverage and commentary might provide the stimulus for such a change in policy. The ruling elite would not want to be associated with policies that appeared to take

land away from semi-subsistence farmers to produce bio-fuels.

6.0 Research

The political economy of Tanzanian agricultural policy is not widely researched, and consequently this has been a partial and largely exploratory study. Lack of research and data on critical issues have thwarted the analysis at critical junctures. We know little of the manner in which various interest groups--endogenous and exogenous, public and private--influence policy making and implementation²⁴⁰ through formal and informal means. Past research has focused almost exclusively on the state and donor agencies as drivers of agricultural policy. Economic analysis of agriculture has more or less ignored underlying political factors influencing policy formulation and implementation. In recent years, the forces of globalisation and philanthro-capitalism have brought new actors onto the scene, making 'policy' an increasingly difficult concept to operationalise.

A comprehensive scoping exercise is required to map the main players and their interactions. Rent theory provides a promising analytical framework to structure these interactions, and to link them to larger questions of economic transformation and poverty reduction. If, as recent research suggests, the strategic political role of local elites is increasing, what are the means by which the political centre attempts to secure their support for the existing elite settlement? How do opposition parties strategise around this issue? More generally, is deepening democracy the harbinger of more 'programmatic' policies or more short-term efforts to buy off farmers with transfers such as input subsidies?

We noted the enormous gaps in our understanding of the functioning of the Tanzanian agricultural bureaucracy, suggesting other priorities for future research. More research is required to understand the interface between the state, donors and the new external actors. The big issues include: (1) whether a new external-internal alliance might arise to challenge the traditional hegemony of the donor-supported state, and (2) what the implications of such an alliance might be for the fates of Tanzanian subsistence and commercial agriculture. Though quantitative evidence is lacking, there are signs that a class of medium- to large-scale Tanzanian farmers is beginning to emerge, based in part on rents captured from acquiring land at below market prices. How do the external and internal forces relate to each other?

Is there a trend towards more local political autonomy, with local elites extracting more rent opportunities from the centre in exchange for allegiance and 'bringing in the vote'? How do local agribusinesses protect their interests against external competition? Anecdotal evidence of investors losing land titles and litigation in conflicts with state or business interests (JV partners, local competitors) needs to be fleshed out with more systematic research.

Donors remain key actors. The manner in which the interaction between aid and the political settlement works over time is a story yet to be told. How does aid affect the 'elite bargain'? What more can be said about the 'implicit conspiracy' between government and donors? We are used to discussing aid in terms of 'success' versus 'failure', but the actual impact of aid has not been seriously addressed. Measuring aid impact poses serious methodological problems, however.

At a lower level, more independent assessments of projects are required for a better understanding of their nature and impact. Regarding the small-scale irrigation projects, for example, we have no information on the fairness or technical quality of the screening process, or the degree to which patronage is involved. Partial indirect evidence cited above suggests that the pattern of DADP financing is unrelated to irrigation potential, but more research is required. The actual distribution of input vouchers would tell us a lot about the underlying forces determining 'policy in practice.'

The practical difficulties involved in undertaking such a research programme--accessing sensitive data, challenging state and donor discourses, assessing actual as opposed to claimed policy/project impacts, examining rent-seeking practices and their effects--should not be underestimated.

END NOTES

¹ For a summary, see Cooksey 2011a.

² Official agricultural statistics are generally unreliable; yields may have improved in some areas and deteriorated in others.

³ Tanzania imports 120,000 to 140,000 metric tons of rice a year and half a million tons of wheat.

⁴ Binswanger-Mkhize and Gautam 2010:66.

⁵ In a list of 'problems' faced by farming households in 2007, 'cesses, taxes and deductions' were a 'major problem' for only 18 percent of respondents, while input prices, availability and quality were a major problem for 85, 71 and 70 percent (REPOA 2007:14).

⁶ A sub-type structuralist argument stresses urban bias in national agricultural policy favouring poor urban food consumers over poor rural producers. Michael Lipton makes the general case, Robert Bates makes the argument for Africa.

⁷ Skarstein 2010. Despite its rain dependence, very little of Tanzania can be effectively irrigated (Andrew Coulson, comment on earlier draft, November 2011).

⁸ See the work of Khan and Chang for examples.

⁹ Hyden 2006:146.

¹⁰ Hyden 1984: 107-9. Cooksey 2011a (Appendix 1) discusses state (in)capacity as an independent constraint on development since independence.

¹¹ See Poulton 2011 for the use of political economy in the PEAPA programme. Our use of the term 'political economy' could be challenged by different schools of political economists, whether neo-classical, structuralist or Marxist. Coulson (personal communication, November 2011) challenges the use of the term without clear specification of the object and methods used. His usage of the term 'is about the way social classes make decisions about economic and social policy which may or may not lead to growth or prosperity. It is very difficult to have a political economy of agriculture, or any other sector. It is intrinsically about how the choices about sectors interact with each other.' Further work is required to specify an inclusive model of the relevant 'political economy' that embraces all the main actors, as discussed in section 6. One thing missing is a discussion of rents and rent-seeking as potential factors in agricultural transformation.

¹² See Cooksey 2003.

¹³ URT 2009:11. Household Budget Survey comparisons suggest that rural basic needs poverty fell from 40.8 percent in 1991 to 37.6 in 2007. Though malnutrition seems to have declined between 1999 and 2004, more than 50% of under-fives were stunted in Mtwara, Lindi, Ruvuma, Iringa and Kigoma Regions in 2004/05. Under-five stunting was 31.1% for the least poor rural quintile nationwide and 44.2% for the poorest. In urban areas the comparable figures are 11.5% and 40.8% (RAWG 2009:58-9).

¹⁴ Bryceson and Jamal 1997; Bryceson 2010; Binswanger-Mkhize and Gautam 2010:54.

¹⁵ Ellis and Mdoe 2002; Ellis and Freeman 2002. 'Rich' and 'poor' suggest class differentiation, perhaps 'primitive accumulation', or 'accumulation from below' and indeed the 'rich' hire the labour of the 'poor', but as 'vibarua' rather than full-time farm labourers, as was previously the case. See reference 17.

¹⁶ World Bank 2008:57.

¹⁷ Bryceson 2010:79. Bryceson (2010:81) argues that changes in individual and household livelihood strategies meant that: 'Male patriarchal power within the peasant household was increasingly challenged.'

¹⁸ Large amounts of rice and maize are imported, however, and the livestock and dairy industry is chronically undeveloped.

¹⁹ State owned farms and ranches cover hundreds of thousands of hectares; many are overrun by 'squatters'.

²⁰ Putterman 1995:321. Mueller (2011) argues that rural class formation is taking place on the basis of income and land use inequalities and that some poor household members provide kibarua labour to better off farmers. Whether 'peasant differentiation' constitutes 'capitalist relations', as the author suggests, remains to be seen.

