

ANNEX 2: PEOPLE INTERVIEWED

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 Lundström, Tor, Managing Director, Scanagri Finland
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 Otsamo, Rikka, Programme Officer, Unit for Asia and Oceania, MFA
 Paukku, Jorma, Ambassador, MFA
 Porvali, Harri, Senior Consultant, Co-op ProDev, Helsinki
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 Barea, Augusto, Operations officer, World Bank
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Bradford, David, Programme officer, Embassy of Norway
 Campos, Isabel, Director Fundacion Nieboroski, Managua
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 Chamorro, Juan, Director Millennium Challenge Account (MCA), Leon
 Fernandez, Wilmer, President Cooperativa Amerisque, Chontales
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 Pakkala, Jukka, Director NGO Solidarisuus, Managua
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Ha, Vo, Vice chairman of Huong Tra DPC, Thua Thien Hue province
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 Quang Tuyen, Tran, Chairwoman WU of Cam Lo district, Quang Tri province
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ANNEX 3: DOCUMENTS CONSULTED

- Eskola E 2003 *Rural Development Cooperation. Learning from Finland's International Projects and Programmes*. Department for Development Policy. Ministry for Foreign Affairs of Finland, 2003, 100 p. ISBN 951-724-435-5
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- Organisation for Economic Co-operation and Development (OECD) website: www.oecd.org/document. Last visited November 2009.

ANNEX 4: PROJECT MANAGEMENT COSTS AS % OF TOTAL PROJECT COSTS OF SELECTED FINLAND BILATERAL PROJECTS

	TTHRDP I Vietnam	TTHRDP II Vietnam	QTRDP II Vietnam	QTRDP III Vietnam	PLARD Zambia		LLFSP Zambia	Prodeza Mozambique
	1999–2003	2004–2009	2001–2005	2005–2009	2007–2010	2007–Apr 2009	1994–1998	2006–2010
					Budget	Expenditure		Budget
Total Budget	€ 4 664 171	€ 12 000 000	€ 191 350	€ 10 000 000	€ 9 994 602	€5 157 997	€ 4 349 158	€ 4 937 797
<i>Project Implementation costs</i>								
Livelihood services		23%	16%	29%				
Infrastructure		34%	26%	25%				
CapDev		9%	10%	4%				
	56%	65%	52%	58%	60%	52%	47%	43%
<i>Project management costs</i>								
Offices and Administration		9%	13%	12%		20%	33%	28%
Equipment		2%		2%				
Technical Assistance	33%	22%	32%	27%		28%	22%	27%
	43%	33%	45%	41%	38%	48%	55%	55%
Contingency	1%	2%	1%	1%	2%	0%		2%

Source: TTHRDP I and II, QTRDP II and III Project documents

Vietnam: PLARD MTR 2009

Zambia : LLFSP Finnish Development Cooperation in the Rural Sector of Zambia 1997

Mozambique: Prodeza Orcamento 2009-2010

ANNEX 5

**EVALUATION OF AGRICULTURE IN THE FINNISH
DEVELOPMENT COOPERATION**

AIDE MEMOIRE MOZAMBIQUE

FINAL

MINISTRY FOR FOREIGN AFFAIRS OF FINLAND

This evaluation was commissioned by the Ministry for Foreign Affairs of Finland to The Consultants bear the sole responsibility for the contents of the report. The report does not necessarily reflect the views of the Ministry for Foreign Affairs of Finland

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ACRONYMS

AfDB	African Development Bank
CGIAR	Consultative Group on International Agricultural Research
CIP	Centro Internacional de la Papa (International Potato Centre)
DNPDR	Direcção Nacional de Promoção do Desenvolvimento Rural (National Directorate for the Promotion of Rural Development)
EC	European Community
ERV	Estratégia da Revolução Verde (Green Revolution Strategy)
FAO	Food and Agriculture Organization of the United Nations
GBS	General Budget Support
GoM	Government of Mozambique
IAB	Instituto Agrário de Boane (Boane Agricultural Institute)
IAC	Instituto Agrário de Chimoio (Chimoio Agricultural Institute)
IFAD	International Fund for Agricultural Development
IIAM	Instituto de Investigação Agrária de Moçambique (Institute of Agricultural Research of Mozambique)
ILRI	International Livestock Research Institute
IRRI	International Rice Research Institute
KEPA	Service Centre for Development Cooperation
LOLE	Lei dos Órgãos Locais do Estado (Law for Local State Bodies)
MADER	Ministério da Agricultura e Desenvolvimento Rural (Ministry of Agriculture and Rural Development)
MDP	Ministério da Planificação e Desenvolvimento (Ministry of Planning and Development)
MFA	Ministry for Foreign Affairs of Finland
MINAG	Ministério da Agricultura (Ministry of Agriculture)
MONAP	Mozambique Nordic Agricultural Programme
MoU	Memorandum of Understanding
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OIIL	Orçamento de Investimento de Iniciativa Local (Local Initiative Investment Budget)
PAEI	Política Agrária e Estratégias de Implementação (Agricultural Policy and its Implementation Strategy)
PAPA	Plano de Acção para Produção de Alimentos (Food Production Action Plan)
PARPA	Plano de Acção para a Redução da Pobreza Absoluta (Action Plan for Poverty Reduction)
PEDD	Plano Estratégico de Desenvolvimento Distrital (District Strategic Development Plans)
PEDSA	Plano Estratégico de Desenvolvimento do Sector Agrário (Agricultural Sector Development Strategy)
PESU	Programa de Emergência em Sementes e Utencílios (Emergency Seeds and Tools Programme)

PPG	ProAgri Partners Group
ProAgri	Programa Nacional para o Desenvolvimento Agrário (National Programme for Agricultural Development)
PRODEZA	Support to Rural Development in Zambézia Province
PWG	ProAgri Working Group
ROSA	Rede de Organizações para Soberania Alimentar (Network of Organizations for Food Sovereignty)
SBS	Sector Budget Support
SDAE	Serviços Distritais de Actividades Económicas (District Economic Service)
SWAP	Sector-Wide Approach
TA	Technical Assistant
UN	United Nations
UNAC	União Nacional de Camponesinos (National Small Scale Farmers Union)
WB	World Bank

Other acronyms and abbreviations mentioned in the text are explained as they appear.

1 INTRODUCTION

The field visit to Mozambique took place between September 21 and October 01st, and was carried out by Mariana Wongtschowski (international consultant) and João Carrilho (local consultant).

The team concentrated its efforts in meeting with other key donors to the sector, in Maputo, as well as the main government contacts for the Finnish supported projects. Authors also made sure to interview civil society organizations (e.g. World Vision and the National Peasant Union, UNAC), and staff members of the main Finnish-supported projects/programmes over the last 10 years (the complete travel itinerary can be found in annex 3). The team also went to the field, in the district of Boane, Province of Maputo.

As the field work coincided with the September elections in Mozambique it was difficult to set up appointments at province and district level. The personal contacts of the local consultant helped however to overtake this challenge, but the elections would have made the team's visit to the Zambezia province (which was initially envisaged) a potentially non-productive effort. Our visit to that province was cancelled. In addition, our contact person at the Finnish Embassy had to deal with three simultaneous missions in the country. The Embassy was nevertheless willing to provide support to our task in the most dedicated way.

2 Analysis of national Agricultural policies and main development programmes

Immediately after independence, in 1975, under a socialist economic model land was nationalised and abandoned farms became either state farms or were handed over to cooperatives. Capital intensive technology was promoted to gradually replace the subsistence and smallholder agriculture. The 1980's was declared the "*decade of victory against underdevelopment*". Agriculture was seen as the basis of development and Industry its dynamising factor. Traditional community structures were fought against and local communities were to be replaced by communal villages (*aldeias comunais*). The District was defined as the "basis of planning".

In the 1980's, a sequence of droughts and floods and internal discontent towards the inefficiencies of the highly centralised development model, encouraged internal civil destabilisation which reached its peak in the early 80's. Social and economic infrastructure, including the state farms, became military targets and a huge internal displacement occurred. By mid 80's the state recognized the limitations of the socialist economic model and an Emergency Programme (PESU – Emergency Seeds and Tools Programme) was instituted. It included the free distribution of seeds and agricultural hand tools to more than 1 million displaced farmers' households, supported by several donors, including IFAD (International Fund for Agricultural Development). By the late 80's, Mozambique started a Structural Adjustment Programme,

changing course towards a market oriented economy and the privatization of factories, seed production companies and state farms. Studies done at the time underlined the role and importance of agriculture in addressing poverty.

From 1977 to 1990, MONAP – the Mozambique Nordic Agricultural Programme, also supported by the Finnish government – defined local capacities and policies for agricultural and rural development. From 1994 to 1999, the Agricultural Policy and its Implementation Strategy (PAEI) was approved, and served as the basis for ProAgri I – a sector investment plan. Nevertheless, it must be noted that the Final Evaluation of the ProAgri I states that the programme “apparently ignored PAEI, its mother source during its implementation exercise. It seems that MINAG and donors overlooked the development aspects of poverty alleviation and food security stated in PAEI.” (MINAG 2007, p. 88). Agricultural markets and microfinance, rural infrastructure rehabilitation and district planning exercises were also carried out during this period.

The First Action Plan for Poverty Reduction (PARPA I, 2000-2004) as main development plan was based on an environment of peace, social and political stability. The decentralization policy was sanctioned by the Law for Local State Bodies (of 2003), also known as LOLE, which gives districts power to plan, budget and implement local initiatives. With it, the district became a budgetary unit.

ProAgri’s implementation started in 1999/2000, and had 2/3 of its budget dedicated to institutional capacity building; both at central and district level. ProAgri I implemented one of the six focus areas of the PARPA, and its first phase was extended till 2006. Negotiations for a second phase of the ProAgri started already in 2004, and the actual MoU for the implementation of the programme was signed in 2007. The second phase of ProAgri is scheduled to end at the end of 2010.

In 2000 the Ministry of Agriculture and Fisheries (MAP) became the Ministry of Agriculture and Rural Development (MADER). Then, in 2005, the Ministry of Agriculture and Rural Development became the Ministry of Agriculture (MINAG), and its Rural Development wing was moved under the Ministry of Planning and Development (MPD), also in charge of the decentralization process. These changes meant that the design of ProAgri II (done largely under ProAgri I) did no longer depend on a single ministry, complicating its implementation. ProAgri II became very much an extension of ProAgri I and kept essentially its funding and dialogue mechanisms, attracting criticism from both donors and central and provincial level authorities on its low potential impact on agriculture, due to a more narrow focus on crop and livestock productivity.

The implementation of the decentralization policy, particularly the materialization of the district as a budgeting unit – as stated in the 2003 above mentioned LOLE – had huge implications in all areas of state organization and work. District Strategic Development Plans (PEDDs) were formulated in all districts. The Local Initiative Investment Budget (OIIL) was instituted in 2006 to support food production and employ-

ment, and consists of a local level credit system (which in practice is hardly ever repaid). It represents now an annual budget of \$113m or about 3% of the government spending, a little less of the total expenditures of the first five years of the ProAgri, MINAG's main development programme.

In 2006, the Priorities for the Agricultural Sector were approved (Governo de Moçambique, 2006a). Although further elaboration was deemed necessary, this "first version of the Policy and Strategy for the Agricultural Development" (PEDSA) expressly served as the basis for the formulation of the Concept, Principles and Strategy of the "Green Revolution" in Mozambique in 2007 to address the challenge to increase productivity. The food prices crisis, in 2008, prompted the Government to approve, in June of that year, the Action Plan for Food Production (PAPA), in line with the Strategy of Green Revolution. The PAPA is run largely through MINAG, linked to, but not fully embedded in, the ProAgri II. At present, donors are discussing a new version of the PEDSA, made public in November 2009, which they deem fundamental for discussing a next phase of the ProAgri. It is against this background that the Finnish Embassy in Maputo and other donors try to find the most appropriate and effective way to continue supporting agriculture development in the country.

The Finnish support to the agricultural sector has initially focused on agricultural technical education, supporting technical level agriculture education in Boane, Umbe-luzi and Chimoio. The first two ended more than ten years ago, and are therefore only referred to briefly throughout this document. The intervention at the Agricultural Institute in Chimoio (IAC) ended in 2006, and fell, from 2003 to 2006, under the Finnish support to the educational sector. At the end of 2005, Finland joined the ProAgri, the Agriculture Sector-Wide programme (literally, the National Programme for Agricultural Development), and in 2006 it started supporting the implementation of the PRODEZA (Support to Rural Development in Zambézia Province). (A more detailed description of the projects and programme can be found in annex 1.) Because the ProAgri and the PRODEZA are at the centre of a current debate at the Embassy and within the donor community as a whole, we have chosen to give more attention, in this aide memoire, to these two initiatives.

An effective development-oriented intervention in agriculture needs to take into account the recipient country's socio-economic situation, its policies and strategies. Actual recipients' strategies and policies and their implementation are a major source of information and may point the way and means to for longer term collaboration.

In addition, an effort to convert policies and strategies into legislation, which implies the settlement of contentious areas and ideas, may help aid architecture to be more consolidated and predictable, and less, therefore, subject to new – and at times volatile – strategies and guidelines.

2.1 Agricultural Performance

From 1995 and 2005, there was a post-conflict recovery of the agricultural production, mainly driven by the recovery of area under cropping.

The 15% of poverty reduction particularly in the rural areas, between 1997 and 2003, cannot be explained without the contribution of agriculture, even if direct attribution is not possible. Apart from a stronger presence of services in the field, a number of private investments, out grower's schemes, and market facilitation activities were performed with the collaboration of the departments of MADER (Ministry of Agriculture and Rural Development). The betterment of resources management and improvement in dialogue capacity with the private sector were also results of ProAgri I, with the net effect of contributing to reducing poverty. However, weaknesses in monitoring and evaluation as well as in being able to clearly show results on the ground eroded public support to ProAgri.

In the same period, the strengthening of the MADER was visible nationwide, also at the level of Districts. In fact, most of the SDAEs – the new “district economic services” – were based on the District Directorates of Agriculture.

According to a FAO Fact Sheet, Mozambique has presently 36 million hectares of arable land, suitable for agriculture, of which about 10% are under cultivation, with 97% cultivated by smallholder farmers. While land availability is abundant, expansion of land under effective use is limited by constraints among which include labour, suitable farming system based on agro-ecological zones, absence of draught power and access to water. Agriculture sector contribution to GDP amounts to 23%, while its contribution to exports adds to approximately 20% of the total export value. Mozambique's agriculture is strongly bipolar, split between 3,2 million small farmers, producing 95% of agricultural GDP, and about 400 commercial farmers producing the remaining 5%. According to the agricultural census 2005, 91% land of the small and medium scale farmers, was used for annual crops which include maize, cassava, rice, sorghum, millet, cowpeas and groundnuts. Of the maize produced in the country 99% is produced by the small-scale farmers. The main cash crops include cotton, sesame, tobacco and sunflowers (FAO 2007).

2.2 Main Developmental Issues: Opportunities, Problems

The decentralization process is presenting both opportunities and challenges, and a better linkage between local priority setting and procedures centrally defined is needed.

The increased attention the Government is dedicating to agriculture, namely through PAPA, together with the expansion in coverage of extension services, need to be seen as an opportunity rather than a threat to the formulation of a broader agriculture sector policy, even if technically-wise the Plan has important flaws.

Increasing productivity to ensure food security remains the main challenge, but this needs to be seen through the lenses of the value chains, linking planning and production with a broader and more effective action in view of reducing post-harvest losses and agro-processing. Clear roles for the government core functions, the productive private and small-scale family sector as well as service providers, need to be recognised and strengthened.

It seems that the supply-led efforts to increase productivity should combine with the improvement of management by farmers of their production as a “business”, as a means to stimulate the demand for increasing inputs, equipment and infrastructure, including for irrigation, for which a National Strategy is presently being formulated.

Stimulating land registration not only by communities but also by individuals may put a high pressure on the capacity of the Ministry, but that may also stimulate more resources to this sector.

Finally, one should look at the existence of various donor/government coordination and harmonisation mechanisms as an opportunity. It should be used in a more efficient, conciliatory/flexible and less resource-consuming way than presently done.

3 Analysis of main donor policies and programmes in agricultural sector

This section builds on an internal document prepared by the Finnish Embassy in Maputo (Pekkola 2009).

In line with the Paris declaration, most of the active donors in Mozambique are providing general budget support (GBS). Finland has provided € 7 million in 2009 through GBS, of a total of € 27 million budget for Mozambique in the same year.

In addition to General Budget Support several of the donors provide Sector Budget Support. In the agricultural sector, this translates in supporting the ProAgri, the sector-wide programme. Within the framework of ProAgri, donors disbursed through common funds US\$ 207 million during 1999-2006 and committed US\$ 126 million for 2007-2009.

Finland contributed € 6 million for ProAgri I during 2005-6 and € 12 million for ProAgri II during 2007-9. It will continue to finance the sector programme in 2010, with € 5 million. PRODEZA has a budget of € 5 million for 2006-10. Finland has been the second or third biggest donor of the agricultural sector common fund since 2006. However, other donors such as USAID and the African Development Bank, who do not provide direct funds to ProAgri, are still the biggest donors to the agricultural sector.

During the period 1998-2007, the total ODA (Official Development Assistance) for Mozambique was almost US\$ 17 billion of which only 5% was allocated for agriculture, forestry and fishing. More detailed figures on the agricultural sector are not published by the OECD (Organisation for Economic Co-operation and Development). Almost 70% of the ODA was designated for commodity aid, emergency aid and infrastructure.

Table 1 Total ODA Commitments 1998-2007 by sector, constant 2007 prices

Main sector	Mln US\$	%
Agriculture, forestry and fishing (311–313)	867	5,1%
Social, infrastructures and services (110–140/160)	4 313	25,4%
Commodity aid, emergency assistance and reconstruction (500-700)	7 008	41,3%
Transport, communications and energy (210–230)	2 055	12,1%
Multisector/cross-cutting (incl. rural development)	740	4,4%
Government and civil society incl. land mine clearance & demobilization (150)	1 269	7,5%
All other (240/250/321–332/900)	728	4,3%
GRAND TOTAL	16 980	100,0%

Source: OECD, CRS database.

Of the EU bilateral donors in the period 1998-2007, the largest donor is the UK closely followed by France. Finland was the smallest of the bilateral donors. The total inflow of ODA from the bilateral donors was US\$ 12,4 billion or over 70% of total ODA during that period. Of the non-EU member countries, the US is the largest donor at a total of US\$ 1,3 billion. According to the OECD/ODA statistics, the World Bank is the largest donor in Mozambique.

Table 2 Total ODA Commitments 1998-2007 by donor

Donor Name	Amount (US\$ million, constant 2007 prices)	% share	ranking
UK	1 155,7	6,8%	3
Germany	1 003,7	5,9%	6
Netherlands	887,1	5,2%	7
France	1 077,7	6,3%	4
Italy	1 057,1	6,2%	5
Denmark	858,9	5,1%	9

Donor Name	Amount (US\$ million, constant 2007 prices)	% share	ranking
Portugal	868,9	5,1%	8
Finland	315,8	1,9%	17
Others	1 788,2	10,5%	
Total EU member countries	9 013,1	53,1%	
Norway	766,0	4,5%	10
United States	1 274,9	7,5%	2
Others	1 245,6	7,3%	
Total non-EC bilateral	3 286,48	19,4%	
IDA	1 521,0	9,0%	1
AfDF	638,2	3,8%	12
<i>Total Multilateral</i>	4 680,3	27,6%	
GRANDTOTAL	16 980	100%	

Source: OECD – DAC database www.oecd.org.

The World Bank (WB) financed the ProAgri I sector program, but did not join the ProAgri II. However, it has recently started to provide support to agriculture sector through projects. It has a project on Market-led smallholder development in the Zambezi valley with MPD/DNPDR (US\$ 4,5 million/2009) and irrigation project (US\$ 2 million/2009) with MINAG. In 2008 the WB provided US\$ 10 million through direct budget support earmarked for support to the PAPA program.

Major part of the African Development Bank's (AfDB) finance to agriculture sector goes to the Massingir dam project (US\$ 15million/2009) and Cofamosa irrigation project (US\$ 7,5 million/2009).

Both AfDB and WB have pleaded to increase their support to agriculture, mostly through relatively large scale development projects, with a clear focus on irrigation schemes.

FAO provides mainly technical assistance to the government. It has 35 small scale projects on prevention of soaring food prices, irrigation, food security and commodity value chains. The total value of the FAO projects in 2009 is about US\$ 2,7 million.

The EC has been the biggest donor of the ProAgri II sector program totalling 2006–2009 US\$ 67million. Part of it funds have been earmarked to development of sugar industry, MINAG's reform program, outsourced extension services and local devel-

opment projects. The EC also provides funding (€ 3 million) to MINAG outside the common funds for capacity building in planning and financial management. It will provide additional funding (about € 23 million) in 2009-10 due to the food crisis, through FAO and IFAD programs and direct budget support (more on the EC funding plans below).

A recent study on the aid architecture in the agricultural sector in Mozambique (MINAG 2009b) provides a summary of the activities of the agriculture sector funders, including their rural development projects (see annex 2 for a summary version, with information only on the most prominent donors). Several donors provide funds through the government, while earmarking their funding to specific programmes in certain provinces/districts and thematic areas (e.g. the World Bank). Directly outsourcing programme implementation, as it is the case of Finland with the PRODEZA, is also a common practice.

4 Relevance: Cohesion and coherence

4.1 Alignment with Main National Agricultural Policies

Both ProAgri and PRODEZA are relevant as they respond to the needs of the country and their design is adjusted to the national context. Participation in ProAgri and the initiative of PRODEZA respond to key priorities in the PRSP (PARPA) of the Government of Mozambique, PRODEZA is located in one of the most populated and with highest index of malnourishment in the country, though also one of Mozambique's most resources rich provinces.

ProAgri enjoys the support of several other donors; the Memorandum of Understanding (MoU) for its implementation was negotiated and signed jointly by the government and the donors. Most of ProAgri is included into PARPA. It is expected that ProAgri contributes to the strengthening of the capacity of MINAG to provide basic services to the producers and the country, such as extension, research, sanitary inspection and plant protection and market linkage facilitation. It is also expected that the performance of such a combination of areas will contribute to increased production and productivity.

ProAgri I implemented a restructuring of the public sector, a process being implemented throughout all sectors. A major observation of the final evaluation carried out in 2006 was that ProAgri seemed to ignore PAEI – the Agricultural Policy approved in 1995, which gave priority to poverty alleviation and food security. This prompted a marked difference in the design of ProAgri II compared to its first phase, paying more attention to activities towards more impact in the improvement of farmers' productivity: under PARPA II, for the period 2005-2009, it would include assistance to small family farms and larger, commercial farmers thus ensuring satisfaction of basic needs and higher incomes in rural areas. Agro industries would then add value to farm products for both the domestic and export markets.

Nevertheless, ProAgri's strategy is currently seen as falling short in responding to the needs of the country, which can be simplified as: an actual increase in income to small scale farmers (through increased productivity, and, most importantly, improvement of post-harvest and marketing) which is not explained only by a increase in area under cultivation. In fact, the fact that the government has developed the Green Revolution Strategy (ERV) and the PAPA as a response to the national and international food crisis, shows that the ProAgri (as a programme of work) is no longer owned and supported by some sectors within the government. We believe ProAgri may still offer a tested platform to take these strategies on board a sector programme acceptable by donors, as they will, most likely, require donors to fund a major part of it (in PAPA, for example, donors are expected to contribute in the order of 90% of the required public investment).

PRODEZA, on its turn, is a direct response to the decentralisation policy followed by the government and applauded by most donors. It is designed to support institutional capacity building at district and community level, and support the development of the agriculture private sector, along the lines of the government favoured value chain approach. Project's support to the private sector is done from within the existing instruments, such as OIIL, and includes building the capacity of the district government to assist in processing requests under OIIL.

For both the ProAgri and the PRODEZA, the expected result is sustained poverty reduction, increased employment opportunities and improved food security. They align with the PARPA, which is expected to serve as the platform for the implementation of MDG 1. Both are implemented within existing regulations, norms, agreements and procedures, but attention should be given to ensure that an eventual PRODEZA II is more integrated in the Government institutions.

This is, of course, conditioned to the fact that not always priorities conform with policies, as these are not always promptly adjusted to the changes in the country's situation and position face to national needs and international commitments.

4.2 Harmonization

"At the core of the aid effectiveness agenda in Mozambique is a group of 19 donors, known as the Group of 19 (or G19), each of which provides general budget support to the government. The G19 adheres to government procedures and operational cycles as the basis for general budget support" (<http://go.worldbank.org/3QHTI4W1R0>). In addition, G19 members are also assessed for their performance, in a unique example of a "mutual accountability mechanism". Finland is part of the G19 countries, and currently holds the chairmanship of the group's coordinating "troika plus" (three rotating donor countries and two ex-officio permanent members, the UN and the WB).

There is no current forum for donor coordination on rural development. The DNPDR (National Directorate for the Promotion of Rural Development) has separate projects with different partners with very little coordination between the activities.

This has become a problem especially after the separation of the previous MADER into MINAG and MDP (see below), which is widely considered to have hampered the broader ambitions of the initially conceived ProAgri II.

Donor coordination is made at various levels of the agriculture sector program, through different discussion and decision-making fora: the PPG – ProAgri partners group (where the donors meet and discuss), the PWG – ProAgri Working group (where donors and MINAG meet and do most of the planning), and the Forum de Concertação for partners’ dialogue (attended by the Heads of Cooperation and the Minister of Agriculture).

Finland is, at present, the head of the ProAgri’s sub-group on planning and finances, which is widely seen as its most influential sub-group of the PWG. Finland is also scheduled to head the agricultural sector troika as from 2010. It is presently part of the troika, coordinated by Canada.

On one hand, some of the donors interviewed have expressed their worry of over-coordination, which leads to difficulty in adapting programmes, activities and indicators according to donors’ own internal dynamics and changing policies. On the other hand, for some other donors (e.g. Brazil, China, and Japan) little is known at the levels of partner (donor) working groups. Despite much coordination, individual donors are still sources of political pressure. The ProAgri, for example, is still seen by many as donor-driven. The PAPA, in contrast, is seen as government-led.

Though in principle not aligned with the Paris declaration, the bilateral projects are still well favored by all the people interviewed. They provide donors with the possibility to “ground-proof” general policies and assumptions, and government and other players with the possibility of experimenting new approaches and ideas. What is dearly missing is the expected “trickle-up” effect of learning from these ground experiences towards better national or regional level policies and practices.

While staff at the Finish embassy remains loyal to the idea of funding MINAG – or the agricultural sector – directly, others, like the EC, have embarked on parallel initiatives, with little attention to “harmonization”. The EC is presently elaborating a much larger multi-sector rural development programme, which is supposed to bring together four line ministries, under the coordination of the Ministry of Planning and Development (MPD). Most are sceptical of the capacity of such large programme to function. Here, one could argue, lays a choice between alignment (supposing that the MPD is eager to get this programme funded, and considering that decentralization is indeed the GoM’s priority strategy) and harmonization. Ownership is still an issue, as the EC proposal is at this moment seen as largely donor-driven.

In short, the ProAgri II has not worked according to the original plan, the PAPA came into being somehow in the middle of an already difficult period, and the PEDSA is apparently not going to come out of the drawing board any time soon (and certainly not before elections). Donors are now at cross-roads. Debates abound within the do-

nor community, and the Finns are in a good place to facilitate the process of planning and decision making.

4.3 Compliance with Finnish Development Policies

The 2007 Development Policy Programme sets the general principles for collaboration, such as partner countries' ownership, harmonization efforts between donors which reflect on the need of elaboration of projects and plans through a process of dialogue and partnership. The Embassy in Maputo has been active in supporting dialogue between donors and the Mozambican government in developing programmes and projects, and an important player in the defence of harmonization.

Nevertheless, this has not always really meant projects developed are fully owned by the country-level partners (government, NGOs, etc), as is the case of PRODEZA and, to a certain extent, the ProAgri. It is not an easy task, admittedly, to open a dialogue and simultaneously been seen as "the one with power over the money".

Thematically, the projects supported are generally in line with Finnish most recent policies, namely the 2004 Rural Development Strategy for international development, the 2007 Development Policy Programme and the 2008 Finland's Aid for Trade Action Plan. They focus on strengthening agriculture and its enabling environment (logistics, extension/training, research, credit), and working with value-chains towards a more entrepreneurial agriculture strategy. These are important focus areas of the present and previous Finnish-supported interventions (support to agricultural education, ProAgri, PRODEZA) in Mozambique. ProAgri, of course, focuses on all the areas of MINAG's work, including "support to research, extension, training and services", as mentioned in the 2004 Finnish guidelines. In addition, PRODEZA's second phase is envisaged to work specifically in development of the rice value chain, continue strengthening extension services and supporting the administration and use of micro-credit.

Nevertheless, it must be said that certain policies of the Mozambican government, such as the provision of local credit which is, in practice, the equivalent of grants and bypasses formal credit institutions, damage local private sector development.

4.4 Aid Channels

At present, six aid-modalities are used simultaneously by the MFA in Mozambique: General Budget Support; Sector Budget Support (SBS), bilateral projects, NGO funds, regional programmes, and "institutional cooperation programmes". These last two were not dealt with in this evaluation, as they were not thematically related to agriculture.

In the period 2000-2004 a number of international events including the Millennium Summit, the Monterrey Consensus, and the Rome Declaration on Harmonization, the establishment of NEPAD and the CAADP, as well as the Maputo AU Summit, in

2003, also influenced the vision and planning for the agricultural sector at national level. Direct General Budget Support (GBS) was promoted both internationally and internally as the main avenue aimed at providing the resources to implement PARPA. The Paris Declaration and the Accra Agenda for Action further fostered channelling of aid through GBS. The MFA dutifully subscribes to these, and channels 26% of its country-level funds through this channel. GBS is deemed “a vote of confidence” (Fernando Songane, pers. communication), and the most powerful tool when nurturing a long-term partnership between donor and recipient government. It is also, in the words of the FAO representative in Mozambique, a way of supporting capacity building within the government, since it requires that the government takes the responsibility of administering the funds (Maria José Zimmermann, pers. communication). In the longer term, as the government and its ministries get stronger, GBS might become the most appropriate funding mechanism. Presently, however, interviewees state that the MINAG does not yet have enough clout to make sure that a relevant part of the Government’s overall budget is indeed allocated to it, so money put into GBS might never find its way to agriculture.

The aid modality used to fund ProAgri is a SBS (following a Sector-Wide Approach – SWAP), with a “Common Flow of Funds Mechanism”, agreed upon between the Government and the donors for channelling financial resources. The level of funding seems to be adequate, although disbursements by important donors (namely, the EC) are not always timely, compromising the adequate implementation of the planned activities. It is generally accepted that ProAgri resulted in a stronger Ministry of Agriculture, with a reliable financial management, aligned with the country’s accounting systems.

It is worth mentioning the regular and fruitful functioning of the ProAgri Working Group as a forum to discuss policies, performance, and priorities. Some donors do participate in the PWG without necessarily funding the ProAgri “programme”, but instead providing funds outside the government’s budget (such as the USAID and Japan).

It is also a fact that, both the signatories of the Common Funding Mechanism of ProAgri and other major donors continue to fund separated projects in agriculture and rural development, with specific bodies within the Ministry or through NGOs. Projects offer an opportunity to counter transaction costs associated with the present level of (lack of) trust, and to get more direct information of the current situation from the field. Some interviewees refer to this last point as “ground-proofing”. They also represent an opportunity to attribute results, effects and impacts to bilateral co-operation, making donors’ development-efforts more visible to their own constituencies. Nevertheless, there are certainly not enough initiatives from the donors to learn from the several projects they finance in the field. As a response to this commonly felt need, donors plan to organize a yearly seminar to discuss, learn from and share their supported-projects’ achievements and challenges faced. At the de-briefing at the Embassy in Maputo we also discussed the need to learn from international level evaluations (such as the one of which this document is a part) and make sure to incorporate lessons learned in current activities/strategies.

MINAG sees GBS as the ideal funding channel. However, it also recognises that in the absence of a strong political statement ensuring that the sector receives a large enough share of the national budget, such as an updated Agricultural Policy, it sees a continuous need to work on a SWAP.

At **present**, it is the authors' opinion that this mix of funding channels is appropriate to the situation in Mozambique, as well as to the (also dynamic) development policy in Finland. It is important to note, though, that the present tendency towards more projects, away from SBS (i.e. leaving the ProAgri), though understandable from the point of view of the donors, is potentially risky, as it may endanger recent positive developments of great importance to the agricultural sector.

4.5 Main Strategies

The Finnish Embassy in Maputo (and here it is interesting to note the complementary role played by KEPA – see below) plays an important role in involving civil-society actors into high-level policy discussions. Nevertheless, NGO and farmer organizations' influence on policy processes is still low. Though UNAC (the National Union for Farmers) mentions that they actively participated on the debate around (and writing of) the Green Revolution strategy, they also admit having “lost track” of the developments within ProAgri.

On what concerns the formulation of PRODEZA, feelings are mixed. Many recall the active participation of government representatives in early planning meetings and missions, and point that one of the reports was even co-authored by a representative of the then MADER. Others, and specially the current responsible for the project from the government side, say they have been repeatedly sidelined: early on in the project (e.g. on the process of choosing a project director) and now, in the context of planning for the programme's next phase. Note that the Embassy has a different view on the issue, stressing, for example, that the choice of a project director was done with active participation of the MDP. Certainly, the fact that the project was planned with MADER, but implemented under MDP has not helped in getting the record straight. In relation to civil society participation, documents show that a large number of NGOs and private sector organizations took part of formulation meetings (45 in one mission alone). But the fact that none of the people interviewed recalled their participation is worrying.

The Finnish Embassy has mentioned that the MDP has been invited to send someone to work with the PRODEZA 2 formulation mission, but that they have said not to be able to send a representative at election time. Unfortunately, invitations of this sort are a good start, but not enough. They have to be followed up carefully and nurtured. Planning processes should be taking place with more active involvement of government, civil society and local beneficiaries. External consultants should work as facilitators, rather than have the final responsibility over the formulation of the project.

The policy of outsourcing implementation to international consultancy organizations seems particularly unwelcoming to local ownership. While understanding the need of outsourcing technical assistance (TA), we suggest that the Embassy studies the possibility of directly sub-contracting certain NGOs for considerable part of their job (in the same way as done by the FAO), while providing direct support to local districts to perform certain specific tasks (building roads, for example). TA is useful and necessary, but could be deprived of the role of actual project management, and focus on building the capacity of local actors to do the job. While a project unit, separate from government and other actors, has its advantages, it certainly cannot afford being totally disconnected to them.

Note that the PRODEZA knew three preparatory missions and an inception period of over 18 months. This turned out counterproductive to the good functioning of the project, as it damages project reputation and might well weaken interest from other partners.

A recurrent comment pointed out to the large amount of resources from the projects devoted to long term TA and short term consultancies. In certain years, for example, the share of total budget of the IAC (Chimoio Agricultural Institute) project used to pay TA and consultancies is above 40%. In 2008, 30% of the total PRODEZA expenditures were used to pay the long-term TA, most of who are international staffs. In addition to these, from the end of 2006 till the end of 2008, approximately € 230 000 has been used in short term consultancies (PRODEZA 2009a, Annexes).

We suggest, as already done by the Mid-term-review, a very critical look is taken at the practice of hiring short consultancies (e.g. does a team of 4 TAs need to hire an external consultant to review the project log frame?), and that international TA (because of its costs and potential pitfalls reg. ownership) be reduced to a minimum.

In relation to ProAgri, the Finnish Embassy is careful in nurturing ownership of the programme by the government. Nevertheless, donors in general still tend to deal with the ProAgri as their own projects, and manage it as such. This leads to micro-management and a high level of frustration of the government, which sees in this a lack of confidence. Finland can continue to play an important role by setting an example and discussing the issue with donors, where appropriate.

All in all, Finland is widely seen as a donor who presently has considerable influence in the broader agricultural sector, despite its relatively small contribution in absolute figures. Marjaana Pekkola, responsible for agriculture, natural resources management, environment and climate change within the Embassy is very active. One interviewee mentioned that she is one of the few who is capable of understanding the government's point of views. She must also be commended for trying hard to get civil society further engaged into the debates at policy level.

In general, the Finnish Embassy in Maputo is very effective in using its scarce human resources. It has designed a simple and effective strategy of focusing on its key areas

of work in Mozambique, making sure to actively participate on the donor groups and sub-groups. Note that a 2002 evaluation of the bilateral development cooperation between Finland and Mozambique (MFA 2002) already observed that resources at the Embassy in Maputo were small. It also noted that “Finland’s development cooperation can have considerable policy impact through SWAPs if its share of the total budget support is large enough, or if its substance input (professional capacity) is notable. Given that Finland, in any given sector, is likely to remain a relatively small contributor, emphasis should be put on the second of these”.

It is interesting to observe that the Ministry of Foreign Affairs of Finland, in its 2007 development policy, notes, in accordance to what has been mentioned here, that “new modalities in development cooperation also require new and innovative approaches in administration. Embassies play an increasing role in donor cooperation, and donors participate and influence local joint programming processes. This has resulted in the need to adjust the division of tasks between Finnish embassies and ministries and a need for decentralisation. The role and responsibility of embassies in the management of development cooperation will be increased” (MFA 2007).

In practice, nevertheless, this increased role and responsibility were not translated in decision-making authority within the larger Ministry of Foreign Affairs, which is counterproductive and inefficient. Local experts know very well the situation on the ground and their expertise and commitment should be respected and valued.

5 Efficiency, Effectiveness, Impact and Sustainability

As mentioned above, the Finnish Embassy support to the agricultural sector has initially focused on agricultural technical education. In 2006, Finland joined the ProAgri I, then in its last year of implementation. In 2007, it signed the MoU for ProAgri II. Also in 2006, it started supporting the implementation of the PRODEZA, a rural development programme in Zambezia. Table 3 below shows the budgets and periods of implementation of the projects and programmes mentioned in the present document.

In addition to these bilateral projects, MFA supports a number of NGOs or research organizations who have projects in Mozambique. The most important of those (in terms of funding and number of activities related to agriculture) is KEPA, the Service Centre for Development Cooperation. KEPA “is a service base for Finnish NGOs interested in development work and global issues” (<http://www.kepa.fi/international/english/>). In Mozambique, they work with an annual budget of approximately € 500,000. In the agricultural sector, their most relevant partners are provincial level small-farmers associations. Emphasis is on building their capacity to do advocacy and lobby and to actively participate at the consultative councils at local level. In addition, KEPA trains and supports the Forum Mulher (see below, under gender) and the Grupo da Dívida. The Grupo da Dívida, in particular, is actively engaged in monitoring government budget and expenditure. KEPA used to finance ROSA (Network

of Organizations for Food Sovereignty), but it has now stopped doing so due to a lack of active participation by many of the networks' members.

Table 3 Finnish-supported main projects and programmes on agriculture over the period 1995–2009

Project/ Sector	SATIM I	SATIM II	IAC I	IAC II	ProAgri I	ProAg- ri II	PRO- DEZA
Period	1990– 1995	1995– 1999	1998– 2002	2003– 2005	2005– 2006	2007– 2010	2006– 2010
Budget (in million €)	7,15	3,11	3,33	2,16	6	17*	5

* in addition, € 2 115 000 have been channelled through the ProAgri to the Finnish-supported Forestry project.

5.1 Chimoio Agricultural Institute (IAC)

Support to the agricultural institutes was an important part of Finnish strategy on agricultural development in Mozambique. Support to IAC run from 1998 to 2005 (and some small financial support in 2006), with a total budget of € 5,49 million.

The project was considered effective as it has remarkably contributed to improve and maintain teaching and education quality levels. Chimoio is to date well reputed, and, on an exercise which took place in the second phase of the project (of which we only have anecdotal reference), most of its students found a job within a year, and their employers were “reasonably satisfied” (sic, Dr. José Tuia, pers. communication).

Personnel trained by the project remains at the IAC, which is a great achievement and shows that the programme was effective on its training policy, managing to keep staff in place (contrary to what happened within ProAgri). The key here was the project's focus on building capacities through long-term training for teachers.

In its second phase, the project became more inserted in the school administration and decision-making mechanisms, which, we believe, contributed to ownership and the sustainability it has been showing up to now (three years after the project ended). It is also a good sign that a course on wildlife, which was inserted in the institution as a direct result of the programme, is still in place, and running.

In terms of efficiency, it must be noted that large shares of the budget (up to 50% in certain years, according to the director of the IAC at the time the project was running) were devoted to payment of long and short term TA. Some of the international short-term consultancies were seen as incongruent to the task at hand by the director at that time, which could have been handled locally/nationally (ibid).

At the end of the project, IAC had almost reached financial independence from outside funds other than the government, though several of the interviewees questioned the assumption that this sustainability is essential. As a school, with a primary goal of education, do you really need spend a considerable share of human resources and energy in, for example, running a “production unit”, as was expected from both IAC and IAB?

5.2 ProAgri’s Effectiveness, Efficiency and Impact

The detailed results of ProAgri I are summarily presented in Part B of the Main Report of Evaluation of its First Phase (MINAG 2007). Significant positive results were registered in coordination, both internal and with donors, documentation, legislation development, financial management, extension, research, the provision of services, early warning, market information, regular surveys and statistics, private sector and cash crop promotion, land information systems, among other.

Main gaps were found in the inclusion of beneficiaries, i.e. farmers, and other government sectors in the process of policy development, planning and implementation, monitoring and management information systems, human resources management, development of the seed system and implementation of the land and forestry legislation. It is also said that it felt short in terms of increasing productivity of farmers (see Box 1).

Box 1

DID ProAgri I CONTRIBUTE TO INCREASE PRODUCTIVITY?

Maize is mainly produced by the smallholders sector. The Evaluation Report of ProAgri I shows (see its Tables 9.1, 9.2 and 9.3) that the average growth of production from 2000 to 2004 was around 6%. Increases in productivity averaged around 3%, which cannot be said to be negligible. By the end of the programme, the trend was one of stagnation.

ProAgri II brought the consolidation of most of the achievements, but fell short in terms of HR retention, improving monitoring and evaluation, improving extension-research linkages, reducing significantly harvest and post-harvest losses. The increased coverage in extension and the stagnation in productivity may indicate that extension messages/objectives and research results are not correctly aligned. The use of irrigation is clearly underperforming.

The main performance indicators of ProAgri II, for the period 2005-2008 are shown in the Table 4 below. These are the three indicators (out of 23) of the contribution of the agricultural sector to the implementation of PARPA. For a complete table with all 23 indicators, refer to Annex 1. (Note that there is an on-going discussion on the very value of the indicators being presently used.) As one can see, results here are mixed.

According to the MINAG annual report, agricultural production increased by 10,5% in 2007/8. The biggest increase was in animal husbandry with an increase of 12%; production in crops increased by 11 % and forestry by 1,5%. The provision of extension services was considered to be the most successful activity. Coverage by extension workers was increased from 285 000 in 2007 to 354 000 farmers in 2008. The community land indicator technically reached its target in 2008, however fewer lands were delimited than the year before. Regarding irrigation, the target was not met (MINAG 2009a).

Its most recent contribution (although no attribution is possible) was for the implementation of the first year of PAPA, particularly in the components of research and its activity to produce basic seeds, and a further expansion of the extension services.

In terms of efficiency, it must be added that the system for channelling funds to the districts (pioneered within the ProAgri I) is widely praised. Nevertheless, the ProAgri I Evaluation mentions that in other aspects (such as decentralization and respecting the local-level planning exercised) the programme's efficiency fell short from expectations. Note that non-governmental stakeholders are quick to point out that a "disproportionate" amount of resources from ProAgri is used for MINAG's headquarters. In 2005 expenditures at headquarters level accounted for 62% of the total expenditures within the programme (MINAG 2007), while in 2008 this figure was down to 37% (MINAG 2009a).

ProAgri has had significant impact in the institutional development of the countries' legal framework. The Land Law was approved in 1997 and its Regulations and Technical Annex were approved in 1998. The Regulations were revised to further enhance the protection of the land use rights by rural communities in 2002. A similar and contemporary process worked for the Law of Forests and Wildlife, approved in 1999, its Regulations in 2002, with its technical mechanisms of implementation approved, with a revision in 2003.

On what concerns its impact on natural resources management, ProAgri (I and II) supervised over the establishment of a Unit on Environment, the consolidation of Land and Forests and Wildlife Administration, regular environmental impact assessments and environmental profiling of crops, like cotton, agro-ecological mapping, land and forest and wildlife inventory, the extension and research on conservation agriculture and the cooperation to control the use of pesticides. The integration of some of ProAgri indicators under PARPA I and PARPA II, and the participation of the sector in other environmental legislation worked and continue working to mainstreaming the issue of natural resources sustainability in the agricultural sector, as seen through regular evaluation, monitoring and reporting by MINAG. These are effects, for which the Finnish Cooperation has contributed by directly financing the programme, that are bound to also last for long, as they are incorporated in the legal framework of the country. They can also be seen as a continuation of an effort in training and field interventions inherited from MONAP, to which Finland has also contributed.