- 21 See Ponte 2002 for examples from Morogoro and Songea.
- 22 See Poulton 2011. The terms patronage and clientelism are used interchangeably in this report.
- 23 Poulton 2011:5-6. The author cautions that 'green revolution' policies in Asia were rarely driven by vote seeking elites but by 'existential threats to regime survival, sometimes from a combination of external (e.g. spread of Communism in neighbouring countries) and internal (Communist sympathy) sources; rural disquiet if agriculture was neglected too badly, especially where this tipped over into famine ...' and national rivalry.
- 24 Hyden 1980, 1984.
- 25 Such factors include the constitution of the rural population as subjects rather than citizens (Mamdani 1996) during the colonial period and, in many cases, after independence.
- 26 That is, unmediated by a high-level policy body concerned to harmonise rent-seeking and put it to productive use. The result may be policy incoherence, as relevant actors multiply.
- 27 Government spending is not subjected to value for money analysis. See Cooksey 2011b:35.
- 28 Patronage, like rent-seeking, creates rents (non-market transfers) or opportunities to create rents.
- 29 Down from 29% in 2001.
- 30 See Hoeffler 2011.
- 31 ESRF 2010:85-88. Non-transfer of donor commitments is one possible reason for the difference. Another is more aggressive lobbying by non-agricultural ministries. In 2010-11, MAFC accounts for 58% of total sector spending, followed by PMO-RALG (17%).
- 32 Some of these were investigated under the 'Drivers of Change' research programme in 2005-06.
- 33 REPOA 2007. The condition of the roads ranked second only to the cost of basic goods as 'a major problem' for rural residents.
- 34 This does not mean that improving livelihoods will solidify popular support for the ruling party. History shows there is no simple relationship between improved livelihoods for the masses and loyalty to the ruling regime.
- 35 For example, in March 2012, Minister of Agriculture Jumanne Maghembe '...accused extension officers and other agricultural experts of frustrating the country's efforts to produce more food.' 'It seems that you attend workshops and training seminars for the sole purpose of collecting allowances...we don't see you putting into good use what you learn...' (Chidawali 2012).
- 36 The WB's critique of African statism (1984) is silent on the role of donors, including the WB, in supporting failed policies. Appendix 4 summarises donor support to Tanzanian agriculture since independence, with special reference to the World Bank.
- 37 With large concessional tied loans, China is making a major impact on the aid scene, though not particularly in agriculture.
- 38 See Cooksey 2011e for a discussion of the difficulties of aid coordination in general.
- 39 A view expressed by Cooksey 2003.
- 40 ASDS also proposed to clarify public and private roles in providing agricultural services. Though highly participatory in preparation, 'stakeholders' consulted did not include the private sector. The donors involved were: JICA, Denmark, DFID, Irish Aid, Japan, WB and EU (Process for preparation of ASDP 2001, Annex 1).
- 41 Agricultural Reference Group 2004.
- 42 These are: the Ministry of Agriculture, Food Security and Cooperatives (MAFC), Ministry of Industry, Trade and Marketing (MITM), Ministry of Livestock Development and Fisheries (MLDF), Ministry of Water and Irrigation (MOWI) and the Prime Minister's Office – Regional Administration and Local Government (PMO-RALG). To this list we could add the Ministry of Natural Resources and Tourism (MNRT), responsible for forestry and game management (Andrew Coulson, comment on draft report).
- 43 Holton 2002, 2006. Another capital 'C' may have been left out of the list. The UK, Denmark and the EU dropped out of the basket.
- 44 Agriculture Development Partners Group 2004.
- 45 According to Booth (2011:15): 'On some issues, such as democratic decentralisation, there is something like a global pressure-group which brings together all those with interests in this sector, including local government practitioners and their associations, consultants specialising in this field and agencies, especially UN agencies, which have staked out decentralisation work as their territory.'
- 46 Current commitments by donors to the ASDP Basket Fund for the period 2006-2013 include: the World Bank (US\$90 m), the African Development Bank (US\$60 m), IFAD (US\$36 m - initial), the European Union (US\$8.5 m), Irish Aid (US\$1 m - initial), and the Embassy of Japan (US\$3 m). The domestic contribution is expected to amount to US\$51.9 million (US\$28.7 million from the Government and US\$23.2 m from the beneficiaries). <http://www.ifad.org/operations/pipeline/pf/tan.htm> (accessed December 30 2008).
- 47 Greeley 2008:16.
- 48 The GoT's contribution to ASDP is funded through the recurrent budget, which contains General Budget Support from a range of donors equal to 30-40% of recurrent spending. Thus, all the major

- donors support ASDP in one way or another, whatever their views on its validity.
- 49 Unlike traditional projects, LGAs had more discretion in the final allocation of funds.
- 50 Therkildsen 2010:10. Central ministry concerns may have been well founded. According to Greeley (2007:1): 'The DADPs are the vehicle for most of the public investment in the sector and there is little evidence from the process so far that they will lead to a coherent strategy for poverty-reducing agricultural growth.'
- 51 DPG 2004.
- 52 Lwambuka and Massanja 2004. The list of major problems: the GoT lacked commitment, ownership and leadership; donor support was sometimes contradictory and uncoordinated; management was overly complex and responsibilities unclear; district councils were not adequately empowered; Task Forces (TF) were not working efficiently or effectively; communication and coordination were weak at all levels; MAFS dominated at the expense of the TFs, the secretariat, other ASLMs, and non-state stakeholders; private sector, civil society and farmers were inadequately integrated into the process; and implementation was slow and to date there were no tangible results achieved at lower levels.
- 53 Greeley 2007:20. The agricultural budget showed that: 'The government has signed up for very little investment outside of irrigation and has left capacity building almost entirely to development partners' investments.'
- 54 The consultants thought the capacity to exploit the 2.3 million ha of land with high irrigation potential was 'limited' (Therkildsen 2011:11). The following discussion relies heavily on this source. Appendix 4 gives figures for irrigation potential by region.
- 55 GoT increased allocations to agriculture from USD 62.4 million in 2003/04 to USD 158.5 million in 2006/07. According to Wolter (2008:17), about 80 per cent of the agriculture sector development budget is financed by donors.
- 56 Greeley 2007:15. The investment is largely in private goods, however, whereas the state's main responsibility is to produce public goods.
- 57 The ruling party obtained 202 seats in parliament, with three opposition parties sharing the remaining 30 seats (Policy Forum 2009:2). See Table 4 and accompanying text for further discussion.
- 58 Mungai is an old-time CCM politician who has served in various ministerial positions over the years, including Minister of Education under President Mkapa. Perhaps it is relevant that Mungai hails from Iringa, the main maize growing region in the Southern Highlands. Iringa farming households use more fertiliser than any others in the country (see text). Mungai was replaced by Stephen Wasira when Jakaya Kikwete came to power in 2005. A defector from CCM to an opposition party and then back, Wasira was demoted to a junior ministry in 2010 and replaced by Professor Jumanne Maghembe, who moved from the Ministry of Education. A forester by training, Maghembe is rumoured not to have wanted the new job (Interview K, 15/10/11).
- 59 One version of this story is that it was planned that Mungai's wildly overambitious target should be slashed by the President to show the latter's wisdom and moderation. It appears that irrigation engineers had not been consulted, and did not find the final commitment credible (Therkildsen 2011:11), though no expert was prepared to say so publicly. The still unrealistic targets are said to be partially 'met' by fudging the distinction between rehabilitation of old schemes and the construction of new ones. Figures are in the text.
- 60 There is no evidence that any 'irrigation lobby' in the private sector was involved in the process.
- 61 See page 4. In particular, Hyden flags the state's inability to formulate policies that reflect the human and financial resources required to implement them, and a 'disconnect' between policy formulators (politicians) and implementers (government officials). See Cooksey 2011a (Appendix 2) for an attempt to assess state capacity constraints on policy implementation in the post-independence period in light of pervasive patronage politics.
- 62 Therkildsen 2011:17
- 63 Therkildsen 2011:13. Between 1995 and 2010 there were seven ministers of agriculture and five PSs.
- 64 Wassira is associated with state-centric agricultural marketing policies and legislation that contradicted the official commitment to market-led agricultural development.
- 65 The donors' refusal to endorse a presidential 'directive' goes against the notion of local policy 'ownership', one of the pillars of the Paris Declaration on aid effectiveness.
- 66 ASDPr objectives are: (i) 'to enable farmers to have better access to and use of agricultural knowledge, technologies, and infrastructure'; and (ii) 'to promote agricultural private investment based on an improved regulatory and policy environment.'
- 67 ANSAF, a civil society group, said DADPs were 'bureaucratic, spread resources too thinly, and excluded the poorest farmers ... as well as the civil society organisations and the private sector.'
- 68 The WB justified additional finance via the 'Pilot Crisis Response Window' to 'provide supplemental resources to help the Government mitigate the impact of Global Economic Crisis on budget allocation to irrigation development sub-component of ASDP' (WB 2010:1).
- 69 The WB tends routinely to overestimate the instrumental capacity of state institutions at different levels.
- 70 See discussion of YARA in the text.