Table 4 Results per performance indicators ProAgri II (2005–2008)

General Objective	Specific Objectives & Actions	Indicators	2005		2006		2007		2008	
			Base	Goal	Goal	Achieved	Goal	Achieved	Goal	Achieved
Increase agricultural productivity and production	Improve the coverage of Extension Services	N° of farmers assisted by public extension services, including those outsourced	177 000	193 500	222 300	191 629	222 300	285 361	258 300	354 07
	Construction & rehabilitation of agricultural infrastructure	N° of ha of irrigated area built and rehabilitated with public funds and transferred under beneficiaries' management	2 500	3 200	4 000	2 546	4 000	3 520	3 400	1 778
Natural Resources Management	Promote sustainable use of natural resources	% of requests received that were processed in under 90 days	78%	85%	90%	98%	90%	47%	95%	70%
		N° of local communities delimited and registered in the Cadastral Atlas	180	198	220	53	220	226	242	245

5.3 PRODEZA's Effectiveness, Efficiency and Impact

Finland supports rural development in Zambezia province through the PRODEZA project. PRODEZA is active in two districts: Mocuba and Maganja da Costa. It has a full budget of € 5 million for its first phase, which started in June 2006 and is scheduled to end in December 2010. A second phase is now under formulation. The project aims to reduce poverty in small-scale rural households in rural communities, especially among women, producer groups and other community based organizations. Its implementation follows the strategy referred to above, with an international consulting company (NIRAS International Consulting/Scanagri) managing the project. At present, two international and one national senior technical advisors (TAs) and four junior TAs (two Finnish and two Mozambican) work on the project's implementation.

PRODEZA was evaluated at the end of 2008, early 2009. This mid-term evaluation was very critical. Though recognizing that PRODEZA operates in a difficult environment, it pointed out that the programme's inception phase and its first 18 months (May 2007- end 2008) were, in general, not fully effective and quite inefficient. A second phase of the project is now under formulation.

Though most of the activities planned for the inception phase took place, lessons emerging from them (including the work of several short-term consultancies) were not built on nor analysed. The implementation phase was running late too, with only a few of project sub-components in place by the time the mid-term-review was carried out. Some punctual results were achieved (e.g. sensitizing communities on their rights for a share of forestry license fees, outsourcing extension services to an NGO with good reputation), but the overall picture was still gloom, with many of the objectives still far from sight.

PRODEZA was planned under the larger MADER, and then implemented under MPD. MPD had not accompanied project planning and – besides not having co-funding directly available – also did (does!) not co-own the project.

Since the mid-term evaluation, things have allegedly improved: four large outsourcing contracts are on-going, and PRODEZA is little-by-little starting to more actively collaborate with district level government, in, for example, supporting the recipients of OIIL in developing small-scale business plans, providing them with trainings, etc. This has been verified and stated by the Embassy in Maputo, PRODEZA's chief technical advisor (CTA) and the second-phase formulation mission. For a full account on the extension of activities implemented and results achieved, please consult Table 1 in Annex 1, prepared by PRODEZA's CTA.

All in all, collaboration with provincial and national level government is still weak and needs to be worked on. For the second phase of the project, in order to foster ownership and participation, and work towards sustainability, the quality of collaboration

with the government has to improve. This demands an effort from the government, project staff and the Embassy.

In terms of efficiency, both the mid-term-review as well as the Finnish Embassy point out that far too many resources were used for short-term consultancies that could either have been done by project staff, or were not fully made use of. We certainly subscribe to that. The mid-term-review also stated that activities were implemented in a disconnected way, giving room to critics on the (weak) coherence in use of resources. It is too early to discuss the impact of the project.

In terms of contribution to natural resources management, PRODEZA is active on areas such as training on fire control and has recently rehabilitated a municipal tree nursery to support re-forestation efforts. It is also looking into the viability of setting up forest plantations for carbon off-setting and planning to work with energy-efficient stoves to decrease pressure on forest resources. It is worth noting, though, that in 2008 PRODEZA has (continued to) co-fund (jointly with WWF and the government) work on community use of natural resources, focusing on clarifying communities' rights and supporting them towards demanding a fair share of revenues from natural resources management.

Its sustainability will very much depend on the re-design of the project in its second phase. Supporting joint planning and implementation with the government, and making a systematic effort to link and learn from the programme's outsourced components are essential issues that have to be dealt with.

All in all, the project is definitely serving as ground-proof for the Finnish Embassy, and may well be very interesting ground for learning on, for example, possible alternative ways of funding local projects in its second phase. But fulfilling the "function" of providing the Embassy with a clearer understanding on local realities depends on a coherent and thorough M&E system. A system that goes beyond counting families achieved to discuss and analyze reasons behind success and failure, drawing lessons learned and recommendations for other development-oriented interventions.

5.4 Finnish Comparative Advantage and Value-Added

Apart from the traditional field of Forestry and resources management, there has been deep Finnish involvement in Education, in particular, technical education, and administrative management, all seen as areas where Finland has "traditionally" contributed to. Finland involvement with the agricultural and rural development sector in Mozambique has built on this, as it has supported the forestry sector, which also includes resource management responsibilities, IAC and IAB, and the Financial Sub-group of ProAgri.

Potential areas for future cooperation based on past experience include training centers under MINAG, such as INFATEC (Land Administration and Cadastre); assisting in the administration of the legislation of Land and Forest, agricultural extension, par-

ticularly in the promotion of participatory approaches towards conservation agriculture and agro forestry. Human Resources training and administration may also become a select field for Finnish assistance in the country.

5.5 Linkages with Finnish Multilateral Channels

Several international organizations funded by the MFA are active in the agricultural sector in Finland. This includes the WB (as mentioned above), EC, AfDB, IFAD, FAO and some of the CGIARs.

The WB's and EC's activities in agriculture have been mentioned above and are detailed in Annex 2. While the EC is the largest ProAgri donor, the WB has decided not to fund ProAgri (because, officially, they were supposed to provide financing through GBS). Both are supporting the PAPA, among other reasons, because they see the PAPA as a genuine effort led by the GoM (and not by the donors). They are, therefore, at present complementary to the Finnish bilateral interventions.

A recent divergence with the EC is their insistence on setting up a multi-sector programme for rural development, which is believed by some to be unpractical and hard to implement (see above). Finland is playing an important role in the discussion as the present head of the G19.

IFAD's work is also complementary to that of Finland as it focuses on supporting extension services. FAO's added-value to the Finnish cooperation is its technical expertise and experience in actually implementing projects. A closer dialogue with and understanding of the way FAO works might yield some new ideas on how to channel and administrate local/province level projects. FAO's technical expertise is also a source of good ideas and new approaches that might make a difference at project level.

FAO and IFAD base their planning on what projects to support on a jointly elaborated long-term paper country. IFAD's projects are normally signed for 7 or 8 years, a good example of long-term thinking and commitment.

Some CGIAR institutes have an office in Maputo, at the premises of the IIAM (Institute of Agricultural Research of Mozambique), for example: CIP, ILRI, IRRI and the World Agroforestry Centre. IITA has an office in Nampula. The work of CIAT on popularizing sweet potato is especially well seen throughout the country. However, the centres work mostly very independently from the country's research system. The IIAM hopes this will change in the future, with the establishment of a new USAID-supported "working platform" for the centres, whose flagship will be capacity building of local human resources. The idea is that there will be actual coordination of activities between the centres and with the IIAM. Presently, there are few direct linkages between the CGIAR and the projects and programmes supported by the Finnish Embassy in Maputo.

6 Cross-cutting issues

6.1 Gender

In the evaluation of its first phase, the project at the IAC was commended by having clear gender policies which reflected in the number of female students.

Within MINAG (then MADER), a Gender Unit was established in the Directorate of Economics (DE) and a network of Gender Focal Points (GRPs) were identified in the directorates at central, provincial and district levels. Funding was provided from 1999 to 2000, but this line item then lost priority. The Gender Co-ordinator continued to work on the issues but was lost without substantial institutional support. Awareness of gender as an issue exists widely at the local level, but understanding of it, beyond getting technical messages to women, is lacking (MINAG 2007).

The Mid-term-review of PRODEZA was very critical about its work on gender, but since then the project has put emphasis on getting “mainstreaming gender issues” into project practice. It has recently organized seminars on the issue.

Last but not least, KEPA actively supports rural associations with greater emphasis on gender issues, and supports, for example, the “Forum Mulher”, a national forum of women dealing with, among others, human rights.

6.2 Good Governance and Human Rights

The most important project component of PRODEZA deals with good governance, and tries to support local actors in participating of district-level planning. Activities of KEPA are also very much related to building capacity of civil society to plan with and check on government (see above). One can argue that the huge improvement in financial administration and accountability within MINAG, derived from its heavy support through ProAgri, is a great contribution to good governance at higher levels of government.

In relation to ProAgri, it has been noted that “ProAgri activities addressed greater awareness of public opinion in the rural areas, more transparency in government actions, and greater accountability of public institutions and officials. Further progress has been made, but the effort must continue as these improvements impact directly on the primary goal of poverty reduction” (Ibid).

6.3 HIV-AIDS

According to the evaluation of ProAgri I (Ibid), awareness of HIV/AIDS issues improved over the ProAgri implementation period. A sample of district and provincial officers interviewed reported that they now incorporate both HIV/AIDS (and gender issues) into their regular work programmes. Producers responses also showed a

high indication of HIV/AIDS messages arriving, although the point of receipt was not necessarily from MINAG.”

Within ProAgri II, HIV-AIDS is dealt with through both prevention and mitigation. Prevention is done through seminars and presentations at the work place. Mitigation is done through special attention to income-generating activities which are appropriate to people living with HIV/AIDS (the emphasis here is in horticulture, which can be done closer to home), incentives to consumption of highly-nutritious plants (of relatively easy cultivation) and the promotion of the use of medicinal plants.

In PRODEZA, though initial activities with people living with HIV/AIDS and sensitization had been organized earlier on, it was only in 2009 that the project succeeded in setting in motion a revision of its intervention mechanisms so as to incorporate HIV/AIDS-related issues. This is done in two different ways: looking at prevention (diminishing risks for staff) but also at the implementation level (towards more appropriate activities for people living with HIV/AIDS).

6.4 Environmental Protection

In IAC, a new course on wildlife has been set up with the support of MFA, and functions up-to-date.

The evaluation of ProAgri I mentions that “the effective and careful management of the nation’s natural resources is critical for future national welfare, especially in the context of planned rapid growth in tourism, commercial agriculture and industrial centres. Legislation including environmental assessment requirements was adopted in 1997, and ProAgri developed detailed guidelines for technical officers. Staff at all levels was trained in Environmental Impact Assessment and Mitigation initiatives, and a handbook developed and disseminated(...). ProAgri I has failed to address a number of community environmental issues” (MINAG 2007) as it was mainly centred in institutional development.

In PRODEZA, emphasis has been on raising awareness of local communities’ rights over natural resources, which is arguably an important step towards environmental protection. In addition, the project works on prevention of uncontrolled forest fires (through public hearings, school activities and radio programmes). The project also supported the reforestation effort of a local NGO (PRODEZA 2009b).

7 Conclusions and recommendations

This last chapter brings a compilation of conclusions and recommendations already given in other parts of this report.

The increased attention the Government is dedicating to agriculture, namely through PAPA, together with the expansion in coverage of extension services, need to be seen

as an opportunity rather than a threat to the formulation of a broader agriculture sector policy, even if technically-wise the Plan has important flaws.

In the same line, an effective development-oriented intervention in agriculture needs to take into account the recipient country's socio-economic situation, its policies and strategies. Actual recipients' strategies and policies and their implementation are a major source of information and may point the way and means to for longer term collaboration.

An effort to convert policies and strategies into legislation, which implies the settlement of contentious areas and ideas, may help aid architecture to be more consolidated and predictable, and less, therefore, subject to new – and at times volatile – strategies and guidelines.

One should look at the existence of various donor/government coordination and harmonisation mechanisms as an opportunity. It should be used in a more efficient, conciliatory/flexible and less resource-consuming way than presently done.

This report acknowledges that donors are now at cross-roads, but goes further in suggesting that this might be an opportunity for Finland. Debates abound within the donor community, and the Finns are in a good place to facilitate the process of planning and decision making.

In terms of aid channels used, it is the authors' opinion that at present a mix of funding channels is appropriate to the situation in Mozambique, as well as to the (also dynamic) development policy in Finland. It is important to note, though, that the present tendency towards more projects, away from SBS (i.e. leaving the ProAgri), though understandable from the point of view of the donors, is potentially risky, as it may endanger recent positive developments of great importance to the agricultural sector.

Projects offer an opportunity to counter transaction costs associated with the present level of (lack of) trust, and to get more direct information of the current situation from the field. They also represent an opportunity to attribute results, effects and impacts to bilateral cooperation, making donors' development-efforts more visible to their own constituencies. Nevertheless, fulfilling the "function" of providing the Embassy with a clearer understanding on local realities depends on a coherent and thorough M&E system. A system that goes beyond counting families achieved to discuss and analyze reasons behind success and failure, drawing lessons learned and recommendations for other development-oriented interventions.

In addition, there are certainly not enough initiatives to learn from the multilateral organizations-coordinated projects in the field, as there are few initiatives within the donor community to learn from other bilateral projects.

Project planning processes should be taking place with more active involvement of government, civil society and local beneficiaries. External consultants should work as

facilitators, rather than have the final responsibility over the formulation of the project.

While a project unit, separate from government and other actors, has its advantages, it certainly cannot afford being totally disconnected to them. Attention should be given to ensure that an eventual PRODEZA II is more integrated in the Government institutions. This demands an effort from the government, project staff and the Embassy.

Note that the PRODEZA inception period knew three preparatory missions and took over 18 months. This turned out counterproductive to the good functioning of the project, as it damages project reputation and might well weaken interest from other partners.

We suggest a very critical look is taken at the practice of hiring short consultancies, and that international TA (because of its costs and potential pitfalls reg. ownership) be reduced to a minimum. Experience in Mozambique has shown that projects which devote considerable effort to local level capacity building are more likely to be successful in the long-term.

In relation to ProAgri, the Finnish Embassy is careful in nurturing ownership of the programme by the government. Nevertheless, (other) donors in general still tend to deal with the ProAgri as their own projects, and manage it as such. This leads to micro-management and a high level of frustration of the government, which sees in this a lack of confidence. Finland can continue to play an important role by setting an example and discussing the issue with donors, where appropriate.

Finland is widely seen as a donor who presently has considerable influence in the broader agricultural sector. It must also be commended for trying hard to get civil society further engaged into the debates at policy level.

The Finnish 2007 Decision-in- Principle, “new modalities in development cooperation require new and innovative approaches in administration. Embassies play an increasing role in donor cooperation, and donors participate and influence local joint programming processes. This has resulted in the need to adjust the division of tasks between Finnish embassies and ministries and a need for decentralisation. The role and responsibility of embassies in the management of development cooperation will be increased” (MFA 2007).

In practice, nevertheless, this increased role and responsibility were not translated in decision-making authority at the Embassy level, which is counterproductive and inefficient. Local experts know very well the situation on the ground and their expertise and commitment should be respected and valued. More decision-making authority should be delegated to the Embassy level.

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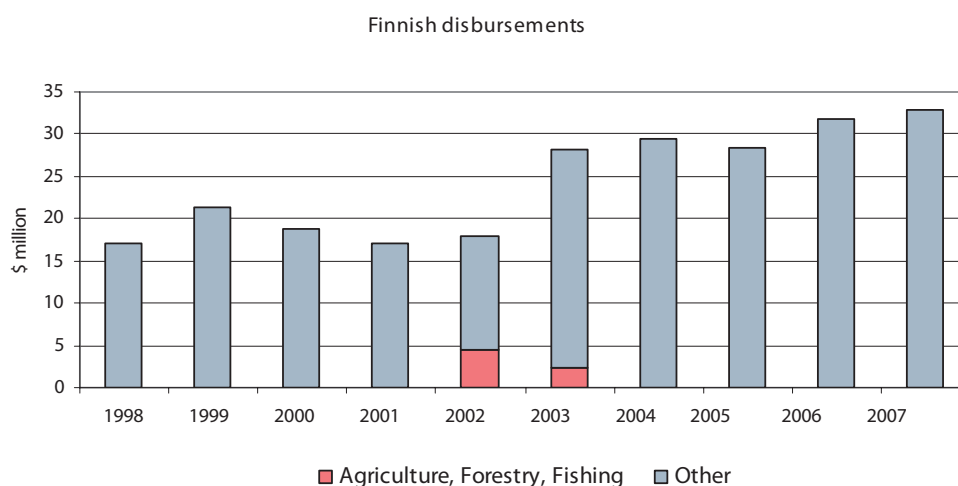
ANNEX 1 SHORT DESCRIPTION OF FINNISH DEVELOPMENT COOPERATION IN THE COUNTRY OVER THE PAST 10 YEARS

The history of Finnish support to rural development and agriculture in Mozambique started in seventies, when Finland participated together with other Nordic countries in the implementation of Mozambique Nordic Agricultural Programme (MONAP). The programme faced a difficult implementation environment, as the civil war was still going on, when it was started.

Over the years, Finland has provided bilateral assistance to Mozambique in the agriculture, environment (with emphasis on forestry), education and health sectors.

According to OECD-DAC data base, Finnish actual disbursements in bilateral assistance to Mozambique has since 2002 seen a steady increase from about US\$ 18 million to over US\$ 30 million in 2007.

Figure 1 Finnish bilateral assistance to Mozambique (disbursement) 1998–2007



Source: OECD – DAC database www.oecd.org.

Note: No data on the Agricultural disbursements prior to 2002 and for period 2004–2005.

1 Support to the Agriculture School of Boane, Umbeluzi and Chimoio

The support to the agriculture schools of Boane and Umbeluzi fell under the successor of MONAP, the Support to Agricultural Training in Mozambique (SATIM) which was implemented from 1990 to 1999. The programme supported improvement of agricultural training facilities and development of human resources for the sector, with emphasis on the former.

Support to both Umbeluzi and Boane Agricultural Institutes ended around 1998, and are to-date considered as projects with little sustainability. Though a lot of the large infra-structure remained in place (buildings, for example), some of it got lost over time (e.g. tractors, machinery). Most importantly, human resources development was – we were told – focused on short and expensive field visits and trainings, in a key contrast with what was later done in Chimoio (see below). To this date, strengthening the capacity of staff in Boane is a challenge to its administration. In addition, the intervention in the institute in Boane (IAB) was seen by interviewees as top-down and managed by the Finnish-sent technical assistance staff, with little participation of the school administration.

The support to the IAB was followed by the support to the Chimoio Agricultural Institute (IAC). The institute, which was founded in 1967, serves mainly the central part of the country. It trains professional both for agricultural and forestry sectors. The first phase of the project started in 1998, with a budget of FIM 19,8 million (€ 3,33 million). It was planned to cover a period of four years, but was later extended until the end of 2002. The aim of the programme was initially to improve the low level of productivity in the agricultural sector and to support the poverty reduction efforts of the government, while its purpose was to improve the efficiency of the management of the institute in order to enable it to provide quality training to middle level technicians in the two sectors. The IAC support consisted of three components: 1. Renovation and construction of physical facilities for the institute; 2. Support to the administration; and 3. Teacher training.

While the mid-term review of 2000 stated that the programme was achieving its immediate objectives, it raised a pertinent question: was the support to IAC really the best way to increase the productivity in the agriculture? The team stated that the achievement of objectives set for the programme would have only a marginal impact on the agricultural productivity in general. As a consequence, phase II (2003–2005, total budget of € 2,16 million) was designed as basically supporting the IAC in a path towards its financial and operational sustainability. Note that, as from 2003, the support to IAC fell under the support to the educational sector within the Embassy.

The objectives for the phase II in accordance with the proposals of the mid-term review included the consolidation of activities carried out under the previous financial arrangements and achieving sustainability by 2005. Main activities included strengthening of agricultural and forestry training, training of school management and adaptation of the curriculum and training material to correspond the new requirements of the agricultural sector. The programme was also to promote revenue generating activities in order to strengthen the sustainability of the institution. This, similar to what was done in Boane earlier on, was to be achieved through the establishment of a “Productive Unit”, able to sell its produce and be financially lucrative.

The programme was commended for having a clear gender strategy. This was reflected in the number of female students. In addition, it has been commended by its successful strategy of building capacity of teaching staff, most of who remain at the or-

ganization today. In its second phase, management and technical assistants made sure to incorporate the project into the decision-making and operational structure of the Institute (and therefore avoid continue having a parallel structure within the school). That translated in joint planning and implementation, with opened discussions on project priorities counting with the participation of all teachers and some students.

The criticism remains, though, that a considerable share of the project resources (estimated at 50%) were spent in paying the technical assistant and short term consultancies, some of them coming all the way from Finland for solving relatively small problems that could have found locally-developed solutions. The project ended in 2006 (one year after foreseen).

Several other projects – related to the rural development sector, but technically either within the environmental or forestry sectors, were running from up to 2008, such as the Programa de Florestas (Forestry programme) in Inhambane (2000–2005), the Nordic Development Fund (2003/4 to 2008) and the support to the Centro de Desenvolvimento de Chimoio, which run from 2000 until 2006/2007.

In 2004/2005, the Embassy decided to focus its activities in the three following sectors: Agriculture, Education and Health.

In 2005, Finland started financing the ProAgri and engaged in planning the PRODEZA (Support to Rural Development in Zambézia Province).

2 ProAgri

PROAGRI is a “sector budget support” intervention for agricultural development. It is a general programme funded by several donors.

The first agriculture sector investment program PROAGRI I (2002-2006) was evaluated in 2006. The main achievements were considered to be the development of institutional capacity in MINAG, greater decentralization, the development of the financial and planning systems and improved cooperation between the donor agencies. The capacity of provincial and district level planning and administration was improved and land reform was implemented. However, the evaluation considered that the program had resulted in little impact on productivity levels. In fact, being Maize mainly produced by the smallholders sector, the Evaluation Report of ProAgri I shows that the average growth of production from 2000 to 2004 was around 6%. Although this cannot be said to be negligible, by the end of this programme phase, the trend was one of stagnation. Any increase in production was perceived to be reached mainly through an increase in the area of land cultivated and in increases to the workforce.

PROAGRI II was designed as a continuation of PROAGRI I, under the Ministry of Agriculture and Rural Development (MADER), for the period 2005-2009, “to assist

the smallholder sector in developing agriculture thus increasing its livelihood, promote the increase of agricultural output, and ensure a sustainable management of natural resources”. However, in 2005, the mandate of MADER was split and the rural development wing was put under the oversight of the Ministry of Planning and Development. PROAGRI II design included up and downstream activities that became out of the mandate of MINAG.

The new MoU of PROAGRI II was signed for years 2007-10. It has further harmonized and aligned the sector program with the country systems (institutional mandates, budgeting, planning, procurement, reporting, among others). A performance assessment was introduced and a matrix of 23 indicators and targets were developed (see Table 1, below). All the funds are provided through the treasury account. The financial and auditing reports are thorough and informative, covering both the Government and donor funds up to the provincial/ district level. The level of detail provided in the MINAG audits is far greater than what is provided in the audits of the other sectors. The dialogue between MINAG and donors has improved. There has also been more participation by civil society through the G19+1 (the main 19 donors and the UN) platform. Agricultural production has increased on average by 6% annually. It is still very much dependent on rainfall and affected by natural catastrophes. According to the MINAG annual report, agricultural production increased by 10,5% in 2007/8. The biggest increase was in animal husbandry with an increase of 12%; production in crops increased by 11 % and forestry by 1.5%. The provision of extension services was considered to be the most successful activity. Coverage by extension workers was increased from 285 000 in 2007 to 354 000 farmers in 2008. The community land indicator technically reached its target in 2008, however fewer lands were delimited than the year before. Regarding irrigation, the target was not met (MINAG, 2009d).

Within the Proagri sector funding basket, the dialogue and coordination is done around the following working group structure:

- “Forum de Concertação” which includes the MINAG Minister (who is the team leader of this group), ambassadors, and heads of cooperation as representatives of the funding agency’s countries. The main role of this forum is to improve dialogue and debate policies and strategies for the sector;
- PROAGRI Partner Group is an exclusive forum for the funding agencies. MINAG or other Government institutions relevant to the sector do not participate in this group;
- PROAGRI Working Group is a technical working group composed of MINAG senior officers and the programme officers from the cooperation agencies. And
- Financial Management Committee is a monitoring forum for PROAGRI which only includes MINAG staff and is headed by the Permanent Secretary.

MINAG and Funding Agencies coordinate their dialogue and activities in the sector mainly through the Forum de Concertação and the PROAGRI Working Group, but it must be noted that in these forums other actors, like CSOs / NGOs and the Private Sector, are not systematically included (MFA, 2009b).

The Finnish contribution is not monitored separately, but as a part of the entire programme. The role of Finland consists mostly of:

- participation in monitoring;
- active participation in environmental issues;
- active monitoring of financial administration; and
- participation in the dialogue with the government as part of the donor community.

The total Finnish allocation for the programme for period from 2007 to 2009 is € 12 million. It also includes – apart from support to agricultural development – an allocation to forestry sector. Finland is the second largest donor to the programme. Present donors consist of Austria, Canada, Denmark, EC, Finland, IFAD, Ireland, Sweden. Sweden and Denmark are in the process of pulling out from funding the programme.

All donors interviewed were critical of the Proagri II (see main body of the report), and there is an overall lack of clarity on what to fund in the future, after the present phase is over. While MINAG indeed still spends too much of its resources at central level (which is ironic given the decentralization policy), it must be noted that it would be a waste of time and resources if the gains obtained through these programmes were, so to say, left unattended. This concerns, for example, the good financial management capacities built. Areas such as Human Resources Management and Development are widely seen as still demanding (and deserving) special attention in order to guarantee long-term sustainability.

Table 1 ProAgri indicators and results achieved up to 2008

Objectives	Result indicators	Base 2005	Target 2009	Realization (Actions)	Responsibility	Production indicators /Execution/ Source	Base 2005	Target 2006	Done 2006	Target 2007	Done 2007	Target 2008	Done 2008	Target 2009
Operation														
Increase productivity and production to ensure food security														
Increase access to technologies and extension information	% of farms assisted that have adopted at least one new technology (TIA)	28%	36%	Divulgate and disseminate agriculture technologies transfer agriculture technologies adapted to the various agro-ecological zones	MINAG/ Extension	Total number of farmers assisted by the public extension service including outsourcing (Rep)	177	193.5	191.629	222.3	285.361	258.3	354	500.7
						Number of new culture varieties launched	4	4	3	4	9	3	2	3
Promote construction and rehabilitation of agriculture infra-structures	% farms using irrigation technologies (TIA)			Construct and rehabilitate infra-structures for harvesting water	MINAG/Agri culture services	Quantities of improved seeds produced (MT)	10,050	11,050	11,386	12,000	8,000	13,050	9,261	14,500
Increase availability and access to livestock inputs	% of farms using at least one livestock input (vaccine) (TIA)	3%	4%	Conduct animal health campaign	MINAG/Veterinary directorate	Number of ha of irrigation rehabilitated with public funds and management transferred to beneficiaries (Rep)	2.5	3.2	2.546	4	3.52	3.4	1.768	3
						Number of vaccination against Newcastle	1988,000	2,300,000	2,021,590	2,700,000	2,925,905	3,300,000	3,293,636	3,600,000
Increase revenue and competitiveness of farmers														
Improve access to information and agriculture markets	% farms with access to information on market prices through radio (TIA)	30%	38%	Promote information service on market opportunities	MINAG/Economy Directorate	Number of hours of radio program per year diffusing market information	87	130	73	173	134	173	76	173
						Number of producers association assisted by MINAG including outsourcing	2,476	2,55	1,766	2.7	2.45	3.05	4.158	4.25
Promote the development of private sector production systems in the value chain perspective	Value and Volume of exportations of cashew, cotton and sugar (US\$ millions) (Rep)	95.5	110	Define a set of norms on quality, sanitary and phyto-sanitary certification for a competitive market	MINAG/Directorates of Plant and Animal Health	Number of licences and sanitary and phyto-sanitary certificate issued	2	2.5	7.181	3	7.049	5	9.635	7
Ensure environmentally sustainable management of Natural Resources														
Improve equitable communities access to natural resources in its use and sustainable management	% farms owned that have formal documentation (Rep)	1.20%	1.70%	Consolidate and divulgate law on Natural Resources	MINAG/Directorate of Land	% of processes (for the authorization of right, use and exploration of land) finalized in a delay of 90 days or less (Rep)	78%	85%	98%	90%	47%	95%	70%	99%
						Number of local communities with land delimited and registered in the cadastre	180	198	53	220	226 (33)	242	245 (19)	266
Improve the inspection and control of the exploration of natural resources	NA	-	-	Ensure the obedience to the law on natural resources	MINAG/Land Directorate	% of local communities benefiting of the 20% from the exploration taxes on natural resources	0	10	26.40%	20	28.80%	30	48%	60
						Number of transgressions on forestry and fauna reduced	1.1	990	998	880	1043	770	1,254	660
						Number of hectares reforested	1500	3000	4091	4000	6273.46	5000	8386.5	5000
						% of fines on forestry and fauna paid	45	45	68%	50	37.30%	60	59%	70
						% of taxes on land use with legal documentation collected	80	85	70.20%	87	86.40%	88	83%	90

3 PRODEZA

Prodeza started in June 2006 with a one-year-long inception phase, and will continue until May 2010. A mission for elaborating a proposal for a second phase of the programme has just been completed, but a final document was not yet ready at the time of writing.

The purpose of the project is to improve livelihoods of rural people through sustainably increased agriculture and forestry production and enhanced income generating opportunities in the project area. It is organized in three components:

- 1) Good Governance, Decentralisation and Empowerment of Local Organisation: The immediate objective is to promote availability of reliable and transparent information to civil society, private sector and the government contributing to increased capacity to set strategic objectives.
- 2) Sustainable agricultural production and natural resource management: The immediate objective is to contribute to increased income through increased sustainable agricultural production and use of natural resources.
- 3) Rural economic and enterprise development: The immediate objective is to create rural businesses by linking production with markets.

The ultimate beneficiaries of the project are small-scale rural households, men and women in Zambézia province. The target groups are rural communities and producer groups and other CBOs in Mocuba and other project districts. Indirect beneficiaries are provincial, district and administrative post-level government authorities, municipal authorities and intermediate organisations including private enterprises, NGOs and associations, as well as other relevant service providers (GoM and MFA, 2007a).

The actual project implementation is done by following a strategy which combines support to the government and outsourcing main activity-lines to “local” NGOs, potentially strengthening local civil society. Presently, PRODEZA has four major outsourcing contracts: 1. World Vision (extension and work on food security), 2. Miruku (decentralization/good governance), 3. AMODER (administration of credit funds) and 4. Zambezia on-line (information and communication). Most of these are recent contracts and not yet fully in motion. The exceptions are the contracts with World Vision and Miruku, both considered of good quality by those interviewed. The Mid-term-review there is little actual control (or monitoring) towards these NGOs.

Support to the government is yet a fragile part of the project, simply because the provincial and national level government officials do not feel ownership towards the project. At district level things are supposedly better, with PRODEZA presently supporting the local government on the implementation (and co-financing) of OIIL proposals.

The project team consists of several TAs (technical assistance), presently three senior (two of them foreigners) and four juniors (two foreigners). They are headed by one of the international consultants, the Chief Technical Adviser, who is fully in charge of

the overall project after the national director left just after the mid-term-review, and the government was invited to, but did not; provide a replacement from within its ranks.

The project was reviewed at the end of 2008 (Auramaa and Matavele, 2009). The evaluators had very critical remarks. When describing the project's overall progress it reads.

“In general, it is still too early to find any evidence whether the implemented activities furthered the attainment of the overall objective of the project. Project progress lies behind the plans, and no impact can be verified at this point. (...)

In general, Prodeza personnel is working hard. The main problem is that the project has suffered from a lack of coherent and feasible planning and active, operative working mentality. As the activities have been scattered, they have not grown added value in a holistic manner. Considerable part of project activities so far has been ‘paper work’ (preparation of plans, TORs, recruitment of short-term consultants, preparation of contracts for “service providers”, rambling in micro-project paper jungle etc).

All this bureaucratic activity has reduced notably actual concrete work particularly that of the senior team members; caused delays in achieving planned project objectives and contributed largely to stakeholders’ discontentment with the project performance. Nevertheless, it is expected that the hired contractors and sub-consultants in particular in agricultural extension and capacity building of different levels of IPCCs will manage to bring about some tangible results quite soon. Possibly also the allocated micro-credits will start producing results in the near future.”

The mid-term-review has looked at the activities implemented according to the projects’ logframe. The Table 2 below shows the information collated by the mid-term-review at the end of 2008, followed by an up-dated version of the achieved outcomes as seen by the project implementing team. This information could not be checked on the ground, for reasons explained at the introduction of the main report.

The Mid-term-review has been criticized by many as over-critical and not constructive. However, the general feeling is that Prodeza’s inception phase took indeed too long, and that too much time and resources have been spent on short and long term consultancies. Note, for example, that according to the projects 2008 financial report, 30% of the total project budget is aimed at paying for technical assistance. The Prodeza 2008 annual report lists all short-term consultancies paid from the project budget. These have cost the project more than €230 000 (till January 2009, both in fees and reimbursables), of a total of project expenditure of ca €2 467 million (2006–2008, according to the Budget 2009-2010).

In short, few are positive about PRODEZA’s overall results, despite the team’s confidence that a lot has been set in motion. The project has arguably not made a huge difference on the ground so far, and has difficulties in operating. Opinions differ, nevertheless, on the reasons behind this, and the recommendations on how to improve it.

OBJECTIVES	OBJECTIVELY VERIFIABLE INDICATORS (OVIs)	BASELINE	RESULTS		PROGRESS (SEPT.09 / INDICATOR)	COMMENTS from Prodeza staff
			MID-TER-REVIEW SEPT 2008	SEPT. 09 estimated by Prodeza staff		
Component 1: Good governance, decentralisation and empowerment of local organisations						
Immediate Objective 1						
Reliable and transparent information available to civil society, private sector and the government contributing to increased capacity to set strategic objectives	a) Number of new networks and alliances established and functioning; b) Increased knowledge, involvement and satisfaction of local stakeholders with the PEDDs / PESs / PESODs and the respective processes.			3 networks in the process of being established		Network of provincial -level partners (on governance), and two district-level project partner networks. no data available
Result 1.1 Gender-balanced Community councils (CCs) advising (and deciding) about the use of project and other sources of funding and contributing to elaboration of PEDDs, PESs & PESODs	a) 80% of CCs operational with at least bi-annual meetings in project area; b) At least 30% of members of CCs are women; c) At least 50 income generating projects evaluated by the CCPAs; d) Increased level of knowledge and participation of women at community level in the district planning process.			0.8 0.8 133 (32 in 2007 and 63 in 2008, 38 of which suggested by the Government of Mbuja)		Operational but locally very weak At district level, women do not account for 30% at other levels, they do. Proposals evaluated by local authorities rather than the councils, because the latter only meet twice a yr.
Result 1.2 Local small-scale farmers' organisations – CBOs, associations, co-operatives – strengthened and working in transparent, gender-balanced and equitable manner for the benefit of their members and to access PROAGRI and other funds	a) PROAGRI and other funds channelled to support local organisations, especially women's organisations; b) At least 6 new formally registered local organisations.		5	11 projects from the "fund for good governance" 2 organizations	33%	
Result 1.3 Win-win partnerships formed between small-scale producers, communities and private sector industries and service providers	a) Number of win-win partnerships benefiting local communities and private sector; b) Number and volume of commercial crops planted and marketed in collaboration with the private sector.			2 (Ponte Nante, CIMI)	18%	
Result 1.4 Gender and HIV/AIDS effectively integrated in project activities	a) 20 trainers trained to use the HIV/AIDS and gender guidelines; b) 100 people, men and women, trained in HIV/AIDS and gender issues by the Project and the PPOs.		62 0.03	22 (6 women) trained 58	110% 58% 64%	Guidelines for integration of crosscutting issues elaborated
Result 1.5 Active Information Centre serving producers, local government and other stakeholders	a) Targets met for type and number of clients and type and number of services defined in the Business Plan of the Centre; b) Target met in relation to income from user fees defined in the Business Plan of the Centre; c) Local government using the Centre to inform the public; d) At least two meetings per year organised by the Mbuja Entrepreneurs' Association.		0.44	People capacitated: ICT - goal: 35, realized: 123; Charges for information system - goal: 7.300Mn, realized: 152.000Mn; Goal - 152.000Mn, realized - 187.300 Mn No 6	128% 123% 0% 300% 138%	Portal operational and government staff trained to use it
Result 1.6 Improved coordination and communication between and among districts, projects and other stakeholders in the region	a) At least two coordination and information sharing meetings organised and 50% of the main partners (local associations, NGOs, government institutions) participate b) Best practises documented and disseminated.		0.19	4 meetings promoted by Prodeza 1 document on forest-practices	17%	

OBJECTIVES	OBJECTIVELY VERIFIABLE INDICATORS (OVIs)	BASELINE	RESULTS		PROGRESS (SEPT.09 / INDICATOR)	COMMENTS from Prodeza staff
			MID-TER- REVIEW SEPT 2008	SEPT. 09 estimated by Prodeza staff		
Component 2: Sustainable agricultural production and natural resources management						
Immediate Objective 2						
Increased income through increased sustainable agricultural production and sustainable use of natural resources	a) Increased income levels of households; b) Increased volume of cash crops and forestry products focalised by the Project produced and marketed					
Result 2.1 Effective extension service in place responding to local needs and promoting crops with highest potential	a) Increased percentage of small-scale farmers, especially women, reached by extension service and number of visits made b) Level of satisfaction of farmers with extension services c) At least 15 demonstration plots linking research, private sector and farmers established.	Data from 2004/5: 46.256 (60% women) 2006: 10 Public, 2007: 5 Private	0	> 3,140 people (750 women) assisted 317	7% 211%	chicken vaccination and seed production (indicator at provincial level) To be done
Result 2.2 More effective and sustainable agricultural production methods adopted	a) 10 new sustainable production technologies adopted by local men and women.					Feasibility study to be yet done
Result 2.3 Local communities benefiting from sustainable natural resource management	a) At least 20% of communities benefiting from the Diploma 93/05 (20% tax share) developing income generating activities and local development actions for the benefit of their respective communities; b) New model of written agreement between concessionaires and communities tested in 10 forest exploration areas.	<5% 5, 6%	5, 6%	52% (23 communities of a total of 44)	261%	The other 21 communities are still in the process of receiving the resources - only channelled in Aug. 09 Activity not considered adequate because the DNTF is elaborating a national-level model
Result 2.4 Community land and forest rights strengthened, resulting in more secure access rights to natural resources (land, forest) at local level, especially for women	a) At least 3 new communities formalise land rights (DUAT) through delimitation and obtention of respective Official Certificate; b) At least 50% of local government staff, members of CGs and communities – especially women - trained in land and forest legislation in the project area.	5 certified and 16 demarcated 0	123 people trained 0.02	0 22 forest technicians trained (6 women), 7.586 people (2.853 women) through community trainings, 5 radio programmes		Legislation changes led to delay in implementation Difficult to quantify because of the way the indicator was phrased
Result 2.5 Clean Development Mechanism carbon sink (plantation) project and / or bio-energy project studied and facilitated	a) Feasibility study b) Investor(s) and partnerships established.	0 0	0 ou 100%	feasibility study done in partnership with UniZambeze and the University of Hensinki	100% 100%	100%

OBJECTIVES	OBJECTIVELY VERIFIABLE INDICATORS (OVIs)	BASELINE	RESULTS		PROGRESS (SEPT.09 / INDICATOR)	COMMENTS from Prodesa staff
			MID-TER- REVIEW SEPT 2008	SEPT. 09 estimated by Prodesa staff		
Component 3: Rural Economic and Enterprise Development						
Immediate Objective 3:	a) Income levels of rural households;	Mocuba 44% households with 45,961 t (2006)				
Rural businesses created by linking production with markets	b) Volume and value of agriculture production marketed from the project area.					
Result 3.1	a) At least 5 new MSMEs created with the support of the Project; b) At least 5 existing MSMEs assisted by the Project in various areas.	410		0		Indicador defined assuming that there was no other credit line (which is now the case)
SMEs in rural businesses strengthened or created with financial and technical assistance			0.54	>500 SMEs (20% women- led). Training on SMEs management to >150 empresas, 360 SMEs received credit		
Result 3.2	a) 50 income generating projects established with the support of the Project.			58	116%	
Micro-businesses or local development micro-projects established with financial and technical assistance						
Result 3.3	a) Feasibility study on the trading company carried out;			Study completed	100%	Study recommended support to the APAC cooperatives as potentially viable organizations Not relevant considering that an existing structure is to be supported
Trading company partly owned by producers associations studied, negotiated, and established if found feasible	b) Reports on consultations and negotiations with potential partners and owners.	1 in Maganja da Costa	0.51			
Result 3.4	a) At least 100 people, men and women, trained in financial and business management;			712 people (230 women)	139%	Do not include groups supported by World Vision
Improved financial and business management by SMEs, micro enterprises and savings groups	b) At least 3 annual courses organised in business management;			8,3 courses a yr on average	277%	
	c) 80% of loan takers payback their loans to credit institutions.		0.8		100%	

ANNEX 2 PARTNER DESCRIPTION OF PRESENT FOCUS AND “FUTURE PLANS”

Edited summary based on “MINAG, Aid Architecture in the Agricultural Sector in Mozambique: Review of existing information and contribution for dialogue, September 2009”

AfDB

A Major part of the African Development Bank's finance to agriculture sector goes to the Massingir Dam Project (US\$ 15 Million in 2009) and the Cofamosa Irrigation Project (US\$ 7,5 Million in 2009). It also supports rural finance projects, agricultural cooperatives and women's entrepreneurship projects.

Denmark

There is overall Danish support ongoing to the agricultural sector in the country (ASPS 2). The phase II of the Danida ASPS (Agricultural Sector Programme Support) started in January 2006 and will end in December 2010. This support includes three components. The overall budget is 315 million DKK, and is allocated as follows: 1,85 Million DKK: Support to PROAGRI (approx. US\$ 16,3 million) – The component aims at supporting the core functions of MINAG. i.e. financial management; planning and monitoring; agricultural research; and natural resource management; 2,85 million DKK: Support to Private Sector (ADIPSA) (approx. US\$ 16,3 mil-

lion) – The support is being coordinated by a Central Management Unit (CMU) in Maputo as well as the Regional ADIPSA offices in Manica, Nampula and Maputo. 3,60 Million DKK: Support to Rural Roads Component – (Approx. US\$ 11,5 Million) – The support is under the Ministry of Public Works and Housing (MOPH) through the National Road Administration and implemented by the Provincial Roads Departments (DEP) in the provinces of Tete, Manica, Cabo Delgado and Maputo. A main objective of the component is to provide smallholders with improved access to markets as well as to input supplies and services. The future cooperation between Mozambique and Denmark will include a programme on employment generation and private sector development (agri-business development). The areas of future support under consideration include: Advocacy and policy support (to private sector organisations); Value chains within agriculture (and perhaps other sectors) – based on the ADIPSA experience; Access to finance (closely linked to the finance needs of value chains and likely to be part of the above component); Rural roads (both as market access and employment generation); and Skills training (vocational education and training likely to be based on PIREP). The overall programme is expected to have an estimated budget of approx. 90 Million US\$ for the five year period 2011–2015.

EC

The EC Country Strategy Paper and the National Indicative Programme for the period 2008-13 signed in December 2007 details the areas where the 10th EDF funds, amounting to € 622 Million, will be used. This includes Focal Sector 2 – Agriculture, rural development and regional economic integration – where an amount between € 63 Million to € 84 Million will be made available. From this amount agriculture related budget support would be around € 16 Million to € 21 Million per year between 2010 and 2013. EC has been the biggest donor of the PROAGRI II with a sector program totaling US\$ 67 Million between 2006 and 2009. Part of the funds has been earmarked to development of sugar industry, MINAG reform program, outsourcing and local development projects. The delegation also provides funding (€ 3 Million) to MINAG in 2009-11 outside the common flow funds for the capacity building in planning and financial management. EC will provide additional funding (about € 12–13 Million) in 2009-10 due to the food crisis through FAO and IFAD. EC has had difficulties in paying the sector funds in time, especially the earmarked funds. The delegation is currently in the identification/formulation phase of its future support to the area of rural development. A mission visited the country in May and the report is being completed. This support will amount to € 60 Million from which 85 to 90% will be channelled through Budget Support and 10 to 15% using other modalities. The key areas of support will be: i) Improvement of local governance and quality of public services; ii) Development of local economic infrastructures; and iii) Support to SMEs. Budget support to be provided is expected to include: Support to DNPDR, DPDR and SDAE; Maintenance of Infrastructures and roads; Warranty fund for rural loans; Funds for the hiring of service providers at the district level (value chains); Establishment of a Trainig and Studying Fund in support of MPD/DNPDR, Ministries, Provincial and District Services and Service Providers; Improve financial management and audit. Complementary support will include: TA for DNPDR and sector

Ministries; Services for strengthening Social Responsibility mechanisms; TA for MINAG to improve management capacity/quality.

FAO

FAO provides mainly technical assistance. It has several small scale projects on soaring food prices, irrigation, food security and commodity value chains. The total value of the FAO projects for 2009 is about US\$ 2,7 Million. They have launched a two-year project in May 2009 through the EU Food Facility worth over € 7 Million to step up seed production, strengthen national seed services and provide input support to smallholder farmers. The project, in line with the PAPA and aims to improve the food security and livelihood status of 30 000 farmers living in poor rural communities. FAO will assist in providing tools, fertilizers, pesticides and a training package to around 200 farmers' associations to help jumpstart local production of basic seeds such as maize, rice, wheat, soybeans and sunflower. Farmers' associations will link up with private seed companies to market the seeds. A seed processing plant – owned and operated by a farmers' association company – will be installed, enabling farmers to clean, grade, calibrate, dry and package the seeds for commercial use. Support will be given to rehabilitating and equipping seed testing laboratories in five provinces in an effort to boost quality control capacity at national and provincial level. To offset high input prices, around 25 000 smallholder farmers will receive a 50 percent input subsidy, which will also include access to the types of improved seed produced by the farmers associations. A US\$ 75 Million agreement with Government has also been established to fund agricultural activities in the southern African country until 2012. The funding will seek to mobilize resources to guarantee food security under a national short term priorities programs. More details still to be made available.