- ⁷¹ Tanzania was demoted from the highest to the second highest category for new Bank loans as a result of declining performance in governance and financial transparency indicators.
- ⁷² The often quite insightful criticisms of projects undertaken by the Bank's Evaluations Department are routinely ignored by those responsible for project formulation.
- ⁷³ The GoT established National and District Irrigation Development Funds (NIDF, DIDF) to implement the irrigation component of ASDP. The DIDF finances small-scale irrigation up to a value of USD 50,000 (about TShs 75 million at 2011 rates).
- ⁷⁴ Schram, Mlingi and Kalinga, 2007:20. The O&OD process to access funds for a scheme involved 13 steps with a further 17 steps at the regional and national levels. Not surprisingly, project implementation in the first years of the project was extremely slow.
- ⁷⁵ Therkildsen 2011:15 for all quotations in this and the following paragraph.
- ⁷⁶ Therkildsen 2011:15 citing URT 2009 (emphasis in the original).
- ⁷⁷ Slaa was subsequently Chadema's presidential candidate for in the 2010 presidential elections.
- ⁷⁸ Slaa 2009. According to the author, 'there is urgent need to address extensive weaknesses in public finance management that exist at Local Government level.'
- ⁷⁹ Mayunga 2009.
- ⁸⁰ Chidawali 2012.
- ⁸¹ World Bank 2010: Annex 7. Meta-analysis may consider the possibility that aid agencies routinely overestimate implementation capacity at central and local levels out of necessity. It follows that donors are equally likely to assess implementation performance more leniently than the 'facts' justify.
- ⁸² Sectors that routinely fail the sustainability test include: subsidised agricultural inputs, research and extension; agricultural marketing; rural (and urban) domestic water supply; construction; electricity infrastructure; ...
- ⁸³ URT 2010. Forty-six of the 60 reviewers were GoT officials, and most of the non-civil servants on the team (N=14) were Tanzanians working for the WB, IFAD, AfDB, FAO, ACT, JICA and Irish Aid (URT 2010, Appendix 2). Review teams visited projects selected by district authorities.
- ⁸⁴ The issue is not even mentioned in the executive summary. Therkildsen 2010:16.
- ⁸⁵ Given that LGAs generally decide on which projects are to be visited by review teams, the average performance of irrigation schemes is likely to be even worse than that portrayed in the reviews' findings.
- ⁸⁶ Therkildsen 2011.
- ⁸⁷ Performance in extending irrigation before ASDP started was thought to be better than this, though we cannot know for sure (Respondent J, personal communication).
- ⁸⁸ Therkildsen 2011:17. Similarly impressive improvements in yields are reported for beans and maize.
- ⁸⁹ Historically, those who controlled the water supply for irrigation were the rulers of what Witfögel (Oriental Despotism) called 'hydraulic' societies. Developing irrigated agriculture is as much a political as an agro-technical issue.
- ⁹⁰ The bleakest comment on ASDP comes from a seasoned researcher (respondent J) who argues that 'ASDP is an empty shell ... or a dead duck! It is just the documents. When you spend a few days on it and visit a few sites you will discover that there is hardly anything on the ground to show for it. These things are written largely to attract funding support from donors and when the funds come they are distributed "among themselves" and the farmer gets "f..k all" as usual' (via email, 25/07/11).
- ⁹¹ Poulton (personal communication) suggests that Kikwete may have hoped for a "first term" effect – showing by 2010 that he was delivering for agriculture as his predecessor had not.
- ⁹² Or TShs 85,000,000 at October 2011 exchange rates.
- ⁹³ Allocating potential rent-earning opportunities to lower levels of the 'system' could be considered as forms of patronage spending at the centre (see Cooksey and Kelsall 2011 and Cooksey 2011a).
- ⁹⁴ Poulton 2011:4.
- ⁹⁵ Bourgouin, Therkildsen and Geelan 2011:8. Perhaps 'influence' would be a more appropriate term.
- ⁹⁶ This could be viewed as a basic principal-agent problem where the supervisory/sanctioning role of the principal (central government) breaks down. The centre simply does not have the resources, including information, to hold the periphery to account.
- ⁹⁷ Campaigners argued inter alia that it was unconstitutional for MPS to be both overseers of government spending and recipients of discretionary funds to spend themselves. Lwanga 2009; Kiria, 2009; Mwita 2009.
- ⁹⁸ Tsubura 2012.
- ⁹⁹ Greeley (2008:21). 'Clearly the DIDF resource envelope is effectively controlled from the centre.'
- ¹⁰⁰ Therkildsen, comments on the draft report.
- ¹⁰¹ Apart from irrigation, ASDP has three other main components: planning, implementation and coordination, agricultural services (research, extension and mechanization), and marketing and private sector development. On extension, in 2008 the Minister of Agriculture committed the

government to a target of one extension officer per village by the year 2011 (Haule 2008). All told, ASDP plans to recruit 11,703 and 13,469 agricultural and livestock extension officers by the year 2013 (Staff Writer 2008). This is a classic supply-driven policy. In practice, extensionists and farmers do not get on very well with each other.