Finland

Finland entered the agriculture sector program PROAGRI I at the very end of 2005. It contributed € 6 Million during 2005–2006 and € 12 Million for PROAGRI II during 2007–2009. A decision has been made to continue financing the agriculture sector program in 2110 with € 5 Million. In addition to the support to agriculture sector program Finland has a bilateral Rural Development Project – Prodeza – in the Zambézia province (€ 5 Million for 2006–2010) with MPD/ DNPDR. In addition several Finnish NGOs and institutions support the agriculture sector in Mozambique: (i) KEPA supports the peasants associations in Cabo Delgado province and ROSA (the food security network of the NGOs); (ii) Finnish Church Aid and Finnish Red Cross have projects linked to food security/ rural livelihood; (iii) Joutsentenreitti ry is bringing the experience of European rural development approach LEADER program to Gile district in Zambezia province; (iv) through the FLC and Finnish Academy the Directorate of Nutrition of the Helsinki University with a local NGO ANSA is researching the nutritional value of local foods in Zambézia province; (v) and the Savonia Polytechnic cooperates with the Faculty of Agriculture University of Eduardo Mondlane. During the preparation of this study the example of the “Local Government Development and Provision of Financial Resources in Tanzania Mainland” is been shared.

Sweden

Sweden has a extensive portfolio in agriculture/natural resources related areas, includes: (i) Support to PROAGRI II in the period 2009-2010 with total 94 MSEK; (ii) Moz-SAKSS 2009-2011 programme with a support of total 22.5 MSEK, with the objective to strengthen capacity in the areas of policy analysis and strategy development in the public sector and of MINAG more particularly. This is being implemented by three CGIAR institutions; ICRISAT, IFPRI and IWMI (IFPRI is the implementing partner) and MINAG DE is the direct counterpart; (iii) Support to the Community Land Fund, total of 2 MSEK per year and the program ends in 2010, implemented through KPMG (fund manager) and DfID is the lead donor; (iv) Support to the Malonda Program in Niassa implemented through the Malonda Foundation with a budget of approximately 25 MSEK 2009. The agreement ends 2009 and we are in the process of deciding new phase of support. Sweden is the only funder to the program. The objective of MoF is to strengthen private sector development in order to improve livelihoods of citizens in Niassa by focusing on agricultural related PSD and forestry investments.

USAID

USAID's rural income program in Mozambique assists poor rural households to increase their incomes and to improve their food security and nutrition. This is accomplished through the provision of technical assistance and training to: (i) increase farmers' productivity, sales, and income; (ii) expand rural enterprises by ensuring access to financing and trade opportunities; and (iii) improve market access for farmers and rural enterprises through road rehabilitation, construction, and maintenance. Some examples of the types of activities that USAID engaged in under this program are: (i) Financial and technical assistance to the Ministry of Agriculture during the inception year of PROAGRI II. (ii) Global Development Alliance with the Cooperative League of the USA (CLUSA) established the first producer-owned trading company in Mozambique. The project is increasing the farm-based incomes of the company's members, in part by helping the farmers and enterprises gain access to dependable markets and capital. The partnership includes similar producer-owned trading companies in Zambia to promote regional impact. (iii) Rural Finance Program and anticipates transferring development assistance funds to the Development Credit Authority to further open the private banking sector to rural lending. Technical assistance and training in support of a road maintenance concession for the USAID-rehabilitated Caia-Gorongossa all-weather road completed in 2003. Expanding the tertiary road network to the "Beira Corridor" which runs from the city of Beira to the western border. Building the capacity of the National Agricultural Research Institute and advising on efforts to decentralize authorities and responsibilities to two zonal research centers. USAID is providing technical assistance and equipment to the zonal research centers to bring the benefits of newly adapted technologies to farmers. In response to the numerous natural and manmade disasters that rural Mozambican families face, USAID is providing technical assistance to the National Secretariat for Agriculture and Nutrition (SETSAN). With the technical assistance, the Secretariat will provide the Government of Mozambique, USAID, and other donors with risk assessment

and food security data on a constant basis to allow for quick responses to any emergency situation. Additionally USAID supports the agriculture private sector mainly through big NGO (amounting to US\$ 30 Million in /2009) and is currently preparing the start up of a gro-business \ value chain project in the country.

World Bank

World Bank financed the PROAGRI I sector program, but did not join the PROAGRI II. However, it has recently started to provide support to agriculture sector through projects and earmarked direct budget support funds. In 2008 WB provided US\$ 10 Million through direct budget support earmarked for the prevention of the effects of the food crisis (for support the PAPA). It also supports a market led smallholder development in Zambezi valley. The “Smallholder Project” is budgeted in 20 Million dollars, started in 2006 and will finish in 2011. The targets of this project are to increase the incomes of smallholder farmers in selected districts of the Zambeze Valley region of Central Mozambique (Mutarara, Gorongosa, Maringue, Morrumbala and Mopeia). Its Irrigation Project will cover the period of 2009 – 2011 (being under preparation) for Sofala and Manica province. This project is budgeted at 50 Million dollars and will contribute directly towards the year 2 and 3 of PAPA targets: 4000 ha of new or rehabilitated irrigated area per annum for rice and horticulture production respectively. Activities are developed through IDA and Global Environment Facility (GFE). In the next years WB will continue using Budget Support as preferred aid modality and will provide assistance at operational level. WB considers that the big challenge in agricultural sector is to improve the coordination mechanism between the Donors and Government and that MINAG needs to improve its leadership and dialogue capacity with Donors.

ANNEX 3: ITINERARY OF FIELD VISIT

Agriculture evaluation 22.9.09–01.10.09

Mariana Wongschowski and João Carrilho

Date	Time	Activity
22.9 Tu	05.50	Arrival in Maputo
	07:00	Team meeting for preparation
	11.00	Meeting with Marjaana Pekkola, Counselor for Rural Development
	Afternoon	Reading and preparation
23.9 We	09.00	World Vision
	14.30	Meeting with Patrick Verissimo and Daniel Sousa , World Bank
	16.00	Meeting with Celia Jordao, Embassy of Netherlands

24.9 Thu	08.00	Participation in the Proagri Working Group
	11.00	Meeting with Ministry of Planning and Development, S. Vala, director of DNPDR (chairperson of SB of Prodeza)
		Deodete, DNPDR (contact person for Prodeza)
	14.00	Meeting with Antonio Crespo, head of the ARD section, EC
	16:00	Diamantino Nhampossa, UNAC (National Peasants Union)
25.9 Fri		Dia das Forças Armadas (Official holiday)
	8:30	Meeting with the Prodeza formulation mission (Fernando Costa, Joss Swinnehuis and Klas Sellström)
	11:00	Meeting with Beverly Camichael, Canada High Commission (CIDA)
	12:30	Meeting with Finnish embassy HOC Lotta karlsson and Marjaana Pekkola
26.9 Sat		Preparation draft report
27.9 Sun	Morning	Preparation draft report
	12:00	Meeting with Marjaana Pekkola and Klas Sellström
	15:00	Meeting with Natural Disasters and Climate Change mission
28.9 Mon	Whole day	Visit to DPA (Provincial Department of Agriculture) Maputo/ Boane district
		Visit to two cooperatives/associations and one farmer entrepreneur, discussions with extension officers and district and provincial level authorities.
		Meeting with Mr Jose Tuia, ex- director of IAC, currently Director of the Agriculture Institute in Boane
29.9 Tue	8:00	Meeting with Mr. Songane, Coordinator of Proagri
	10:30	Dr. Calisto Bias, at IIAM (Mozambican Institute for agricultural research)
	Afternoon	Preparation draft report
	19:00	Ritva Parviainen (Finnish NGO: KEPA)
30.9 Wed	8:30	Custodio Muscavele – IFAD
	10:15	Leena Vaaranmaa , Prodeza
	15:30	Dr. Maria José Zimmermann, local representative, FAO
1.10 Thu	10.30	Wrap-up meeting at the Finnish Embassy
	13.30	Travel to airport
	15.50	Flight to Johannesburg–Amsterdam

ANNEX 4 PERSONS INTERVIEWED

1	Alanko, Kari	Ambassador of Finland
2	Albino, Carla Cristina	Director, District Services of Economic Activities (SDAE), Boane
3	Bias, Calisto	General Director, IIAM (Agricultural Research Institute)
4	Carmichael, Beverly	Canada High Commission (CIDA)
5	Chachuaio, Deodete	DNPDR, contact person for Prodeza
6	Chavanguana, Alfredo	Coooperativa 25 de Setembro, Boane
7	Costa, Fernando	Prodeza formulation mission
8	Crespo, António	Head, ARD Section, EC
9	Jamisse, Ricardo Augusto	Supervisor of Rural Extension, Boane
10	Jordão, Célia	Embassy of the Netherlands
11	Karlsson, Lotta	Counselor, Deputy Head of Mission, Head of Co-operation
12	Manhiça	Farmer, Pequenos Libombos, Boane
13	Monteforte, Gianfranco	Food Security and Agriculture, EC
14	Moor, Jan de	APAC (Associação de Promoção da Agricultura Comercial)
15	Mucavele, Custódio	IFAD Country Officer
16	Mula, José	Associação de Regantes, Massaca (Irrigation Association), Boane
17	Munive, Alex	Natural Disasters and Climate Change mission
18	Nhampossa, Diamantino	Executive Coordinator, UNAC (National Peasants Union)
19	Noé, Jorge	Head, Provincial Services of Rural Extension, DPA, Maputo
20	Parviainen, Ritva	Finnish NGO: KEPA
21	Pekkola, Marjaana	Counselor for Rural Development
22	Sabão, António	Head, Provincial Services of Agriculture, DPA Maputo
23	Sellström, Klas	Prodeza formulation mission
24	Songane, Fernando	Coordinator of ProAgri, Ministry of Agriculture
25	Swinnehuis, Joss	Prodeza formulation mission
26	Tique, César	Agriculture and Rural Development Specialist, AfDB
27	Tuia, José	ex-Director of IAC, currently Director of the IAB
28	Vaaranmaa, Leena	Director, Prodeza
29	Valá, Salim	Director, DNPDR (chairperson of SB of Prodeza)
30	Verissimo, Patrick	Senior Sector Economist, AFTAR, World Bank
31	Yarmah, Abu	Agricultural Program Director, World Vision
32	Zimmermann, Maria José	FAO Resident Representative, FAO

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ANNEX 6

**EVALUATION OF AGRICULTURE IN THE FINNISH
DEVELOPMENT COOPERATION**

AIDE MEMOIRE VIETNAM

FINAL

MINISTRY FOR FOREIGN AFFAIRS OF FINLAND

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ACRONYMS

ADB	Asian Development Bank
AusAid	Australian Development Cooperation
CEW	Commune Extension Workers
CISB	Community Investment Supervision Board
CPC	Commune People's Committee
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
CTA	Chief Technical Advisor
DARD	Department of Agriculture and Rural Development (Provincial and District levels)
DPC	District People's Committee
DPI	Department of Planning and Investment (Provincial and District levels)
GDP	Gross Domestic Produce
GoF	Government of Finland
GoV	Government of Vietnam
IFAD	International Fund for Agricultural Development
LLP	Local Planning Process
LMDG	Like-Minded Donor Group
LUPLA	Land Use Planning and Land Allocation
MARD	Ministry of Agriculture and Rural Development
MDG	Millennium Development Goals
MFA	Ministry for Foreign Affairs of Finland
MPI	Ministry of Planning and Investment
MTR	Mid-Term Review
NDMP	Natural Disaster Mitigation Programme (GoV)
NTP-RCC	National Target Programme – Response to Climate Change (GoV)
NTP-TFF	National Target Programme – Trust Fund for Forests (GoV)
ODA	Official Development Assistance
O&M	Operation & Maintenance
OSS	One Stop Shop
P-135-2	National Targeted Program for the Socio-Economic Development of Ethnic Minority and Mountainous Areas, Phase II (2006–2010)
PAR	Public Administration Reform
PD	Programme Document
PFD	Programme Framework Document
PMT	Programme Management Team
PMU	Programme Management Unit
PPC	Provincial People's Committee
RDP	Rural Development Programme
QTRDP	Quang Tri Rural Development Programme
SEDP	Socio Economic Development Plan
TA	Technical Assistance
TBS	Target Budget Support

TTF	Trust Fund for Forests
TTHRDP	Thua Thien Hue Rural Development Programme
USD	United States Dollar
VND	Vietnamese Dong
WSSP	Water Supply and Sanitation Programme

Other acronyms and abbreviations mentioned in the text are explained as they appear.

1. INTRODUCTION

In the period 7–19 October, the Vietnam field study was undertaken by Bert Lof (ETC; team member) and Mr. Tran Sang Tao of the Hue University College for Agriculture and Forestry (national Vietnamese consultant). The programme of the field study as well as the list of persons met is attached.

The main focus of the study has been on the two Rural development programmes QTRDP and TTHRDP in respectively Quang Tri and Thua Thien Hue provinces in Central Vietnam. As both projects were in the phase of winding up (resp. Sept 2009 and Oct 2009), only a few (former) project staff could be interviewed. In both Provinces the authorities of the District People's Committee (DPC) were interviewed as well as some of the Agricultural staff. During the visits to the districts, short field visits were made to project beneficiaries in order to get some insight in the achievements and approach applied. Field visits were related to fish cultivation, dam construction, fish-rice integration, fish fingerling production, livestock development and capacity building. In Quang Tri Province the Provincial Planning and Investment Department (DPI; main project owner) and the Provincial Department for Agriculture and Rural Development (DARD) were also visited. A document review has been undertaken of the P-135 Phase II programme to which the Finnish Ministry is providing budget support and technical assistance under two separate funding arrangements.

Apart from the briefing and debriefing sessions with the Finnish Embassy, the team was able to contact the national Ministries of MPI and MARD.

2. ANALYSIS OF NATIONAL AGRICULTURAL DEVELOPMENT POLICIES AND MAIN DEVELOPMENT PROGRAMMES

2.1 Government of Vietnam Development Policies

The main national policy framework to which the program adheres is the Government of Vietnam's *Socio and Economic Development Plan* for the period 2001–2010. The SEDP has three main targeted outcomes for the 5 year period; namely: (i) Economic Growth, (ii) Social Development by significantly improving people's material, cultural, and spiritual life; and (iii) Good Governance by the creation of institutional and infrastructure foundations to boost industrialization and modernization, and the gradual transformation into a knowledge-based economy. The SEDP identifies eight broad tasks in achieving these goals, and sets out the main targets in relation to the three axes of development: Economy, Society, and Environment. The SEDP aims at an economic growth of 3–3,2% in the agriculture, fishery and forestry sectors which is well below the overall GDP expected growth of 7,5–8%. This SEDP has been translated into a CPRGS (Comprehensive Poverty Reduction and Growth Strategy), as well as other sectoral development plans including well-defined strategies for implementation.

In recent years the Government addressed poverty and inequality issues through a set of targeted programs amongst which: (i) Program 143 – hunger eradication and poverty reduction; (ii) Program 135 – socioeconomic development in communes faced with extreme difficulties; other national programmes relate to health care for the poor; social insurance payments; social safety net, and Education. Overall Vietnam has been very successful in reducing poverty over the past 15 years with the poverty incidence going down from 58,1% in 1993 to 13% in 2008, well beyond the MDG-1 goal of halving poverty by 2015. (source: MFA Cooperation plan 2009–2011).

The past two decades of rapid economic growth have transformed Vietnam from a country struggling to meet the basic subsistence needs of its people to an emerging market economy with ambitions to achieve middle-income country status. The economy is becoming more diversified, with a growing private-sector share and an increasing number of small, medium and large enterprises. Vietnam has been able to create a favourable investment climate for direct foreign investment (source: IFAD Country Review document Vietnam 2008).

2.2 Agricultural Development Policy

In agriculture the main guiding policy is the MARD “Five-year plan for the agricultural and rural development sector, period 2006–2010” (source MARD website). MARD has incorporated agriculture and rural development plans of cities and provinces all over the country and those of its units. On the basis of forecasts on the market for agro-forestry products, scientific and technological advances and potential resources, MARD has completed its 5-year plan in accordance with the SEDP 2006–2010.

This policy sets out a number of specific objectives for the sector including a growth rate of 3–3,5%; to achieve an average growth rate of the rural economy of 7,5–8% per year; to expand the forest coverage rate to 43–44% of the total area of natural forest; to ensure national food security; to promote and increase the export effectiveness and bring the total value of agro- export to USD 7 billion by 2010 (with an average growth rate of 12%/year); the application of science and technologies in order to develop a variety of plants and animals; to double the GDP per capita in the rural area by 2010; and to decrease the number of labour in the agricultural sector to 50%. It appears that most of the MARD goals will be achieved by 2010 with exception of the reduction of agricultural employment which remains at levels well above 50%.

Most people live in rural areas and derive their livelihoods from agriculture. The strong performance of Vietnam’s agriculture sector in the past 10–15 years explains to a large extent the impressive achievements that Vietnam has made on overall poverty reduction. About 73 per cent of the population lives in rural areas and agriculture remains their main source of living. Two thirds of the smallholders engaged in subsistence farming in 1992 had become engaged in market participation by 1998. The main achievements over the past 10–15 years has been that the rural economy is actively moving towards stronger production of profitable agricultural products responding to demand in the domestic and international markets. The value of the agricultural

production (aggregating agriculture, forestry and fishery sectors) has increased by almost 4% over the period 2001–2008 compared to the national target of 3–3,2%.

One of the most striking programmes since 2002 has been the Public Administrative Reform (PAR) in MARD. The PAR process has been internationally supported during the phase I (until 2005), focusing around a core outcome formulated as ‘Effective and Efficient MARD Administration’. Under this project MARD has piloted a number of approaches. The first one is the introduction of *objective-oriented planning* tools or logframes. MARD has piloted and is gradually applying logframe approaches for a number of planning and design processes: for two PAR Action Plans (2005 and 2010), the Anti-corruption Action Plan, the Socio-Economic Development Plan and a range of subprojects under these Plans. Furthermore, MARD has piloted the *One-Stop-Shop mechanism* as the first line ministry. The OSS aims at providing all administrative services to farmers and other rural dwellers such as land registration or transfers. Thirdly, the implementation of *quality management systems* have been piloted at MARD. Although cumbersome and resource demanding, the ISO has proven to be an effective tool to streamline work processes and define unit and individual functions clearly. By the end of this PAR phase I, the project PAR in MARD is regarded a success, although it has been to a large extent internally oriented towards organisational and institutional restructuring. MARD has closely collaborated with the Ministry of Home Affairs to decentralize to commune levels to ensure an efficient implementation. Besides, the laws on Corruption Prevention and Control and Savings and Waste Prohibition have been effectively implemented.

2.3 Agricultural Sector Performance

The main crop in Vietnam is *rice*, both for domestic consumption and export. In less than 10 years, from a deficit country Vietnam has become a net exporter strongly competing with traditional South-Asian exporters. Despite a gradual but limited reduction since 2000 of the area cultivated with rice, the national production continued to increase by 2,4% per year. This is mainly due to the introduction of various new rice varieties which are pest-resistant and supported by fertilizers and other agricultural inputs, including water supplies provided by more effective and efficient irrigation systems.

Over the past years Vietnam has strongly promoted the export-led diversification of the agricultural production. *Industrial crops* (rubber, tea, coffee, cashew nut, black pepper but also cotton, soybeans and groundnuts) and *fruit trees* (e.g. litchi, mango and citrus) have been promoted considerably responding to an increased (international) market demand. Concentration areas of commodity production have been established in close linkage with the processing industry.

The *animal husbandry* sector has developed with high growth rates over the past decade. Large scale animal farms have been established throughout the country. In 2004 there were nationwide 197 animal feed factories up from 126 in 2001 (more than 30% increase). Along with this increased number of feed factories there are better breeds

of animals and stronger veterinary system. The value of the animal husbandry sector in the agricultural structure has been increased from 19,3% in the year 2000 to 22,4% in the year 2004. Compared to the year 2000, the number of pigs was increased by 29,5% in 2004, that of beeves increased by 18,9%, milking cows – 2,2 times, and poultry – 11,3%. (Source: MARD 2006 report).

The main national development programmes under MARD are the National Target Programmes (NTP) related to Forestry and Rural Water Supply. The P-135-2 programme is not under MARD but this Ministry closely collaborates with the main GoV implementation structure, and the Committee for Ethnic Minority Affairs. In the forestry sector, there is the “Vietnam Forestry Development Strategy 2006–2020”, which includes five programmes contributing to the implementation of the forestry strategy. MARD has other programmes on forestry like the Five Million Hectare Reforestation Program. Furthermore, the GoV is making great efforts to develop strategies and action plans in order to combat the effects of Climate Change, the NTP-RCC (Response to Climate Change) as Vietnam is on the top five list of countries affected by Climate Change.

3. ANALYSIS OF MAIN DONOR POLICIES AND PROGRAMMES IN AGRICULTURAL SECTOR

3.1 Main Donors in the Agricultural Sector

Vietnam is one of the world’s largest recipients of official development assistance (ODA), mostly as concessional loans. ODA represents only about 4 per cent of the country’s gross national income. Over the past ten years (1998–2007) Vietnam has received an average of about 2,5 billion USD per year of which 10% has been attributed to the agricultural sector (including forestry and fisheries).

Table 1 Total ODA Commitments 1998–2007 by sector, constant 2007 prices

Main sector	Mln US\$	%
Agriculture, forestry and fishing (311–313)	255,1	10,1%
Social, infrastructures and services (110–140/160)	639,4	25,4%
Commodity aid, emergency assistance and reconstruction (500–700)	245,5	9,8%
Transport, communications and energy (210–230)	981,3	39,0%
Multisector/cross-cutting (incl. rural development)	223,1	8,9%
Government and civil society incl. land mine clearance & demobilization (150)	1 100,0	4,4%
All other (240/250/321–332/900)	631,0	2,5%
GRAND TOTAL	2 517,5	100,0%

Source: OECD, CRS database.

The main donor to the Government of Vietnam are Japan, the World Bank, the Asian Development Bank, and France; other important donors are AusAid (Australia), GTZ (Germany) Danida (Denmark), SIDA (Sweden), South Korea and DFID (United Kingdom). Finland is a relative smaller donor to Vietnam but has increased its contribution over the past five years. Since 2003 Finland has almost trebled its financial contribution from just over USD 10 M to almost USD 30 Million. Table 2 provides the ODA commitments for the 1998–2007 period.

Table 2 Total ODA Commitments 1998–2007 by donor

Donor Name	Amount (US\$million, constant 2007 prices)	% share	ranking
UK	543,0	2,2%	9
Germany	956,4	3,8%	5
Netherlands	530,0	2,1%	10
Sweden	433,1	1,7%	11
Denmark	724,4	2,9%	6
Finland	226,6	0,9%	16
France	2246,9	8,9%	4
Others	675,4	2,7%	
Total EU member countries	6335,8	25,2%	
Japan	8 001,6	31,8%	1
Australia	599,1	2,4%	7
Korea	570,9	2,3%	8
Others	1 404,3	5,5%	
Total non-EC bilateral	10 575,9	42,0%	
IDA	4 283,5	17,0%	2
AsDF	3 148,4	12,5%	3
<i>Total Multilateral</i>	8 263,3	32,8%	
GRANDTOTAL	25 175	100%	

Source: OECD – DAC database www.oecd.org.