¹⁰² Lewis et al. 2008:53. Tanzania Agricultural Partnership (TAP) has tried to increase private sector involvement in ASDP by incorporating a Commodity Investment Plan (CIP) in DADPs (Thisday Reporter 2008).

¹⁰³ Lewis et al. *ibid.*, the final quote is from Wolter (2008).

¹⁰⁴ For a more recent formulation see Planning Commission (1999:11): 'Tanzanians have developed a propensity to prepare ... plans and programmes, and ambitions which are not accompanied by effective implementation, monitoring and evaluation mechanisms. As a result, implementation has been weak.'

¹⁰⁵ See Therkildsen 1988.

¹⁰⁶ The programme's other sub-components, implemented directly by the agricultural ministries, involved a lot of 'capacity building', training and procurement. It is possible that substantial rents have accrued to politicians and officials through the management of these components.

¹⁰⁷ Greeley 2008:2.

¹⁰⁸ Bilateral projects are generally implemented by consulting companies. USAID is the main example. Principal-agent problems and 'moral hazard' apply.

¹⁰⁹ See Berkman 2008 for a detailed exposé of how WB projects are corrupted in West Africa and how WB procedures are ineffective in addressing abuses. Kramer (2007) describes corruption in international aid tendering. No systematic evidence exists for WB and other projects implemented in Tanzania, though anecdotal evidence and the pervasiveness of rent-seeking in the Tanzanian state apparatus lead us to suspect that such abuse is systemic (Cooksey 2011a). See Knack (2000) for evidence that aid dependency exacerbates poor governance and corruption.

¹¹⁰ Wolter 2008:25. Emphasis added.

¹¹¹ Ateba (1999:1). The same applies to other agencies.

¹¹² Mosoba 2008. Emphasis added. Dr Kigoda also 'denounced the "prohibitive bureaucracy" placed on large-scale investors keen to play a role in the sector.'

¹¹³ Therkildsen 2011.

¹¹⁴ In January 2012, the WB announced a \$14m irrigated rice project loan to the GoT designed 'to enable farmers to access and use agricultural knowledge, technology, marketing systems and infrastructure' (Ndeketa 2012). The IDA is administering Japanese

funds provided under the Policy and Human Resource Development (PHRD) mechanism.

¹¹⁵ OPM et al 2005:47. MPs were neither consulted nor 'informed prior to the announcement in the National Assembly.'

¹¹⁶ OPM et al 2005:47. What's more, the move 'was not supported by any comprehensive technical analysis.' See above for Hyden's observation that policies tend not to be 'evidence-based.'

¹¹⁷ It appears that MAFS attempted more than once to 'slip in' support for subsidies into the MKUKUTA "hoping that no one would notice" (OPM et al 2005:47).

¹¹⁸ The regions were Iringa, Rukwa, Mbeya, Ruvuma, Morogoro, Manyara, Kilimanjaro, Kigoma, Arusha, and Mara (Niyibitanga 2008).

¹¹⁹ URT 2010. The GoT allocated TShs 68,310,300,000 and IDA allocated TShs 64,683,871,200 to facilitate the implementation of NAVS.

¹²⁰ URT 2011:21.

¹²¹ Therkildsen 2011:7.

¹²² Broadly, Iringa gained at the expense of the three other regions, while production in Arusha and Morogoro also increased.

¹²³ Fertiliser use fell to 63,000 tonnes in 1989, the lowest level since 1973 (Skarstein 2010:116).

¹²⁴ Binswanger-Mkhize and Gautam 2010:63, citing World Bank 2000. Fertiliser subsidies reached 80 percent of the retail price in 1988. This challenges the view that the take-up of fertiliser in the Southern Highlands constituted a 'green revolution' (Rasmussen 1986, cited by Skarstein 2010:117) and suggests remarkable inefficiency in fertiliser use.

¹²⁵ Binswanger-Mkhize and Gautam 2010:60.

¹²⁶ REPOA 2007

¹²⁷ Only two in five respondents claimed to have ever used natural fertiliser, which helps explain the declining soil fertility and yields noted in the literature.

¹²⁸ The survey also shows that both poorer and less poor farmers had little contact with extension officers. Input prices and input availability constituted 'major problems' for 87% and 77% of poor farmers, and 82% and 64% of the least poor.

¹²⁹ Iringa has the second highest regional income per capita in Tanzania after Dar es Salaam, followed by Ruvuma, with Mbeya ranking 6th and Rukwa 10th (National Accounts of Tanzania Mainland 2000 – 2010, p 41).

¹³⁰ Extracted from MAFS (2011) input subsidies data base. If Morogoro is included (7.8% of all fertiliser), these five regions, Dar es Salaam's main sources of maize, account for 56% of all fertiliser distributed nationwide.

¹³¹ National Bureau of Statistics 2007; REPOA 2007.

- ¹³² Appendix 3 shows a range from 98 percent of the poorest to 69 percent of less poor farmers nationwide who never used chemical fertiliser (a range of 29 percentage points) compared to 77 and 27 percent respectively in Iringa (50 percentage points). Note that the poor Iringa farmers were also much more likely than poor farmers nationwide to have used chemical fertiliser (23 versus 2 percent).
- ¹³³ National Bureau of Statistics 2007:154.
- ¹³⁴ There were only nine other unopposed constituencies in the entire country (NEC 2010).
- ¹³⁵ National Electoral Commission website, accessed 04/11/11. Njombe Urban is the seat of the current Speaker of the House of Representatives, Anna Makinda. Other prominent CCM politicians from the region are William Lukuvi (Ismani) and Prof Peter Msolla (Kilolo). In Njombe West, Chadema polled 30.3 percent of votes cast, suggesting that CCM hegemony is under threat.
- ¹³⁶ Note that the costs and benefits accrue to different interest groups—costs to tax payers/donors versus benefits to maize producers/middlemen/consumers). To our knowledge, this has not been an issue of public debate.
- ¹³⁷ See Table 3 for corroborative evidence.
- ¹³⁸ See also Bourgoignie, Therkildsen and Geelan 2011.
- ¹³⁹ This section summarises Agriculture Reference Group, 2004.
- ¹⁴⁰ Tanzanian expert opinion was against subsidies on the grounds that they are ‘wide open to abuse, and that most of the benefit tends to accrue to traders and rich farmers’ (OPM et al. 2005:48).
- ¹⁴¹ In addition, unnecessary bureaucracy in MAFS increased the risks and reduced the profits of fertiliser importers.
- ¹⁴² ‘Fallowing and using organic matter may become unattractive when free or subsidised fertiliser is available. Other technologies, such as minimum tillage/conservation farming, for example, or low input agro-forestry, are in some cases superior alternatives’ (AGR 2004). However, few farmers use organic fertiliser (see Box 2 above).
- ¹⁴³ In 2008, the WB committed to increase lending to African agriculture ‘to curb food shortages’ (Navuri 2008).
- ¹⁴⁴ Respondent C, 25/03/11. WB projects often ignore the Banks’ own analytical work. For example, a recent IEG evaluation of WB support for agriculture and agribusiness in Africa concluded that ‘... the findings from [the Bank’s own] analytical work [have not] strategically informed Bank client policy dialogue and lending program design.’ (IEG 2011).
- ¹⁴⁵ Respondent C, 25/03/11. In June 2008, President ‘Kikwete sought WB support to enable local farmers access affordable imported fertilisers...’ (Tarimo 2008).
- ¹⁴⁶ When fertiliser is sold commercially, the majority of farmers not buying it claim price to be the impediment. In Iringa in 2002/03, 81% of farmers not using chemical fertiliser cited price as the reason. This accounted for half of all crop-growing households in the region (URT 2007:201, 207).
- ¹⁴⁷ Ministry of Agriculture, NAIVS voucher data (excel file 01 10).
- ¹⁴⁸ We may assume that the 40,000 difference between the two figures represents better-off farmers.
- ¹⁴⁹ The current voucher scheme was introduced in 2008, replacing the original scheme of 2003, which was turned into a rent-seeking exercise.
- ¹⁵⁰ MAFC 2010 (translation by Virdiana Mushema). The 11 member committee has a representative from farmers groups, agents, companies (?) and the NMB, which manages the scheme’s finances.
- ¹⁵¹ The fact that the input distributors were hand-picked by the MAFS suggests collusion ab initio.
- ¹⁵² This is a polite way of saying ‘very poor’, and would be considered outright failure in the real world.
- ¹⁵³ URT 2010:35.
- ¹⁵⁴ URT 2010:36.
- ¹⁵⁵ URT 2010:30 (Emphasis withheld).
- ¹⁵⁶ CAG 2010:7. ‘Unqualified’ means that formal procurement procedures and Credit Agreement financial regulations and provisions were followed. However, site visits were undertaken to selected districts ‘to assess physical progress and achievement (sic) of the Project.’ The CAG adds the caveat that: ‘As an auditor, I am not required to specifically search for fraud; therefore my audit cannot be relied upon to disclose all such matters’ (CAG 2010:4). See text below for CAG queries on AFSP spending.
- ¹⁵⁷ One senior official employed a Kiswahili saying to describe rent-seeking practices related to the input subsidies: ‘mbuzi anakula urefu ya mkanda yake’ (‘the goat eats according to the length of its tether’) (Interview C), suggesting that higher-level looting is a major problem.
- ¹⁵⁸ Respondent C, 25/03/11.
- ¹⁵⁹ Sanchawa 2008.
- ¹⁶⁰ Civil society plays a very minor role in agricultural policy making and advocacy, though an umbrella organisation for non-state actors has been established. By contrast, there have been substantial civil society contributions to education and health policy, expenditure monitoring, budget analysis, and informed critical commentary.
- ¹⁶¹ Anon 2011.
- ¹⁶² CAG report for 2008/08 cited by agricultural economist Damian Gabagambi (Joseph 2009).
- ¹⁶³ Siyame 2010.

- ¹⁶⁴ Daily News Reporter 2011. PCCB were investigating accusations of 'gross mismanagement' in the input voucher scheme in Rufiji.
- ¹⁶⁵ Kimaryo 2011. The quote continues: "The feeling among many villagers is that ... something fishy is going on."
- ¹⁶⁶ Letter to the editor, Thisday, 4 September 2011.
- ¹⁶⁷ AgCLIR Tanzania 2010.
- ¹⁶⁸ In other cases two farmers club together to redeem a voucher. Vouchers are provided for seeds, fertiliser for planting and for supporting growth. It appears that the minimum 50 kg bag of fertiliser is sometimes sold in smaller units.
- ¹⁶⁹ Fundisha 2009.
- ¹⁷⁰ OPM (2005:48).
- ¹⁷¹ Pan and Christiaensen (2011:i).
- ¹⁷² Stein 2011. Wealth rankings were based on imputed income. Manyara received 62,400 maize vouchers in 2009, or 4.3% of the national total (MAFS input database 2011).
- ¹⁷³ Mgussi 2011. The forgers 'should be taken to task.'
- ¹⁷⁴ Tanzania Corruption Tracker 2011:1. Mr Cheyo is quoted as saying: "In the eyes of the committee, we see power tiller as nothing more than a project for benefiting district commissioners, divisional secretaries and village executives rather than poor, small scale farmers."
- ¹⁷⁵ CAG 2009. This report also claims that 'The Ministry overpaid Shs. 257,416,122 to M/s Smith & Ouzman Ltd of UK for printing 2,350,000 input vouchers at a contract sum of UK £308,555 which is equivalent to Shs.674,192,675.'
- ¹⁷⁶ URT (2010:30).
- ¹⁷⁷ Cooksey and Kelsall (2011) highlight the inability of the executive to control lower-level looting and elite capture by state officials in an administrative system lacking a central coordination mechanism for key rent transfers.
- ¹⁷⁸ At the time, the voucher scheme was still quite small.
- ¹⁷⁹ The question was open-ended and post-coded.
- ¹⁸⁰ At the time of the survey the subsidy was quite modest.
- ¹⁸¹ The second round of Views of the People (2012) will examine this issue.
- ¹⁸² As recently as 2007, over two in five Tanzanians (41%) preferred a one-party (ie CCM-run) polity, marginally less than those who were glad the country had adopted a multi-party system (45%). Rural opinions were almost identical to the national average (REPOA 2007).
- ¹⁸³ Barasa 2008.
- ¹⁸⁴ It is worth remembering that the other components of ASDP bring considerable financial resources to the five agriculture ministries, some of which may be consumed in clientelism and patronage spending.
- ¹⁸⁵ URT 2011:21.
- ¹⁸⁶ See the discussion around Table 4.
- ¹⁸⁷ Personal communication, respondent D. TFC is apparently not paying the plant, forcing its closure. This is yet to be corroborated.
- ¹⁸⁸ It has always been thus: the WB helped bankroll the ujamaa policies that caused the Tanzanian economy to implode in the 1970s and 1980s.
- ¹⁸⁹ An efficient state bureaucracy is more likely to deliver the benefits of subsidies than an inefficient one. Even then, input subsidies are arguably a poor policy choice except as a short-term measure.
- ¹⁹⁰ Williams 1987: 639.
- ¹⁹¹ The relative success stories (sugar, tea, cotton) involve outgrower and contract schemes based on private factories/gineries.
- ¹⁹² The authors argue that MPs may well support policies inimical to their constituents' interests and that it may be in MPs' interests to keep their voters poor and uninformed. Lacking the necessary tools to analyse policy options, voters are more concerned that their MPs represent their interests at the political centre. Cited by Poulton (2011:20).
- ¹⁹³ Asked whether they thought foreign aid mostly benefited state officials or the poor majority, 81% the respondents in the 2007 Views of the People survey who offered an opinion chose the first option (REPOA 2007).
- ¹⁹⁴ Cooksey and Kelsall (2011) and Cooksey (2011b) cite ideology as an important source of discord between the state and private, especially foreign, business interests. We do not have space to discuss the role of ideology in this paper.
- ¹⁹⁵ Many of the incumbents of state power also have private companies: internally, it is (traditionally 'Asian') merchant capital that they oppose, not the capitalist mode of production per se.
- ¹⁹⁶ The Tanzania Warehouse Act was passed in June 2005. Billed as a means of setting farmers free from middlemen, the GoT plans to extend the system to cover the entire country. The WRS is the brainchild of the Common Fund for Commodities (CFC) (Navuri 2008). In theory an excellent idea, the WRS will succeed or fail on the quality of its organisation and management.
- ¹⁹⁷ Traders come to buy Tanzanian cashew during a specific period, when the current harvest must be sold.
- ¹⁹⁸ This is not the only scenario. During the 2011-12 buying season, the cashew board (CBT) set a price for cashew that traders were unwilling to pay, leaving many thousands of tones of unsold cashew in the cooperatives' warehouses. Farmers were