The main donors in the P-135 phase II programme are the World Bank, Ausaid, CIDA, Finland, DFID and Ireland. In the two provinces under review (Quang Tri and Thua Thien Hue) there are a wide range of donors active. Some work in other districts as where the Finnish support is concentrated, other donors work in the same districts such as: UNDP (agricultural extension); ADB and DFID (rural development,

agricultural extension, capacity building); World Bank and JICA (Rural development); SIDA (research and capacity building); DANIDA.

3.2 Aid Modalities

Two main aid modalities can be distinguished for respectively the two Rural Development Programmes (QTRDP and TTHRDP) and the National Target Programme (P-135-2) by Finland. The first one is bilateral *Project Support* for Provincial Rural Development. The management of the two RDP programmes had a more or less similar set-up with the implementation being the responsibility of the PMU (Programme Management Unit). The PMU is established by an agreement between the governments of Finland and Vietnam. It consists of the TA (international and national) and programme director(s) who are not TA position. The Programme is formerly managed by the Programme Director. In the TTHRDP the PMU consisted of about 25 professionals and support staff. In the QTRDP this number is 42 (9 professional staff; 10 support staff and 23 staff seconded to the district level). Both CTA and programme director jointly manage the programme, eg. any approval of the programme (activities and finance) needs to go through the CTA and programme director. Both RDP programmes are monitored and supervised by a Supervisory Board and a Steering Committee. The Supervisory Board is the governing body of the programme. It is co-chaired by the Chairperson of the Provincial People's Committee and a Representative from the Finland Embassy, and meets twice a year. The Steering Committee is responsible for the effective operation of the Programme within their respective Provinces and normally meets three times per year.

Targeted Budget Sector (TBS) is taking place to support the National Target Programmes (NTP) P-135-2. Here Finland is contributing financially to the GoV formulated programme. A consortium of the main donors is in constant dialogue with the GoV on the direction and implementation of the programme through regular reviews and close monitoring of the P-135-2. GoV has been keen to pilot the TBS approach to P135-2 as it increases effectiveness and efficiency of external aid (ODA). Based on the positive results from the phase I GoV lobbied new donors to contribute to the programme, rather than setting up traditional projects that avoid using government systems. This TBS approach has laid the foundation for more harmonised ways of working and reducing transaction costs to the government.

Finland has opted for the support to the rural development of two provinces. In Quang Tri, Finland is still recognized as being the first ODA donor to have started to contribute to poverty reduction in the Province. Most other donors such as ADB, SIDA, DANIDA have opted for more sectoral programmes but also contribute to Provincial Rural Development. DANIDA has developed a sectoral support programme with two main components: one component focusing at strengthening the MARD at national level and another main component focusing at capacity development at provincial level in five provinces. This programme aims at support to institutional development and policy making at central level as well as concrete activities in the targeted provinces. ADB and World Bank have a similar approach. Recently, Fin-

land has started to adopt this type of approach as well: in P-135-2 and in two other major programmes (Trust Fund for Forests, and the Water and Sanitation Programme for Small Towns). Finland is contributing through budget support as well as technical assistance (the latter only for P135 and TFF). In this sense, Finland as a similar approach as the other main donors to Rural Development.

Recently, a study on harmonized and decentralized ODA has been commissioned by the Like-Minded Donor Group (LMDG, May 2009). The main purpose of the study is to analyze how donors should “work” with the provincial, district and commune levels of government in Vietnam. It is concluded that provincial systems of accountability and reporting work well and that donors can work through these systems. GoV systems for financial management and reporting are generally strong. However, donor concerns about financial accountability mean that many of the donors in the study specify additional intervention-specific procedures for procurement and auditing. Finland is not different in QTRDP and TTHRDP. Capacities at local levels are, however, weaker and intervention designs depend on carefully assessment of capacity needs. Donors should therefore make the decision to be active in supporting practical ways of doing – of planning – at sub-national levels. Finland as other donors have been instrumental in this. All of the interventions studied are relatively new (after 2001). Broadly speaking, at the ‘traditional’ end, donors use project-type modalities, albeit with recent modifications to make them more compatible with the targets of the aid effectiveness agenda. At the other end, donors have designed programs which apply budget support arrangements. Aid modalities used in the two Finnish RDP programmes are more at the traditional end. The support to P-135 includes budget support and TA.

4. RELEVANCE: COHESION AND COHERENCE

4.1 Relevance of Finnish Programmes

The supported programmes (QTRDP, TTHRDP and P-135-2) are fully compatible to the *GoV national policies* as spelled out in the SEDP and MARD 2006–2010 documents. The draft TTHRDP completion report (April 2009) analyses that the programme has addressed 15 out of the 23 national SEDP priorities and 12 out of 15 provincial priority activities. It is not unlikely that the same applies for the QTRDP. As the P-135-2 is formulated by the GoV itself, the Finnish support is at least fully aligned with the national policy.

The Central Region (project geographical selection) is considered to be a relative less developed region of Vietnam which suffered very much during the War from 1954–1975 due to its proximity to the DMZ between the then North and South. Moreover, the mountainous areas comprise a high percentage of ethnic minorities who historically have been less involved in the main development efforts which have concentrated on the coastal lowlands where rice is grown. For instance the main highway running from North to South runs exclusively through that same coastal zone.

However, the specific choice of districts and communes for support is not always clearly expressed. None of the project documents and nor the project framework documents – including the May 1995 Programme identification – provide background information on the exact selection criteria. The choice for the specific districts and communes do not always reflect the criterion of poorest part of the province. It appears as if the Provincial authorities have proposed a certain district to be supported by the project which has been accepted by the MFA.

All three studied projects clearly base themselves on the strong GoV *decentralization* policies. They target the provincial, district and commune levels through capacity building, technical support and institutional development. This is quite relevant as the operating agencies at district and commune levels as well as provincial governments have a good deal of autonomy but with very different levels of capacity. Whether they were really able to cope with and successfully manage external aid (QTRDP and TTHRDP) and the government's own programme (P-135-2) remains a main challenge.

The different project components have a clear *focus on the rural economy*. The potential of the agricultural sector for income generating and food security is clearly identified and an integral part of the national GoV socio-economic development plans. Though an integral analysis of the agricultural development potential has not been included in the project design. One of the main criticisms of the project approach has been the 'one size fits all' type of activities without much reference to the different production, social and economic conditions of the districts (e.g. QTRDP MTR 2003). This has however, been somewhat adjusted at a later stage in Quang Tri with regard to Dakrong district where a study of the different farming system has been undertaken.

With regard to *other donor support* in the targeted districts, Finland was the first ODA donor providing support to Quang Tri province in 1997. The other donors such as ADB and Danida only entered the scene at a later stage. During the formulation of QTRDP III, the presence of other major donors as well as the P-135-2 which operated in the district of Dakrong –where 50% of the funds were disbursed – was not taken in the decision-making process. The TTHRDP project document does not even mention the presence of other donors in the Province or targeted districts. In the PD 2005 it is only stated that "*the Programme will liaise closely with other donor funded projects in the province*". There was/ is a strong presence of JICA as well as GTZ, SNV and ADB in the province. In practice during implementation there has been some coordination with these programmes though coordination was formally a task of the Provincial and District Department of Planning and Investment (DPI).

4.2 Alignment with National Policies

In July 2005 the Government of Vietnam has 'localised' the Paris Declaration through the Hanoi Core Statement on Aid Effectiveness which has been signed by most of the donors to Vietnam. The statement includes some indicative targets for 2010 that are even more ambitious than those in the Paris Declaration. So far, Vietnam has

made significant progress towards achieving those targets. Vietnam provides an example of a country whose government has provided strong leadership and *ownership* in taking forward the aid effectiveness agenda. This Hanoi Statement has provided a structure of the aid relationship to contribute to poverty reduction in the remote areas. This is enhanced through the alignment of donor support by providing budget support around government priorities as formulated in the SEDP. From GoV side, the Hanoi Statement confirms the Vietnamese commitment to more participatory and decentralised approaches to policy formulation and implementation. In terms of Paris Declaration indicators this has resulted in a strong ownership by GoV of the harmonization and alignment process.

Alignment by the various donors is still considered 'Moderate' in Vietnam. Certain donors are bound by their institutional limitations on the greater use of budget support and government systems. Despite the Paris Declaration and the Hanoi Core Statement donors in Vietnam still make their own decision whether to align their support to the GoV structure or not. Finland has not been on the forefront of aligning their aid assistance with GoV structures and procedures.

The targets in the Hanoi Statement on *building capacity* are probably among the most significant. Capacity needs to be built across the board. It is the target that 50 % of aid flows by 2010 will use government budgeting, financing reporting, auditing and procurement systems, as called for in the Hanoi Core Statement.

In 2006, on average, 32% of aid for the government sector used government's budget execution, financial reporting and audit systems. Finland was slightly above average with regard to procurement (42%) but below the donor's average of making use of the GoV public financial management system (23%). Both indicators are still below the target of 50% for 2010. (Source: OECD DAC Harmonization Progress Report Vietnam 2006).

The Finnish supported RDP projects (QTRDP and TTHRDP) follow a similar set-up as most other Rural Development programmes as implemented by other donors (ADB, WB, Danida). This includes in the first place the Provision of Livelihood Services to the rural population, secondly investment in local infrastructure (including schools, health centers, water supply etc); and thirdly Capacity building at District levels and below (communes and village). Apparently, this is the preferred set-up of the MARD and provincial / district authorities for the support to the rural economy. Interestingly, the P-135-2 has taken a similar approach to poverty reduction in the remote and mountainous areas, often replicating lessons learned from other provincial projects.

The P-135 Programme is fully implemented under the responsibility of the Government of Vietnam (GoV). The central government (Committee for Ethnic Minorities) sets out the policy for the NTP but fully devolves its implementation to the Provincial and District levels. This is mainly done by the provision of finances and strict implementation regulations spelled out. The P135 shows the potential of joint donor ap-

proaches to align, review and evaluate the development of result frameworks in order to build consensus on the main approach and strategies, but also the challenges in addressing the specific implementation problems identified.

Both RDP projects have actively supported the MARD PAR reform process in the targeted districts. The projects have been involved in the set-up of the establishment of One Stop Shops (OSS) at district level. The efforts of implementing PAR over the past years have resulted in clarifying and simplifying process, procedures and accountability. Moreover, both RDPs have actively contributed to the national LUPLA (Land Use Planning and Land Allocation) programme. Furthermore, both programmes have very actively contributed to the implementation of the Decree 29/CP on the Regulation of the Exercise of Democracy in Communes (1998), and the Grassroots Democracy Decree that provides for increasing community participation, specifically in decision-making at the local level. The programmes have also contributed to the implementation of the Gender Law.

4.3 Harmonization with Other Donors

Annual donor coordination and information sharing takes place through the MARD International Support Group (ISG). This is a development forum with new methods and activities, which supports policy dialogue, experience and information exchange through an Annual Plenary Meeting, Bi-annual Steering Board Meetings, Thematic Ad-hoc Groups and activities, International and national conferences and workshops, a Management Information System, and various Publications. The establishment of such a group was first taken into consideration in the former Ministry of Forestry in 1994. Many donors, Vietnamese relevant authorities and national and international NGOs come together in this forum based on the approach that co-ordination of donor support should be the task of the Government in order to ensure that ODA responds to country priorities. Moreover, the ISG is meant to be a forum for dialogue in the agriculture and rural development sector in preparation for donor-Government Consultative Group (CG) Meetings.

MARD has promoted the establishment of donor partnership groups for the different sectors such as the Forest Sector Support Partnership for the Vietnam Forestry Development Strategy 2006–2020, and a Natural Disaster Mitigation Partnership for the Natural Disaster Mitigation Strategy 2020. The purpose of these partnership groups are to: strengthen ownership role of MARD, create forum for policy exchanges and dialogue, coordinate cooperation between MARD and donors and other line ministries, localities. Annually, MARD organizes consultation meetings with key donors to formulate prioritized programmes/ sectors for the coming years and implement in accordance with the SEDP framework. MARD also organizes the ISG plenary meeting on an annual basis to dialogue with donor community on agriculture and rural development in Vietnam.

Harmonisation (and alignment) is also a positive aspect of the donor support to the GoV P135-2. Use of the Targeted Budget Support (TBS) modality has clearly sup-

ported the Hanoi Core Statement and has led to greater donor alignment, as GoV systems are directly used, strengthened and supported. A genuine joint donor support and the creation of a 'united front' has also assisted harmonisation. The total transaction costs are felt to have been lowered. Though time / resource costs of supporting TBS for both donors and GoV are still significant and have been higher than anticipated at the inception of support. The substantial donor support to P135-2 (around 30% of envisaged total Phase 2 budget) has reinforced GoV attention on poor ethnic minority communes. Participation of more donors, and a higher level of donor funding, through Phase 2 has improved harmonisation of donor approaches to poor provinces (source: LDMG: effectiveness of aid to P-135-2). However, the field trips to QTRDP and TTHRDP suggest that coordination and linkages between P135-2 and other ongoing donor programs such as the Finland supported programmes, was still quite weak. This implied that the coordination and planning of, for instance, infrastructural activities at commune and community level did not take place, which resulted in some overlap of activities and less relevant priority-setting. Secondly, learning from each other's approach was hardly done. As a consequence, different tendering procedures for infrastructure construction were applied and the involvement of local communities in project planning and implementation monitoring was done differently. Whether these differences in approach had a consequence for the sustainability and maintenance of these projects is not known.

Over the past few years, Finland has shown their commitment to contribute to donor harmonization along GoV led programme through its continued move towards budget support for national programmes (P-135 and TFF), and its active involvement as a responsible donor (e.g. TFF). This trend is confirmed in the Finland Development Cooperation Plan 2009–2011.

In 2006, the OECD concluded that donor *harmonisation* is still moderate as there is limited use of programme-based approaches, limited donor co-ordination of missions and little shared analysis. (Source: OECD DAC donor harmonization Vietnam 2006). Since then, this situation has improved with regard to most of these indicators.

4.4 Compliance with Finnish Development Policies

The overall objective of Finnish development policy is towards poverty reduction. The strategic goals to achieve this general objective are to contribute to sustainable economic growth and equitable distribution of the benefits of economic development. Major attention and dedication is given to the prevention of environmental degradation, the promotion of good governance through democracy and human rights as well as empowerment of the poorer sections in society and gender equality (see Finland Development Policy November 2007). The three programmes under review all give major emphasis to the economic dimension of rural development but include the social dimension of participation and gender equality.

Good governance is being promoted through the active participation of beneficiaries in the planning and monitoring of programme activities as well as through the atten-

tion paid to combating corruption. Sustainable use of natural resources is being less addressed as certain risks of agricultural models (e.g. irrigation infrastructure, promotion of the use of chemical fertilizers, introduction of external varieties of seed, plantation establishment) is not being addressed or monitored. Gender equality is being addressed through some activities such as training on women's rights in the remote areas of Dakrong (QTRDP).

The alignment with the GoF administrative procedures has been established under the agreement with the GoV. In both RDP projects a separate Project Management Unit has been set-up at Provincial levels. In the project document the administrative and financial procedures have been spelled out. These procedures follow the GoF procedures as prescribed by the MFA. A "Programme Management Team" is responsible for overseeing the entire QTRDP programme and meets monthly or as required. The PMT includes the Programme Director, the three District Directors, the Chief Technical Advisor and some other technical advisors. In QTRDP the financial regulations have been reformulated and changed accordingly in 2007. From this year onwards, funds have been directly transferred to the bank accounts of the three districts of the QTRDP project.

On several occasions it has been observed that the programme set-up is rather bureaucratic through its administrative and financial procedures. This applies both to internal programme procedures as well as the procedures prescribed by the MFA. *Internal procedures:* for instance, the approval of a project investment plan (eg. irrigation facility or a school building) takes about six different staff members at different levels to sign the proposal which takes a long time. *External requirements:* A number of issues (non –exhaustive) were mentioned during talks with programme staff. For instance, as the PMU is held to the procedures of its annual budget to be approved by the Finnish Embassy and MFA, the late approval of the budget frame often constrained the planning of activities (QTRDP MTR 2007); the administrative burden because of quarterly reporting and SC / SVB meetings preparations and reporting takes a large part of TA and project management; there is relatively little flexibility in planning of project activities and budget ('projects hung to Project Documents') as it is more convenient for the PMU to stick to the original PD than to ask for substantial changes; the budget for specific sub-components per district have exactly been used as planned four years earlier which indicates that the activity planning has been guided by the budget instead of the other way around (see e.g. QTRDP II MTR 2003); for approval to recruit additional national staff one project mentioned that consent was needed from MFA Helsinki.

Furthermore, it is surprising that both projects have never been integrated into one Rural Development Support Programme. Given the similar character of both projects in both approach and implementation strategies, it would have been efficient to have only one PMU for both Provinces. This has been considered but according to TTHRDP management this was not implemented due to opposition by the Provincial authorities as one overall PMU should have been placed in Hanoi under MARD authority. This argument remains difficult to assess as it was not confirmed by others

including the Finnish Embassy. Other donors do have a multi-provincial programme with only one PMU (ADB, Danida, SIDA).

In the QTRDP III MTR review (2007), the risk of the establishment of a parallel PMU structure set-up is seriously questioned. The Hanoi Core Statement (see above) calls for avoiding the set-up of a parallel structure of aid-financed programmes to the GoV. The RDP project management arrangement of a PMU seems to be such a parallel structure as the PMT takes final decisions with regard to project preparation and formulation. The same MTR indicates that the sustainability of the programme could be improved if the districts became entrusted with the management of the investment funds as was envisaged in the project document. It further states that “this would be more in line with the process of decentralization and public administration reform.” The TTHRDP MTR 2006 also states that “the Steering committee does not seem to function as a strategic driving force”. This observation questions even more the legitimacy of the establishment of such overview structures parallel to normal GoV supervision and programme monitoring.

5. EFFICIENCY, EFFECTIVENESS, IMPACT AND SUSTAINABILITY

5.1 Comparative Advantage of Different Modalities

The main aid modality used in the QTRDP and TTHRDP programmes has been the bilateral *project support*. This includes both Technical Assistance (national and international), financial support and short-term consultancies. The project support has mainly targeted the Provincial, District and Communes levels through close collaboration with the Department of Planning and Investment (DPI) and support to the Department of Agriculture and Rural Development (DARD) at District level. During the last phase of both projects (QTRDP III and TTHRDP II), there has been a considerable move of concentration of support to the Districts and the Commune levels following the further decentralisation of GoV policies.

In the P-135 phase II programme the main aid modality has been the *targeted budget support (TBS)*. The recent evaluation of aid effectiveness concluded: “TBS has helped to put in place improved planning processes, but weaknesses remain. GoV is generally receptive to donor ideas for improvements, but the lengthy time taken by central agencies to approve systemic changes means that few systemic improvements have yet taken place.” (LDMG 2009 on Effectiveness of Donor Support in Supporting P135 Phase 2 and E-NTP).

The main difference between project support and TBS regards the ownership of the programme implementation and the policy interaction between GoV and the relevant donor support group. “The TBS has facilitated useful discussions and consultation with stakeholders on policies and processes, especially in the context of Joint Progress Reviews and Mid Term Review processes, as well as through ongoing working level

discussions. A key benefit of using TBS, rather than a project or investment modality, is that improvements in management generated in TBS programme can be generalized across sector activities.” And further the report concludes that “Under P135-2, there is evidence that donors and GoV have been able to learn from experience with donor rural development projects and experience in the region (Thailand, Philippines etc) in developing policy to address poverty in very poor areas. The positive dialogue that has taken place through JPRs and MTR have propelled an evolution in policy on commune investment ownership, pro-poor resource targeting and O&M allocations” (LDMG 2009).

5.2 Efficiency

Both RDP programmes have made ample use of national consultants as trainers in the capacity building component. Although it is not sure whether the national consultants were always effective (varying expertise), these consultants have a good knowledge of the local situation and are used to deal with the varying competence level of district and commune staff. Also in the project itself, a large number of national staff has been recruited and trained. They have gained experience and competences that can be used in other organisations as well.

However, it has been observed on several occasions (TTHRDP I; QTRDP I and II) that the main focus of the two programmes has been on infrastructure construction. In QTRDP I the budget expenditure for this component was 76% against 60% budgeted. Also in QTRDP II it was observed that the infrastructure component has been well over the planned budget (63% against 50% planned). This deviation from the original plan reflects the interest by the local authorities at district and commune level to produce something ‘visible’ for its population. On the other hand it also points towards the ‘felt’ spending pressure as experienced by the implementing PMUs: “directing money into infrastructure is a convenient way to meet the disbursement goal”. As a result one may question the base of the funding levels agreed by the MFA to support the projects.

In all phases of the RDP programmes the budget for project administration and technical assistance represent between 30 and 43% (QTRDP III) of total project costs (both GoF and GoV contributions). This is a high level of overhead which is not always justified given the type of activities and the sourcing out of many training activities to national consultants. The international TA is more used as project managers than project advisors. Overall it is assessed that TA does not spend enough time in the districts (QTRDP MTR 2007). On the issue of project administration and TA, the TTHRDP MTR 2006 makes a strong statement: “uneconomically high transaction/administration costs”. It continues by affirming that with regard to the capacity building component “the cost of international technical inputs represent very poor returns against the output produces”. The same MTR indicates that there is ‘little value for money’ as the “programme contractor has been given a quite generous budget for administration, equipment and TA”. In line with this the QTRDP III MTR points out that “the results of the Short-term Consultants have not been perceived as satisfac-

tory by district staff”. It is argued that these consultancies are often repeating previous reports, that international consultants have difficulties in understanding the local conditions, that they do not reflect district priorities and that insufficient time was spent to discuss the results. TTHRDP in its last year of operation (2008 and part of 2009) still calls for 4 international consultancies with a total of 115 consultancy days scattered over 10 periods of 6–30 days (TTHRDP Annual Plan 2008). It remains questionable why after so many years this issue of high costs of short-term consultants is still emerging as in the QTRDP I MTR it was observed ‘whether the consultancies are really required and offer good value for money’ (source: QTRDP I MTR, 1999).

Both RDP projects have a large number of project components. For instance the TTHRDP project logframe of 2004 identifies 89 activity areas in 16 result areas. QTRDP phase III encompasses 12 result areas. This is an incredible amount of different activities which need to be properly planned for, implemented and monitored. There is a risk of fragmentation because of the implementation of many programme activities, lack of time to properly prepare projects and lack of focus. High expenditure pressure per district led to a preference for small-scale infrastructure. In QTRDP III a total of 687 projects of different size were implemented. It is argued that this fragmentation may reduce the effectiveness of the RDPs (QTRDP III lessons learned 2009).

Each of the project phases is preceded by an extensive inception period. This is often 6 to 9 months of administrative and activity preparation resulting in a final project document. The purpose of this inception period is highly questionable as the project document does not deviate to a large extent from the initial project framework document (PDF). The contracted consultant agency will not question too much the initial PFD as this would only complicate their relationship to the local authorities and the Finnish embassy in question. The TTHRDP II MTR of 2006 identified various shortcomings to the project document.