- unlikely to receive their 'second payments' for cashew delivered to the warehouse.
- 199 In the event that cooperative loans turn bad, they are paid out of taxes. This happens quite frequently.
- 200 Promoted by IFAD, the WRS was not designed as an anti-private trader initiative, though it was intended as a means of increasing farm-gate prices. In March 2012, President Kikwete expressed his support for the WRS. According to Rugonzibwa 2012: 'The Warehouse receipt system is here to stay and the government will protect it against any attempt to sabotage or kill it.'
- 201 Space prevents a full treatment, but the relative revival of agricultural cooperatives in recent years, energetically promoted by former minister responsible for Cooperative Development George Kahama, has not served the interests of farmers in general, though the better-off are more enthusiastic about cooperative marketing than poorer farmers. Cooperatives have benefited from the spread of the WRS.
- 202 Email observation, respondent D, 26/03/11.
- 203 <http://go.worldbank.org/MYRZCGW230>, accessed 28/01/12.
- 204 Wolter 2008. The largest single item is USD 280 million for infrastructure (14 donors). The actual number of projects is likely to be higher since NGOs and non-DAC donors such as China or the Arab Bank for Economic Development in Africa (BADEA) are not included in the total. Donors such as USAID operate mainly outside GoT structures.
- 205 Wolter, citing Greeley (2007) and World Bank (2008). Emphasis added.
- 206 Respondent A.
- 207 DFID 2011. The 'top 5' IDA claims were: immunised 310 million children; provided 113 million people with an improved water source; provided basic health, nutrition and population services to 47 million people; improved the quality of teaching and facilities for 105 million children; given 26 million people access to an all-season road. Note also there is only one achievement with direct relevance for market development.
- 208 The 'allowances culture' that has developed in aid dependent countries owes its existence in no small part to the training and capacity building activities favoured by donor projects (Cooksey 2010).
- 209 Respondent D, email 25/03/11.
- 210 Malawi and Mozambique were 132nd and 135th respectively, Kenya 95th, and Botswana 45th. World Bank 2009, www.doingbusiness.org.
- 211 World Bank 2009. www.doingbusiness.org.
- 212 Transparency International, www.transparency.org, various years.
- 213 'The government has decided to intervene by buying crops directly from farmers, because liberalization in the sector (free market) has failed.' (Mwakalebela 2009).
- 214 Di John and Putzel 2008. The term 'elite bargain' is also used in the literature.
- 215 The exception to this rule is Zanzibar, though a recent classic elite bargain may have introduced a new era of relative 'peace and tranquillity'.
- 216 See Cooksey and Kelsall (2011) for a summary.
- 217 Legal and Human Rights Centre and TACCEO 2010:143.
- 218 NEC 2011: xxiii. We do not have urban-rural diasgregations.
- 219 See Cooksey 2011a and Cooksey and Kelsall 2011 for the rise of Tanzanian money politics.
- 220 It is worth noting that at the lower levels of electoral representation, CCM hegemony is almost total, though there was a slight tailing off in 2010 (Table 3).
- 221 'On balance' implies that the positive achievements of aid agencies (and INGOs and local CSOs) in addressing local constraints on household income and welfare are outweighed by the moral hazard effects. For example, virtually all the new agriculture-relevant ministry headquarters and departments in Dar es Salaam have been financed by WB loans. A market-led aid regime would ask first what useful functions (if any) central ministries serve for the public good. (See Future Agricultures 2007 on the advantages of limited direct state involvement in solving market failures). Large foreign investments in agriculture might have the welcome effect of reducing the central importance of the MAFS in the overall institutional architecture governing the sector.
- 222 Hoeffler 2011:42. Therkildsen (2011) names some of these interests.
- 223 Daily News reporter 2008. Regional export bans were lifted in advance of the 2010 elections.
- 224 Therkildsen 2011:21.
- 225 Therkildsen 2011:22-23.
- 226 Other relevant private actors include the Agricultural Council of Tanzania (ACT), formerly the Tanzania Chamber of Agriculture and Livestock, which brings together a range of agricultural stakeholders. ACT's executive director is a former Director of Planning in MAFC. ACT and Agriculture Non-State Actors Forum (ANSAF) work with GoT through the Tanzania Agricultural Partnership (TAP). (ANSAF (ansaf.tanzania@gmail.com) is an umbrella of international and local civil society organisations, focusing in particular on marginal and smallholder farmers). Defined as a Public-Private Partnership, TAP is also a member of SAGCOT, the Southern Agricultural Growth Corridor of Tanzania (see text).

- 227 Cooksey 2009. The issue is not that state intervention is 'wrong' a priori, but that it is likely to be vitiated by inefficiency and patronage in practice.
- 228 Promoting export horticulture requires a pro-active state, but one playing a coordination and facilitating rather than a directive role. See Cooksey 2011b.
- 229 See Policy Forum 2011; Chirimi 2011.
- 230 Chirimi 2011.
- 231 DFID 2009. Setting budget commitment targets for agriculture ignores the obvious point that giving additional monies to inefficient and unaccountable bureaucracies is unlikely to have much impact on front-line services.
- 232 Known as the Africa Enterprise Challenge Fund. See: www.dfid.gov.uk/Working-with-DFID/Funding.
- 233 Interview E, 07/02/11. President Kikwete led an official delegation to Norway in 2005.
- 234 SAGCOT 2010; Daily News Reporter 2011. SAGCOT is an activity under Kilimo Kwanza. Chaired by Salum Shamte of the TNBC, its new board of directors (October 2011) consists of five Tanzanians and 'two members from the World Bank'(?). The WB was not one of SAGCOT's original signatories, and its muscling in on the scene (with money for projects) may or may not, according to respondent A, spell the kiss of death for the initiative.
- 235 DFID 2008. YARA have already received loans from the Norwegian Development Fund (Norfund) and is implementing projects in various African countries.
- 236 DFID 2008. YARA also stresses the importance of port efficiency in promoting agricultural imports and exports.
- 237 Leases for hundreds of thousands of acres of land--which no single company could hope to put to productive use--have already been signed. Redfern (2010) reviews the pros and cons of biofuel investments.
- 238 YARA's wresting of significant market share for established commercial fertiliser imports from existing importers is an interesting development in this respect.
- 239 Given the controversial nature of global agribusiness, it is difficult not to sympathise with a policy favouring firm regulation of the trade and investment regimes to prevent the worst case scenarios happening. Such regulation, of course, is also vulnerable to the forces of patronage we have been discussing in this report.
- 240 We are increasingly uncomfortable with 'policy formulation and implementation' as privileged objects of study. A more satisfactory formulation would start from the totality of effects on 'agriculture', including state, commercial and non-state actors. Policies and their implementation would constitute sub-sets of these effects.
- 241 Did respondent use more/less/same amount of chemical fertiliser last year (2006) compared to the year before?
- 242 Green et al. 1980: 94-5.
- 243 Cowan 2004:24. Emphasis added.
- 244 Stein 2008, Part 1.
- 245 The WB rates countries on their capacity to absorb loans effectively. Until recently, Tanzania was in the top category, justifying new loans worth up to USD 400 million p.a. The rating has since declined.
- 246 Informant B, Email 25/03/11.
- 247 Minot and Benson (2009) provide a reasoned critique of input subsidies that is compatible with a 'pro-market' position.
- 248 A recent World Bank review found that little of the political analysis undertaken by its own and other agencies' researchers has been operationalised in projects (WB 2011. 'Use of political economy analysis in projects').
- 249 Ellis and Mdoe 2002 quoted by Cooksey 2004.
- 250 Chabal and Daloz 1999.
- 251 The Economist 2002. Emphasis added.
- 252 Cooksey 2011e 'Aid, Governance and Corruption Control: A Critical Assessment', Crime, Law and Social Change, DOI: 10.1007/s10611-011-9359-5.
- 253 Knack 2000. See also Bräutigam and Knack 2004.
- 254 Kramer 2007:1.
- 255 Redfern 2003.
- 256 Mr Mramba was sacked by President Kikwete for his alleged involvement in a large scam, see Cooksey 2011b.

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Appendix 1: Potential irrigation areas per region and DADP disbursements 2007

Region	Existing area under irrigation (ha)	Total potential area	Potential area for development (ha)	DADP disbursement 2007	DADP rank	Region rank minus DADP rank
1 Morogoro	25,144	176,732	151,588	3,566,772,531	5	-4
2 Kilimanjaro	45,638	117,933	72,295	1,192,845,139	19	-17
3 Coast	1,133	58,755	57,622	5,581,021,640	3	0
4 Arusha	49,947	100,007	50,060	1,753,494,038	12	-8
4 Manyara				1,837,692,680	11	-7
6 Mbeya	35,239	79,257	44,018	1,353,278,531	17	-11
7 Rukwa	5,236	47,672	42,436	3,176,443,760	6	+1
8 Dodoma	3,608	43,689	40,081	7,380,463,532	1	+7
9 Tabora	2,591	34,880	32,289	1,630,687,658	13	-4
10 Mwanza	1,108	24,886	23,778	1,618,512,467	14	-4
11 Kigoma	3,420	22,530	19,110	1,010,691,355	18	-7
12 Iringa	5,539	23,335	17,796	2,446,865,137	9	+3
13 Kagera	15	17,166	17,151	1,234,626,591	18	-5
14 Mara	341	17,476	17,135	1,373,442,314	16	-2
15 Shinyanga	1,650	18,670	17,020	1,381,229,711	15	0
16 Mtwara	730	15,321	14,591	3,978,247,896	4	+12
17 Tanga	8,626	21,411	12,785	3,173,102,658	7	+10
18 Singida	525	11,840	11,315	1,967,572,521	10	+8
19 Lindi	1,231	9,358	8,127	2,957,684,423	8	+11
20 Ruvuma	198	7,850	7,652	6,846,696,431	2	+18
21 Dar	4	5,525	5,521	723,012,264	20	+1
Total	191,923	854,293	662,370	56,184,383,277		+/- 7

Source: Schram, Rommert, Betty Mlingi, Gabriel M. Kalinga 2007. 'Diagnostic Study on Capacity Building for the Implementation of the ASDP (Irrigation Component)', April, citing NIMP 2002

Appendix 2: Use of chemical fertiliser in 2006

Region N=	Frequency of Use ²⁴¹	Income Group			
		Poorest (%)	Middle (%)	Least Poor (%)	All (%)
Arusha 194	More	0	2	12	5
	About the same	3	7	15	8
	Less	0	5	7	4
	Never Used	97	86	66	83
Tanga 362	More	0	0	3	1
	About the same	0	1	4	1
	Less	0	1	4	1
	Never Used	100	98	89	96
Dar es Salaam 45	More	0	0	12	9
	About the same	0	12	3	4
	Less	0	0	0	0
	Never Used	100	88	84	87
Lindi 190	More	0	1	3	1
	About the same	0	3	0	1
	Less	0	0	0	0
	Never Used	100	96	97	98
Mtwara 307	More	0	1	0	0
	About the same	0	4	8	3
	Less	0	2	15	3
	Never Used	100	93	77	93
Iringa 382	More	0	6	21	15
	About the same	4	14	23	19
	Less	19	34	29	29
	Never Used	77	45	27	37
Singida 282	More	0	0	2	0
	About the same	1	1	0	1
	Less	0	2	2	1
	Never Used	99	96	96	98
Rukwa 301	More	0	0	8	3
	About the same	2	1	5	3
	Less	2	5	8	6
	Never Used	96	94	79	88
Shinyanga 458	More	1	2	0	1
	About the same	1	2	7	3
	Less	2	1	2	1
	Never Used	96	95	91	95
Mwanza 316	More	0	1	2	1
	About the same	0	3	1	2
	Less	0	4	9	5
	Never Used	100	91	88	92
All					
N=2,837	Never Used	98	90	69	86

Source: REPOA 2007

Appendix 3: Allocation of subsidised fertiliser vouchers, Iringa 2008/09

District	2008	2009	Agricultural Households
Iringa (Rural)	17,000	55,000	52,714
Njombe (Rural)	27,800	51,000	78,772
Njombe (Urban)	26,800	51,000	
Mufindi	25,800	49,660	56,766
Kilolo	21,700	34,000	39,549
Ludewa	7,700	22,000	24,527
Makete	6,200	18,000	25,227
Iringa (Urban)	3,000	2,140	1,162
	136,000	282,800	278,717