5.3 Main Programme Strategies Applied

The main strategy of the three programmes under review is: Improvement of Livelihood Services, Infrastructure construction and Capacity Development. However, in terms of budget and effort the dominant focus has been on infrastructure development.

Component I: Improved Livelihood Services. This support to Agricultural Extension includes various activities related to agricultural development: support to public extension through DARD; agricultural model development; demonstration trials at selected places; input provision; replication of successful models; credit provision after training; and support to Land Registration through the national Land Use Planning and Land Allocation (LUPLA) programme. It has been observed that collaboration with the Provincial Agricultural Extension Center has been rather limited. Most of the activities were geared towards the District, Commune and village levels.

Component II: Irrigation infrastructure. As part of infrastructure development (which include e.g. road construction, school buildings, health clinics, electricity etc) irrigation infrastructure (dams, reservoirs and canals) has been constructed through the DPI. This has been done in close involvement of grassroot level through the participation of village beneficiaries in the planning of activities, monitoring of implementation. Major attention has been given to the supervision by village members during the construction phase as well as the post-construction Maintenance and Operation. Many villagers have been trained to this respect.

Component III: Capacity development. Extensive training of agricultural extension staff has been undertaken including beneficiary needs assessment through PRAs. QTRDP has e.g. implemented 10 training courses for various district and commune staff, just to mention a few: project management skills, infrastructure guidelines, procurement laws, formulation of cost of cost estimation and expenditure management in construction field, etc.

Monitoring and evaluation has been fully integrated in the two RDP programmes as well as in the GoV NTP P-135 phase II programme. Both RDP programmes have made considerably efforts to set-up a monitoring system with regard to project planning and implementation. Moreover, TTHRDP II has introduced the approach of Most Significant Change evaluation. This questionnaire type of evaluation has been undertaken in 2007 and 2008 to assess the role of the project with regard to major changes in the lives of target beneficiaries. This is an interesting approach as it does not exclusively address the activities of the project but attempts to analyze the contribution of the project to overall changes in the lives of the rural population.

At the end of both RDP programmes, efforts have been undertaken to make impact studies of the different components. This has been systematically done by national and international consultants. Though there are some serious flaws in the studies undertaken as the with- and without cases are not always properly defined and comparable, the initiative is highly commendable. Attribution of programme results to overall changes remains a major issue of attention. The QTRDP III impact assessment study has tried to use statistical tools to analyze the role of the programme. This is done in a convincing way (Impact assessment of the QTRDP Phase III focusing on poverty, livelihoods and infrastructure, 2009).

5.4 Results: Finnish Programme Achievements

Livelihood Services

With regard to QTRDP III project, the programme provided different types of extension and training support for over 25 000 beneficiaries. The programme supported the development of a number of appropriate agricultural production models and their adaptation and adoption by farmers. At the same time it has helped to build the knowledge and skills of farmers in new farming practices through training, demonstration sites and monitoring of farmer fields. The main approach has been a transfer of technology approach but also farmer-to-farmer extension. Farmers were also ben-

efited from the provision of some promotional inputs (seeds, fertilizers) to get them started. The programme also supported a livestock “pass-on” system to improve livestock production for poorer households. With regard to credit the provision of services were handed over to a formal lending institution. Through the Women’s Union, QTRDP III supported the development of villagers’ capacity to access credit through group-focussed training of 1 351 people in 45 training courses (source QTRDP III completion report 2009).

In the TTHRDP II, the Agricultural extension and diversification component supported the training of almost 2000 district and commune staff and more than 7000 farmers. Support has been given to agricultural models in crop production, forestry, livestock and aquaculture through field trials, demonstrations and input provision. Support was provided to agriculture development planning as a strategy to better plan the activities (source: draft TTHRDP program completion report 2009).

Irrigation infrastructure

During QTRDP III a total of 65 irrigation related projects have been completed with a total of 7 420 households benefiting from an increase in irrigated area of 1 219 hectares (on average almost 20 ha per scheme). The programme further strengthened the capacity and functioning of water user associations and their work on operation and maintenance (O&M) through training of farmers, and the provision of 5% of the investment costs as a starter fund for O&M. The programme developed “Infrastructure Guidelines” for infrastructure investment planning and implementation that prescribed the entire project cycle from a participatory planning process, implementation to handing over to the final beneficiaries. QTRDP III provided substantial support for Community Inspection and Supervisory Boards (CISB) who carry out community monitoring of infrastructure construction. These CISBs were trained in construction law and monitoring techniques.

In TTHRDP II it is estimated that some 5 214 households have benefited directly in some way from the upland irrigation investments. In total, 40 upland irrigation schemes were implemented during the programme period of 2004–2007. The investments in upland irrigation have been at a relatively high level, at nearly 15% of all infrastructure investments (only investment in roads has been higher). Despite the increased irrigation possibilities there has been little shift to higher value crops. The impact on overall incomes has been positive but limited. Impacts on household income differed slightly between female respondents and male respondents, with more male respondents reporting increased incomes.

Capacity building

One of the capacity building activities was focusing on the *Strengthening Communes as Investment Owners* as part of the QTRDP’s activities on Local Government and Capacity Building. This activity was started in 2007. The objectives were to capacitate the Communes and make them proficient in the different aspects of project management, by equipping them with knowledge on government policies, laws and regulations related to infrastructure. The subjects covered tendering, construction manage-

ment, quality control, monitoring of projects, cost-effective financial spending and transparency in order to avoid corruption. In this context QTRDP has arranged 10 different training courses with the attendance of 370 trainees. Furthermore The QTRDP contributed substantially to the establishment of the system of Commune Extension Workers (CEWs) to which extent 44 CEWs were trained. The programme has contributed to the development of appropriate extension methodologies including farmer to farmer approaches and farmer interest groups.

The TTHRDP II capacity building activities have focused on the Public Administration Reform, Land Use planning and training of provincial, district and commune staff with regard to local planning. The PAR has contributed to improved government administrative services at district and commune levels (resp. 3 and 44 communes were supported). The concept of land use planning was introduced and discussed at village and commune level. A total of 28 communal land use plans were made. Local people have gained knowledge about the new Land laws and regulations. Through the development of planning formats and the use of participatory approaches to local planning, a Best Practice Model for SEDP planning has been successfully promoted. This has resulted in improved integrated SEDP district plans and increased confidence with planning staff. Furthermore, there has been a significant effort in Human Resource Development with a total of 46 553 training days with 30% participation by women. Village and commune leaders claim that commune staff has improved their skills.

There is no detailed information available with regard to the results at beneficiary level of the sectoral programme P-135-2. With regard to the overall management and policy making there has been substantial results. The partnership of the seven donors, including Finland, has had a considerable influence on the changes in government policy on poverty reduction programs. This has led to improved criteria for targeting poverty, resulting in more of the genuinely poor communes being eligible for funding that was denied under the old criteria. The decentralisation of funding and planning power to communities has been enhanced. By 2008, almost 50 per cent of the poorest communes in Vietnam had been granted the right to manage central government funds for the first time, improving the appropriateness and transparency of funding decisions. Community contracting and provincial audits have been introduced. By 2008 over 50 per cent of contracts under P135-2 had been awarded through open competitive bidding, community contracting and other non-direct contracting methods. The State Audit of Vietnam is now also conducting performance and financial audits of provinces under P135-2 for the first time. Despite these generally positive results, P135-2 progress against the agreed policy framework of the GoV and donors did not meet all targets. A recent joint Mid-term review mission concluded that performance was only 'partially satisfactory'. Key issues included the delay in implementation by some agencies due to the need to wait for legal documents to be issued, weak (but improving) inter-ministerial coordination, poor information management, and variable management and implementation capacity at provincial levels.

5.5 Impact: Wider Overall Effect on Target Population

The overall assessment is that all three programmes are having a positive impact in line with the overall objective of poverty reduction. In the two RDP impact assessments there is evidence of considerable poverty reduction in the targeted districts and communes. However, the figures provided are not always consistent with regard to the attribution of the program to poverty reduction.

Quang Tri RDP

The QTRDP III impact study concludes that “*a very crude ‘order of magnitude’ calculation indicates that the QTRDP investment should have lead to several percentage points (less than 5%) reduction in the poverty incidence. Putting these estimates together with perceptions from different commune and district meeting, it seems reasonable to conclude that the programme has probably contributed something in the region of a quarter to a half of the of the observed overall improvements from different types of support (livelihoods compared to infrastructure) in different geographical areas*”.

Extension advice from Commune Agriculture and Extension Officers (for crops) and Commune Veterinary Officers was found to be highly valued by farmers in QTRDP III. The programme has made a modest contribution to the improvement of extension services in general and the capacity of the newly established Commune Extension Workers in particular.

Many farmers have benefited directly from programme support given for a number of *crop, livestock, aquaculture or forestry “models”* (Agricultural models). This mostly took the form of demonstrations, training and the provision of start-up inputs to introduce and promote new or improved models of production. Where the farmers have been able to continue with these models using their own inputs, these interventions have contributed directly to improved livelihoods. Some of the poorer and less resilient households however were not able to adopt some models because of the costs (e.g. for fertiliser, veterinary costs, or other inputs), poor access to resources (e.g. irrigated land), and susceptibility to risks (e.g. livestock diseases). Some attempts were made to develop models appropriate for these households (e.g. compost). A more cohesive overall (systems) approach to developing models was initiated (e.g. farming systems focus) but not sufficiently developed. The mass community organisations (Farmer’s Associations and Women’s Union) and safety net programmes will still be needed to have a greater impact for the poorest households.

The support to developing *irrigation infrastructure* (review, planning, training, infrastructure, etc) has made an important direct contribution to improved livelihoods for considerable numbers of households. In most instances, farm households have been able to double the number of rice crops from one harvest per year to two. Irrigation infrastructure has been provided to existing farmer fields thus avoiding the issue of farmer settlement. (*Slightly adapted from: QTRDP Poverty, Livelihoods and Infrastructure Impact Assessment Report June 2009*).

Access to land is fundamental for agriculture-based communities. The government *land reform* and LUPLA programmes have been and still are important in this respect. The programme support for the government LUPLA (Land Use Planning and Land Allocation) programme is expected to make a useful though modest contribution to this programme although the more direct benefits to households have not yet materialised since the process has not yet been completed.

Thua Thien Hue RDP

With regard to TTHRDP II three impact studies were undertaken at the end of the Phase II: Agriculture, Infrastructure and Capacity Building. The impact evaluations provide however limited insight on poverty reduction in general. There is no causal link established between TTHRDP activities and the reduction in poverty levels as estimated by the GoV monitoring system. The Agriculture Impact study does not give a clear insight of the impact on household income as it lacks a clear comparison between beneficiary and non-beneficiary populations. Overall, the infrastructure components have had a beneficial impact on an estimated 54% of the Program Area population. The beneficial effects in social and economic terms cannot be assessed as comparison with a baseline is not possible. Also with regard to Capacity Building it was not possible to establish impact on Livelihoods of both project and non-project beneficiaries.

P-135-2

There is no programme-wide P-135-2 impact evaluation available. Apparently there is a lack of an appropriate baseline survey data to compare with. Some provinces included claim a substantial reduction in poverty rates – the main overall objective of the programme, but there is little evidence with regard to the contribution of P-135-2.

5.6 Sustainability

Different guidelines and manuals have been prepared. The QTDRP III manual for training of CISBs (Community Inspection and Supervisory Board) is being used in the entire province of Quang Tri.

It has been observed that both RDP projects have received a high level of external funding. Overtime, in the case of QTRDP, the share of GoF has even increased both in absolute as relative terms from 80% to 90%. This lower GoV contribution does not reflect at all the increased overall economic performance of Vietnam with annual economic growth of 8% on average since 1996: the GoV contribution to QTRDP declined from 20% to 18% to 10% for resp. phase I, II and III. Compared to the P-135-2 programme where the GoV contribution is almost 75% of a total of more than USD 1,1 billion programme costs. These large differences in GoV contribution are difficult to explain but have created a high level of dependency on external funding for operational and capital expenditure in the RDP programmes.

In all three programmes there has been little support to the private sector development. Being the main suppliers of services and goods to the agricultural sector as well

as the main marketing channel being private business, it is astonishing that agro-chain development has received so little attention. In those cases that attention was paid to the private sector and their supporting role to the agricultural sector (QTRDP III) it was done in a haphazard and non/convincing way.

The overhead levels (= TA, Administration, Offices, Procurement, and Logistics) of the RDPs of up to 45% (eg. QTRDP II) make it impossible to sustain the coordination and planning mechanisms as developed during the 12 resp. 10 years of operation of the two programmes.

Both RDP projects have developed an end of project document upon request of their respective Steering Committees. The QTRDP III has formulated a separate exit strategy for the period 2008–2009. This document is relatively optimistic with regard to the sustainability of the main interventions. This is mainly due to the fact that the post-project funding and human resource requirements are not analysed. However, institutionalisation of good practices has received considerable attention through the formulation of several guidelines. The TTHRDP II has included a phasing out plan as part of their Annual Plan 2008. But this document only relates to ordinary project finalization and does not address any post-project situation.

This implies that no clear exit strategy has been developed nor tested how long to support a district and its communes. E.g. in the District of Hai Lang seven communes have been supported since 1997. This has continued for 12 years up to the end of QTRDP III. An earlier phasing out from these communes has not been considered. This has reduced the possibility of the project to learn how district and commune staff continue activities after the programme support has ended. QTRDP III MTR signals that “district staff in Hai Long felt that phase III of the program is repeating many of the capacity building efforts that have already been conducted in the previous phases”.

The agricultural model development has been highly subsidized which puts into jeopardy the real adoption of the proposed models. For instance in the TTHRDP II, the programme provided up to 70% of the costs to the farmers during the first two years, continued to cover 50% after two years and was still providing seeds and animals in the last year of its operation.

5.7 Impact on NRM

Environment is not the main focus of the QTRDP Only basic environmental considerations are being integrated in the technical and economic appraisal of infrastructural planning (QTRDP MTR phase III, 2007). Field visits and other documents confirm this observation. Most of the attention has gone to the development of QTRDP Environmental guidelines developed with regard to infrastructure investments. This guide recommends to incorporate environmental considerations in the identification and design phase. As such, environmental impact assessment of the proposed projects should be regarded as a natural part of environmental monitoring. Environ-

mental indicators have been developed for reporting of achievements. Furthermore, attention has been paid to the training of district and commune staff.

In TTHRDP II it has been reported with regard to *pesticide use* statistics that the use of chemicals has decreased with most of the direct programme beneficiaries against a continued increase with the group of non-beneficiaries. The overuse of pesticide in vegetable production, in off-season in particular, has caused serious environmental problems. In some sites, before project implementation intensive vegetable production has been accompanied by rapid increase in the use of pesticide. To address this problem Integrated Pest Management (IPM) and safe vegetable production has been introduced. Information indicates that awareness by farmers of the environmental problems has increased and that the number of pesticide sprayings per season has significantly decreased. However, knowledge of vegetable growers about the way to apply pesticides remains limited. Soil fertility and erosion problems have only been addressed to a lesser extent. The same applies to environmental issues in livestock and aquaculture such as the large increase in use of anti-biotics and other medicines. Reforestation has not been taken up as a programme activity.

5.8 Role of Finnish Expertise

Both RDP programmes have been implemented by Finnish consultancy firms respectively NIRAS Finland (QTRDP) and Finnish Consultancy Group (TTHRDP). NIRAS Finland is also the consultancy firm providing the technical assistance to the P-135-2 since 2008. Both consultant agencies have implemented all phases of their respective projects. Despite the Finnish origin of the consultancy firms, there has been a large involvement of national Vietnamese staff hired through the project funds. But also the international TA has not been exclusively Finnish.

6. CROSS-CUTTING ISSUES

Gender

Gender has been addressed in the QTRDP programme through the development of a gender strategy and the formulation of gender guidelines.

QTRDP has enhanced the participation of women in training events. Especial training events have been held in Dakrong and Cam Lo with regard to women's rights and domestic violence. It is reported that according to Cam Lo's women union there has been a reduction in domestic violence over the years.

It is also mentioned that during the project period the number of women in decision making positions have increased and that QTRDP's role in this process is being recognised.

In TTHRDP II the main concern with gender has been the recording of female participation: in agricultural extension women constituted around 25–30% of all partici-

pants. With regard to credit-related activities in the project area, a much higher rate of women participation has been observed: on average well above 50–60%.

Other issues such as female labour productivity have been insufficiently addressed. Even in livestock keeping where women play an important role the main training attendees have been men.

Good governance and Human Rights

QTRDP has strengthened the democratic institutions and responsible government in the communes of the three districts by capacity building of local level district and commune staff. The programme explicitly paid attention to the GoV grassroots policy through the strengthening of CISBs and capacity building of the Commune People Committees. The attempts to strengthen the CPC's capacity as investment owner had positive side effects on the competence of the public sector at Commune level.

Accountability and transparency of public expenditure has received attention in both projects. Corruption has been addressed by blacklisting construction companies that are non-performing or made pre-concluded bids.

HIV-AIDS

No attention to this issue, whereas this is the only MDG which is unlikely to be achieved in Vietnam by 2015.

7. CONCLUSIONS AND RECOMMENDATIONS

7.1 Conclusions

The main conclusions from the field study in Vietnam are:

Agriculture / Livelihood services

- Participatory approach to agricultural extension using village extension groups has been an effective way to empower farmers to express their needs with respect to the development of their livelihoods; extension services have been positive about this approach;
- The strong focus on capacity building has created ownership of the programme; this is particular true for the local development planning activities and implementation of infrastructure construction and support to agricultural development;
- The transfer of the credit component to a specialized institution has been a correct one; the inclusion of a bank intermediary between beneficiaries and Bank has been a very successful approach (e.g. Women Unions in QTRDP and Intermediary Office in TTHRDP);
- The identification, planning and implementation of irrigation infrastructure take time; additionally the training of implementing and supervising staff also

need substantial attention to be included right from the beginning; this should be well planned for at the start of a project.

Irrigation infrastructure

- The participatory planning, preparation and implementation process of irrigation infrastructure has certainly enhanced the ownership by the beneficiaries;
- Elements that have contributed strongly to ownership and thus to the sustainability of the irrigation infrastructure are without doubt the CISP (Commission for inspection and supervision of Projects) the establishment of Water User Groups and the inclusion of an Operation and Maintenance (O&M) budget into the investment plan;
- The poorer households have to some extent benefitted from the investment in irrigation infrastructure as the plans did not discriminate in favour of the richer segments of the target villages.

Project management

- Donor programmes implemented through district and commune staff imply a substantial additional work load to most of the staff;
- Donor coordination at provincial and district level is a difficult issue which need appropriate attention from the programme owners;
- Rural Development projects tend to tackle a too wide an array of activities. The RDP projects are not focusing enough on the main implementation strategies;
- Impact evaluations have not been carefully designed with a clear methodology and appropriate selection of control data. In agricultural extension, adoption studies have not been used to evaluate impact of proposed agricultural models;
- Government of Vietnam managed NTP such as P-135 are a good means to provide ODA. The budget support to the programme has been relatively effective as the ownership by the GoV is great and the results are significant. Compared to the project aid modality (QTRDP and TTHRDP) it is clear that ownership and learning by the government (especially at the national level) is considerable.

Cross-cutting issues

- Good governance: good attention to anti-corruption especially around tendering procedures through specific training on anti-corruption, clear tender procedures and rejection of non-performing contractors;
- Despite several attempts to give a priority focus to gender in project activities, there has been relatively little attention to the gender related aspects in agriculture; most trainings did not address specific gender issues such as processing, nutrition, post-harvest or labour implications. However, attention was paid.

7.2 Recommendations

The main recommendations for the way forward are:

Agriculture and Livelihood services

- Agricultural extension approach should be participatory following Farmer Field School approaches (which have been applied elsewhere in Vietnam, e.g. SDC projects and Mekong Delta);
- In terms of efficiency the Training of Trainers should have been followed in order to make the Agricultural extension services more effective;
- Despite the focus on decentralized services to the district and commune levels, the Provincial Agricultural Extension services as well as Crop Development sections (and other commodities sections) should have been more closely engaged in the project activities in order to promote a wider range of agricultural models. This would have enhanced a more innovative approach to agricultural model dissemination;
- An agro-value chain development component should have been incorporated into the project design;
- A much better distinction should be made between the various agro-ecological zones of the programme areas : coastal zone, lowlands, hillside and mountains;
- A clear strategy for the slash-and-burn farming system should be developed in close collaboration with the local population.

General/ project management

- There should be more scope for flexible project activity planning and budgeting across sub-components;
- Cumbersome administrative and financial procedures should be avoided by an even more enhanced integration of procedures into GoV system; once projects are approved the financial reporting could be taken up by the GoV system;
- International TA should be more involved in program activities and capacity building than in administrative activities;
- Appropriate exit strategies towards beneficiaries at district, commune and village levels should be considered right from the start of a programme.

Cross-cutting issues

- Gender: Labour productivity of women in agriculture should be given more attention;
- Nutrition: Training of extension staff on nutritional issues could be considered as nutritional knowledge plays an important role in infant and child health, and enhancing collaboration with other professionals, e.g. nutritionists under MoH.

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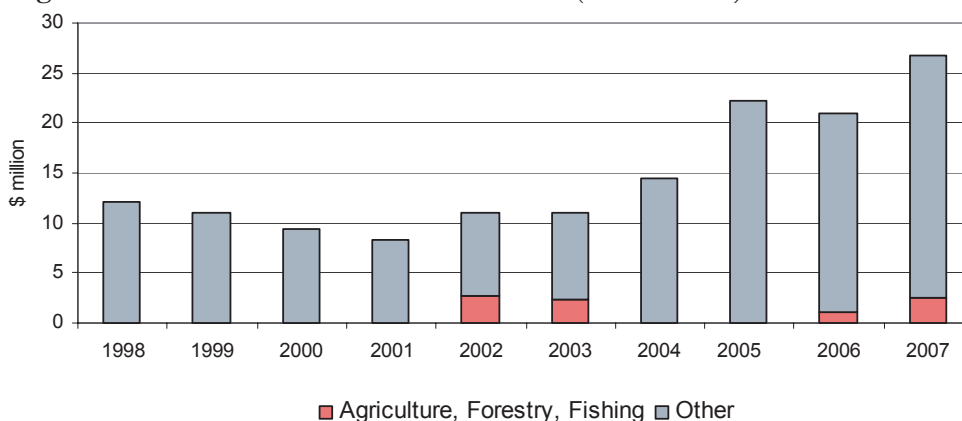
ANNEX 1: BRIEF DESCRIPTION OF FINNISH DEVELOPMENT COOPERATION IN VIETNAM

Vietnam became a development cooperation country for Finland in 1979. Finland initially supported one, then a few, major infrastructure projects. In the mid-1990s, however, as Finnish development policies changed, more smaller projects were launched, dealing with forestry, rural development, and capacity-building. In the mid-1990s, Finnish NGOs also became active in Vietnam.