Source: MAFS input data-base 2011

Appendix 4: Aid to Tanzanian agriculture in historical perspective

In 1980, observers noted the rapid growth of external aid to Tanzanian agriculture:

‘Since 1974 a positive blizzard of programmes (by crop, input and region) has emerged and presumably has had some positive effect on output.... The ... build-up of new programmes ... in some cases appears to have suffered from lack of coherence, priority setting and internal contradictions.’²⁴²

Since Tanzania’s independence 50 years ago, WB agricultural projects have systematically failed to achieve their objectives. Pre-adjustment WB lending to Tanzania contributed to the failure of ujamaa and the external debt that ensued. A WB study of aid effectiveness in Tanzania:

‘concluded that between 1967 and 1987 donors provided US\$15bn of support to what the Bank called a “poorly thought out socialist experiment”, even noting that senior World Bank officials indulged the Tanzanian government without seeking to explain what was realistic and feasible in terms of economic development.’²⁴³

There is still a widespread view that poor countries’ development problems are in large part the result of the (forced?) implementation of (implicitly or explicitly ‘wrong’) IFI policy prescriptions. For example, Stein (2008) sees structural adjustment as based on a melange of neoclassical and new institutional economics theories, with the latter interpreted to support a market-led, minimum state role development strategy.²⁴⁴ The assumption here is that the implementation of these policies has helped to create and/or perpetuate the problems they are attempting to solve. The evidence of this research suggests that the WB’s guiding theoretical position since the 1980s has had little practical relevance

for agricultural projects on the ground. One would not guess, for example, that the WB favours a market-led development strategy from the nature of its support to ASDP and NAIVS, in which the private sector is accorded a dependent and secondary role. Though private contractors presumably do well out of irrigation construction work and stockists/retailers out of input distribution, and NMB out of managing voucher finances, private sector interests did not obviously influence the development of these projects.

This analysis is consistent with the view that policy, institutional and capacity constraints on project implementation are regularly overlooked in the interest of getting new projects off the ground and meeting disbursement targets.²⁴⁵ One colleague made the following observation: ‘...the projects you are reviewing ... often carry so [many] unrealistic assumptions and the need to burn donor money overrules prudence.’²⁴⁶

Challenging the formal neo-liberalism of structural adjustment are concerns with poverty reduction and food security, which suggest support for both public goods (research, extension) and private goods (input vouchers) provision by the state, with little or no concern for private sector involvement. But at the same time, the WB and others have criticised input voucher schemes on both theoretical and practical grounds, so one could legitimately challenge WB support for just such a scheme, given that there are numerous alternatives.²⁴⁷ Non-policy factors come into play at all stages of the project cycle.

Stein also points to the compatibility of a neo-liberal position and ‘good governance’, including corruption control, as key strands guiding WB lending. Yet ‘good governance’ has little substantive application when it is defined as a separate ‘sector’, with its own projects, rather than being mainstreamed in all sectors.²⁴⁸ What would an analysis of agricultural ministries’ and allied agencies’ governance practices reveal? We do not know, since no such analysis has ever been attempted. Do governance

shortcomings help explain the apparent inability of the state to deliver public goods in general and in agriculture in particular?

At the local level, the quality of governance will influence how policies are implemented (or not) implying that even well formulated and adequately funded policies may be undermined. Writing before MKUKUTA and ASDP, Ellis and Mdoe (2002) noted that:

‘The PRS [Poverty Reduction Strategy] needs to identify, evaluate, and seek to diminish those factors in the institutional and fiscal environment at local levels that are discouraging and inimical to trade, investment, risk-taking and enterprise.’

These authors also highlight: ‘the risk that decentralisation will lead to an escalation of predatory behaviour on the part of local councils rather than more accountable government and better service provision.’

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Silence on institutional governance issues on both sides of the aid equation suggests the presence of a powerful implicit alliance to defend a lending-borrowing status quo that could otherwise constitute an issue of major public concern. Similar logic could help explain the continuation of Tanzania’s triple A status as a borrower long after evidence of ruinous political corruption and rent-seeking had emerged to shatter the ‘good governance’ reputation that the country was beginning to enjoy. This is not an exclusively WB problem, of course. In the absence of ‘counter-hegemonic’ forces, donors and recipients like GoT will continue to conspire in the production of projects destined more often than not to fail.

Finally, general problems of aid dependency and effectiveness are also relevant for our agricultural theme. In a nutshell, aid routinely undermines the state institutions it is supposed to ‘strengthen’ while providing substantial resources that are diverted into local patronage networks.

Chabal and Daloz (1999) argue that the misuse of foreign aid in the pursuit of political objectives is one of the major features of ‘aid dependency.’²⁵⁰ The Economist (2002) quotes the WB’s estimate that: ‘there are 28 countries that are home to 500m people, mostly in sub-Saharan Africa, where aid is unlikely to work.’²⁵¹ Cooksey (2011e) claims that the diversification of aid sources and increased volumes of aid transfers since the turn of the century have heightened competition between agencies for market share and reduced the chances that aid can be effectively coordinated.²⁵² At the same time, aid dependency has weakened governance in

a number of ways that are relevant to our overall theme. For example, Knack claims that:

‘Aid dependence can undermine institutional quality by weakening accountability, encouraging rent seeking and corruption, fomenting conflict over control of aid funds, siphoning off scarce talent from the bureaucracy, and alleviating pressures to reform inefficient policies and institutions.’ ... ‘analyses of cross-country data provide evidence that higher aid levels erode the quality of governance, as measured by indexes of bureaucratic quality, corruption, and the rule of law...’²⁵³

Kramer argues that the extent of corrupt practices in international aid projects is:

‘too often underestimated’... contractors and honest project officials ... complain (privately of course) about the pervasive, systemic corruption and the naiveté of aid organizations that seem unable or unwilling to recognize the problem.’²⁵⁴

Although the WB audits its projects thoroughly, many are not convinced that this helps prevent fraud and corruption. Financial audits do not look at value for money (see text, Box 2). More important, most project audits take place at ministerial level, ignoring what happens once money is transferred to lower levels, as with small-scale irrigation and input subsidies discussed above. We suspect that clientelism and inefficiency are the norm, not the exception.

In February 2003, British overseas development secretary Clare Short:

‘criticised the failure of billions of dollars of development assistance to alleviate poverty in Tanzania. [She] criticised the money she believed had been wasted through the European Union’s aid budget in recent years, complaining that huge sums had been lost to corruption.’²⁵⁵

On the same occasion, Tanzania’s Minister of Finance Basil Mramba confided:

‘I’ve seen a lot of aid money. But I’ve not seen development with that aid. In the past five years, I’ve seen investment in Tanzania. And now I see change. Aid has not got us anywhere; aid should never be more than the icing on the cake.’²⁵⁶

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