The present Finnish development cooperation to Vietnam focuses to a large extent to Rural development. The main purpose is poverty reduction in relative poor areas of Vietnam. In the rural sector quite a number of programmes are currently being implemented or will be started up under the new Development Cooperation Plan 2009-2011. Interestingly, most of the programmes are GoV formulated and implemented, and supported through budget support. In some instances also TA is being provided. The Finnish development programmes include (*source: Finland Development Cooperation Plan 2009-2011*).

According to OECD-DAC data base, Finnish actual disbursements in bilateral assistance to Vietnam has since 2004 seen a steady increase from almost US\$ 15 million to over US\$ 25 million in 2007.

Figure 1 Finnish bilateral assistance to Vietnam (disbursement) 1998-2007



Source: OECD – DAC database www.oecd.org.

Note: No data on the Agricultural disbursements prior to 2002 and for period 2004–2005.

To date, the main donors in the agricultural sector are the World Bank, Asian Development Bank, JICA, AusAid, DANIDA, SIDA, GTZ, France and DFID.

Forestry sector: Finland has supported the forestry sector for a long time. Since 1996 up to 2003 there has been substantial support through the Forestry Sector Cooperation Programme. At present, Finland provides *budget support* to the forestry sector through the Trust Fund for Forests (TFF) funding mechanism, a programme under the Ministry of Agriculture and Rural Development (MARD) which runs from 2005–2011. Besides Finland, the Netherlands, Sweden and Switzerland are the main donors to this programme. In 2009, Finland has started a TA support to MARD for the development of a forest information system.

Water and Sanitation sector: Finland provides *budget support* to the National Target Programme for Water Supply and Sanitation II (2006–2010), a programme implemented and governed by MARD. This programme aims at an improvement of the proportion of rural population having access to clean water supply and improved rural sanitation.

Response to Climate Change Programme: Finland has indicated that it will contribute to the National Target Programme on Climate Change which is currently being prepared by the GoV and which will be presented to the donor community in November 2009.

Rural Development

Finland support to agricultural and rural development has been taking place in the Quang Tri and Thua Thien Hue RDPs since 1997 (QTRDP) and 1999 (TTHRDP) respectively. Furthermore Finland is providing budget support to the P-135 phase II programme since 2006. These projects are the main object of this evaluation. A short description of these projects is provided in ANNEX 2.

ANNEX 2: PROGRAMME DESCRIPTION IN AGRICULTURAL SECTOR

Provincial Rural Development Programmes

** Quang Tri Rural Development Programme (Jan 1997-Sept 2009).*

The Quang Tri Rural Development Programme (QTRDP) was established by an intergovernmental agreement signed in 1997 by the Ministry of Planning and Investment (MPI) of Vietnam and the Ministry for Foreign Affairs (MFA) of Finland. Quang Tri is located in central Vietnam and it is among the poorest provinces in the country. The Programme operates in three districts, Hai Lang, Cam Lo and Dakrong. The main problems in the province are low agricultural productivity, lack of off-farm employment, poor rural infrastructure and recurrent natural disasters such as typhoons and floods. The QTRDP has run through three phases. The implementation of phase III is due to end in September 2009. The first phase (QTRDP I) ran for four years (1997- 2000). It focused on direct poverty alleviation in only one district, the Hai Lang District, with a budget of 27,6 million Finnish Marks (appr. € 4 million) and 14,1 billion VND (GoV contribution). After a six-month bridging period, the second

phase (QTRDP II) started in July 2001 and was completed in 2005. This second phase also focused on poverty reduction, but the area was expanded to include all communes in Dakrong and 2 communes in Cam Lo in addition to the 21 communes in Hai Lang District. The total budget was increased to € 4,5 million and 9,3 billion VND. The third phase (QTRDP III) started in July 2005 and was completed by September 2009. Its area of operation covers all 44 communes of Hai Lang, Cam Lo and Dakrong Districts in the province of Quang Tri, with a total budget of € 9 million from the Finnish Government and 1 million euro from the Vietnamese Government. QTRDP III comprises of three Components: Livelihoods and Services, Rural Infrastructures, and Local Government Capacity. The Programme has a number of issues that “cut-across” most of the components: gender equality, environmental sustainability, sustainability of the outputs it produces, transparency and good governance. Since 2006, it also pays substantial attention to proper Operation and Maintenance of infrastructure.

All three phases of QTRDP have been implemented by Niras – Scanagri Oy that was renamed as Niras Finland in 2007.

Support to the Agricultural sector is mainly under component I : Livelihood Services. This component has the objective of *‘improved basic livelihood services and capacity of the rural poor to access them’*. It is the component where the supported activities most closely interact or interface with the poorer communities and people who are the focus of Programme objectives. There are seven sub-components that cover all aspects in rural livelihoods and services and they generally relate to improved understanding and capacity of the clients and service providers as well as improved or new services being provided.

The main results to the agricultural sector reported in the QTRDP III completion report are:

- The incidence of poverty (according to district statistics) was reduced from 28% to 19% in Hai Lang, from 29% to 17% in Cam Lo and from 64% to 41% in Dakrong;
- Totals of 86%, 60% and 55% of surveyed households (2009 household survey) from Hai Lang, Cam Lo and Dakrong respectively said that their economic situation had improved slightly or for some of these, a lot;
- The overall value of district crop production per capita had improved by 1% in Hai Lang, 24% in Cam Lo and 6% in Dakrong (official district statistics). This reflected production improvements in a range of crops including most notably wet rice, maize and cassava. The overall value of livestock production had increased by 10%, 17% and 15% respectively in Hai Lang, Cam Lo and Dakrong districts;
- The proportion of surveyed households (2009 household survey) which felt they had more food to eat in 2008 compared to 2005 was also relatively high at 77%, 23% and 48% for Hai Lang, Cam Lo and Dakrong respectively.

** Thua Thien Hue Rural Development Programme (1999–Oct 2009)*

TTHRDP is an integrated rural development programme jointly funded by the Government of the Socialist Republic of Vietnam and the Government of the Republic of Finland. The First Phase of the Programme has been completed (1999–2004) and the Second Phase (2004–2008) was started based on an Agreement signed by the two Governments on the 4th May 2004. According to the Programme Document the Programme is focusing on three districts in TTH Province: Huong Thuy, Huong Tra and Phong Dien. The first phase of the project (TTHRDP I) covered only the latter district. The overall objective of the Programme is: ‘Enhanced pro-poor growth in TTH Province’ by ‘Increasing the efficiency and poverty-impact of existing livelihood, infrastructure and administrative systems’. These objectives are to be achieved through conducting activities in the three major components: Livelihoods Services Development, Infrastructure Systems Development and Capacity Building. The Second Phase was started with an Inception Period of nine months up to January 2005 for feasibility and planning purposes. The major outcome of the Inception Period was the Programme Document although some programme activities were already started during that period.

The TTHRDP programme is implemented by the Finnish Consultancy Group (FCG).

Sectoral Programmes

** Programme 135-2:*

The second phase (2006–2010) of this GoV programme is being supported through budget support and TA. The P-135 phase II programme focuses on poverty reduction in communes (a subdivision of districts) facing extreme hardship in the more hilly and mountainous areas of Vietnam, often with a high percentage of ethnic minorities. It does so through the strengthening of four policy areas: (i) poverty targeting; (ii) decentralization, participation and empowerment; (iii) transparency and accountability; and (iv) monitoring and evaluation. P135-2 is far more comprehensive than previous government programs as it includes components on infrastructure, agricultural production, capacity building and livelihood support services (including agricultural extension and credit). As such it is considered a significant challenge for the Government of Vietnam to implement. GoV contributes a budget of USD 805 million whereas Development Partners contribute an additional USD 330 million. Over 1700 communes are designated as P135-2 recipients. Enhancing decentralisation to the commune level has been a guiding principle during implementation which calls for building local capacities at district and commune levels. Overall the programme is considered to provide a positive contribution to poverty reduction in the target areas. Recently (2009) it was reviewed by a joint donor and GoV evaluation team. Finland had the lead over the mid-term review which was relatively positive about its achievements and approach. It was recommended to continue donor support to the GoV P-135 programme. Since 2008 technical assistance is provided under a separate cooperation agreement. This component to the P-135-2 project is provided by NIRAS Finland.

ANNEX 3: ITINERARY OF FIELD VISIT

Day/Date	Time	Activities	Participants
Wednesday 7 October	Afternoon	Meet with local consultant	Mr. Lof from Netherlands Mr. Tao from Hue
Thursday 8 October	8.30 –11.00	Briefing at the Finnish Embassy;	Ms Huong and Mr. Max
	13.30–15.00	Visit the MPI Foreign Economic Relations Dept. MPI,	Mr Nguyen Huy Hoang, Finland Desk Officer and relevant staff
	15.30–17.00	Desk study	Mr. Lof and Mr. Tao
Friday 9 October	14.00–16.00	Meet with MARD International Cooperation Department	Ms. Hanh, Finland Desk Officer
Saturday 10 October		Travel to Hue by air; Document review	Mr. Lof and Mr. Tao
Sunday 11 October	Whole day	Desk study at Hue; Preparation of district visits	Mr. Lof and Mr. Tao
Monday 12 October	8.30–11.30	Meet with Thua Thien Hue Rural Development Program	Director; CTA and staff of the Program
	14.00	Meet with Huong Tra DPC and field visit (Dam and reservoir scheme)	Chairman of Huong Tra DPC, Mr Phuong, 0913495811 and line departments
Tuesday 13 October	8.00–11.30	Meet with Phong Dien DPC and field visit (Dam and reservoir scheme)	Chairman of Phong Dien DPC (Mr Hoach, 0913426059) and line departments
	14.00 –17.00	Meet with Huong Thuy DPC and field visit (Agriculture Cooperative)	Chairman of Huong Thuy DPC Mr Dung, 0913426037 and line departments
Wednesday 14 October	Morning	Move to Quang Tri Province	Mr. Lof and Mr. Tao
	Afternoon	Meet with Quang Tri RDP	Director; CTA and staff of the Program

Day/Date	Time	Activities	Participants
Thursday 15 October	8.00–12.00	Meet with Hai Lang DPC and Field visit (Rubber plating model)	Chairman of Hai Lang DPC and line departments
	14.00–17.00	Meet with Dakrong DPC and field visit (Manure-composting model)	Chairman of Dakrong DPC and line departments
Friday 16 October	8.00–10.00	Meet with DPI of Quang Tri	Leaders and relevant departments
	10.00–12.00	Meet with DARD of Quang Tri	Leaders and relevant departments
	Afternoon	Meet with Cam Lo DPC and field visit (Porcupine model)	Chairman of Cam Lo DPC and line departments
Saturday 17 October	Morning; Afternoon	Preparation of debriefing Return to Hanoi	Mr. Lof and Mr. Tao
Sunday 18 October	Whole day	Preparation of debriefing	Mr. Lof and Mr. Tao
Monday 19 October	9.00 onwards	Debriefing at Finnish Embassy	Ms Huong and Mr. Max
	Evening	Departure for Netherlands and Hue	Mr. Lof and Mr. Tao

ANNEX 4: PERSONS INTERVIEWED

1	Le Thi Thu Huong	Program coordinator, Finish Embassy, Hanoi
2	Nguyen Huy Hoang	Finland Desk Officer, Ministry Planning and Investment
3	Pham Thi Hong Hanh	Finland Desk Officer, MARD
4	Eero Helenius	CTA, Thua Thien Hue RDP
5	Ngo Minh Tuong	Senior engineer of Thua Thien Hue RDP
6	Vo Ha	Vice chairman of Huong Tra DPC, Thua Thien Hue province
7	Nguyen Xuan Tri	Vice chairman of Huong Tra DPC, Thua Thien Hue province
8	Le Duat	Officer of Huong Tra DARD, Thua Thien Hue province
9	Truong Quang Tro	Officer of Huong Tra district agriculture Extension Station
10	Nguyen Trung Chinh	Chairman of Huong Tho CPC, Huong Tra district, TTH
11	Nguyen Van Son	Vice chairman of Phong Dien DPC, Thua Thien Hue province
12	Ho Ninh	Senior Officer of Phong Dien DARD, Thua Thien Hue
13	Phan Van Thong	Vice chairman of Huong Thuy DPC, Thua Thien Hue
14	Van Viet Cam	Head of Huong Thuy DARD, Thua Thien Hue province
15	Nguyen Tam	Head of Agriculture cooperative Thuy Chau 1, Thuy Chau commune, Huong Thuy district, Thua Thien Hue province
16	Tuire Myllyvuori	Project Manager, NIRAS, Finland
17	Nguyen Quoc Tuan	Director of Quang Tri Rural Development programme
18	Le Duc Hoang	Senior Administrative Officer of QTRDP
19	Cao Hien	Senior Engineer, QTRDP
20	Van Xuan Tho	Vice chairman of Hai Lang DPC, Quang Tri province
21	Le Van Ngan	Hai Lang district facilitator
22	Pham Ngoc Anh	DPC officer of Hai Lang, Quang Tri province
23	N Chuong	Chairman of Hai Phu CPC, Hai Lang district, Quang Tri
24	Le Van Quyen	Vice Chairman of Dakrong DCPC, Quang Tri province
25	Bui Van Dang	Vice head of Dakrong DARD, Quang Tri province
26	Ho Mai	Farmer in Mo O commune, Dakrong district, Quang Tri
27	Tran Duc Tam	Deputy Director of DPI Quang Tri province
28	Nguyen Trieu Thuong	Head of Economic International Relation Dept, QT DPI
29	Nguyen Thi Loan	Head of Agro-economic Dept, Quang Tri DPI
30	Tran Duc Nhu	Deputy Director DARD of Quang Tri province
31	Nguyen Huu Tam	Head of Crop production Section, DARD of Quang Tri
32	Tran Canh	Agricultural Extension Officer, Quang Tri Extension Center
33	Dao Manh Hung	Vice chairman, Cam Lo DPC, Quang Tri province
34	Nguyen Dang Ho	Program facilitator of Quang Tri RDP in Cam Lo district
35	Le Quang Luc	Head of DARD of Cam Lo district, Quang Tri province
36	Nguyen Thanh Binh	Head of Financial and Planning Dept. of Cam Lo district
37	Nguyen Xuan Hoai	Chairman FA, Cam Lo district, Quang Tri province
38	Tran Quang Tuyen	Chairwoman WU of Cam Lo district, Quang Tri province

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ANNEX 7

**EVALUATION OF AGRICULTURE IN THE FINNISH
DEVELOPMENT COOPERATION**

AIDE MEMOIRE ZAMBIA

FINAL

MINISTRY FOR FOREIGN AFFAIRS OF FINLAND

This evaluation was commissioned by the Ministry for Foreign Affairs of Finland to The Consultants bear the sole responsibility for the contents of the report. The report does not necessarily reflect the views of the Ministry for Foreign Affairs of Finland

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ACRONYMS

ACF	Agricultural Consultative Forum
ACP	Agriculture Commercialization Programme
ASP	Agricultural Support Programme (SIDA)
CP	Cooperating Partners
CTA	Chief Technical Adviser
DACO	District Agricultural Coordinator
DMCO	District Marketing and Co-operatives Officer
EC	European Commission
FAA	Financial and Administrative Adviser
FM	Finnish Mark
FNDP	Fifth National Development Plan
FSRP	Food Security Research Project Zambia
GDP	Gross Domestic Product
GoF	Government of Finland
IFAD	International Fund for Agricultural Development
JASZ	Joint Assistance Strategy for Zambia
LAPP	Luapula Agribusiness Promotion Programme
LIVES	Livestock component
LLFSP	Luapula Livelihood and Food Security Programme
M&E	Monitoring and Evaluation
MACO	Ministry of Agriculture and Cooperatives
MATEP	Marketing Access Trade and Enabling Policies (USAID)
MEA	Monitoring and Evaluation Adviser
MFA	Ministry for Foreign Affairs of Finland
MFNP	Ministry of Finance and National Planning
MIS	Management Information System
MoU	Memorandum of Understanding
MTR	Mid-Term Review
NAP	National Agricultural Policy
NIP	National Irrigation Plan
NFWP	Non-Forest Wood Produce
O&M	Operation and Maintenance
PACO	Provincial Agricultural Coordinator
PRBS	Poverty Reduction Budget Support Programme
PD	Programme Director
PD	Programme Document
PEAR	Participatory Extension and Adaptive Research
PFD	Programme Framework Document
PLARD	Programme for Luapula Agricultural and Rural Development
PMT	Programme Management Team
PRA	Participatory Rural Appraisal
PRSP	Poverty Reduction Strategy Paper
PSD	Private Sector Development

SIDA	Swedish International Development Agency
SIP	Small-scale Irrigation Project
SCM	Steering Committee Meeting
SOFI	Soil Fertility Improvement
SVB	Supervisory Board
SWAp	Sector-Wide Assistance Programme
TA	Technical Assistance
TNDP	Transitional National Development Plan
ToR	Terms of Reference
USAID	United States Development Aid Agency
WFP	World Food Programme
ZNFU	Zambia National Farmers' Union
ZMK	Zambian Kwacha

1 € = ZMK 5300

1 € = 5,94 Finnish Mark (FM)

Other acronyms and abbreviations mentioned in the text are explained as they appear.

1. INTRODUCTION

ECORYS undertook a mission of “Evaluation of Finland support to the Agricultural sector in Zambia” in the period 24 August to 4 September 2009. The field visit was concentrated in the Luapula province where recent and current projects funded by Finish Government are taking place. The evaluation was undertaken by Mr. Bert Lof, Agricultural Economist and Mr. Mukelabai Ndiyoi Farming Systems Expert contributed as the local consultant.

The object of this evaluation has been two programmes that were financed and implemented with Finnish contribution in Luapula Province: the Luapula Livelihood and Food Security Programme (LLFSP) from April 1995–1999 (with a 15-month extension to the end of June 2000), and the Programme for Luapula Agriculture and Rural Development (PLARD) being implemented since April 2006 up to 2010. It is expected that a second phase of PLARD will start early 2010. Despite the fact that Finland is supporting more agriculture related activities (see below), the two projects LLFSP and PLARD are by far the most important (in terms of financial and TA support) activities which have received Finnish bilateral funding over the past 15 years. For the sake of time and efficiency the mission has therefore decided to focus on these two programmes.

The work comprised of interviews in Lusaka (ZNFU, FAO, and FSRP) and in the four districts of Luapula province namely Mansa, Mwense, Kawambwa and Nchelenge. Interviews in Lusaka were held from 24 to 26 August 2009. The mission left for Mansa in the afternoon of the 26 August. The period in Luapula province included a trip to the three districts other than Mansa and interviews with partners and beneficiaries in Mansa and other districts. During this period in Luapula, the team was accompanied by Mr Mighten Mpiya the Project Director and Mr Ngoliya former head of the SOFI component in the past LLFSP. In Luapula, the team met with the project staff of PLARD, the PACO, Tute Milling, Kawambwa DACO and Staff, beneficiaries of the Credit scheme in Mansa and Kawambwa, the Fisheries officer in Nchelenge, the DACO for Nchekenge, farmers growing cassava in Nchelenge, fishermen, Dambo cultivators, and a cattle owner who does not use a plough. While in Mansa, the team had access to the PLARD Mid-Term Review and Formulation Team. The mission traveled back to Lusaka on September 1st and held the debriefing meeting with the Finish Embassy on 2 September and with MACO on the 3rd of September. Further meetings were held with the USAID, Rural Net Associates, ACF and the MACO's Officer dealing with the Cassava value chain. The analysis of the LLFSP results and impact is mainly based on the Impact Assessment study done in 1998 (Terra Consulting 1998) and interviews during the mission. With regard to the PLARD results and impact the most important source of information was the Mid Term Review 2009 in combination with the above mentioned interviews in Luapula. The mission leader left Lusaka on Friday afternoon, 4 September 2009. Other than initial difficulties in tracing documents from the past projects and in getting interviews from a few informants, there were no significant constraints encountered during the mission.

2. ANALYSIS OF NATIONAL AGRICULTURAL POLICIES AND MAIN DEVELOPMENT PROGRAMMES

2.1 Government of Zambia Development Policies

Since 1991, Zambia has witnessed a fundamental shift to economic liberalization, stabilization of macro-economic indicators, and the flourishing of private sector enterprise. Radically new economic policies have been implemented over the years and have stabilized the economy that has been consistently expanding every year since 2002. But poverty levels in rural areas have not improved much and the current global financial crisis threatens to reverse the economic gains.

As part of the World Bank and International Monetary Fund (IMF) conditionalities, Zambia adopted, in May 2002, the *Poverty Reduction Strategy Paper* (PRSP). The strategy focused on measures to achieve strong sustained economic growth. A growing economy that creates jobs and tax revenues for the state was considered as a sustainable and powerful tool for reducing poverty. There is some evidence that the active involvement of civil society had influenced PRSP content, particularly in drawing attention to social exclusion, the impoverishing effects of poor governance, and specific policy issues (Government of Republic of Zambia 2002a).

The National Long Term Vision 2030 was introduced to articulate long term development objectives. Vision 2030 provides clear orientations regarding the role of agriculture and sustainable land use to improve Zambia's rural economy. The Fifth National Development Plan (FNDP 2006–2010) was developed as a first step towards achieving the Vision, and places emphasis on accelerating pro-poor economic growth and agriculture was prioritized as one of the economic growth sectors with irrigation as one of the key investment activities. The objective of the FNDP was to provide a comprehensive framework for the operationalization of the Vision 2030 in the medium-term. The FNDP presents the government's development programmes in both the economic and social sectors. In the agricultural sector, the programmes that were formulated form the framework for investment planning and budgeting for the Government and increasingly for most development partners active in the sector as detailed in the Joint Assistance Strategy for Zambia (JASZ). The FNDP programmes for the agricultural sector are designed to result in the following:

- 1) Attainment of food security for the majority of households with at least 90 percent of the population being food secure by 2010;
- 2) The contribution of the agricultural sector to total foreign exchange earnings will increase from the current 3–5 percent to 10–20 percent by 2010;
- 3) The agricultural sector will grow at 10 percent per annum from 2006 onwards;
- 4) Overall agricultural contribution to GDP will rise from 18–20 percent to 25 percent by 2010; and
- 5) Incomes for those involved in the agricultural sector will increase.

2.2 Agriculture Sector Development Policies

Besides the above mentioned overall development policies, the main relevant agricultural development policies and strategies implemented in Zambia since the 1990s are: (i) the Agricultural Sector Investment Programme (ASIP); (ii) the Agricultural Commercialization Programme; and (iii) the National Agricultural Policy (NAP). For sub-sectoral development specific policy documents have been formulated such as the National Irrigation Plan. These development frameworks, policies, strategies and interventions had specific performance outcomes in terms of specific changes in commodity production, productivity, and areas cultivated.

Assessment of the trends over the years indicate that, due to the *Agricultural Sector Investment Programme* (ASIP), the agricultural sector somewhat accelerated its diversification mainly due to the increasing number of out grower schemes in the country. The value and variety of export commodities also increased, thanks to improving stakeholder consultations and partnerships. However, the ability of the sector to tap the resource endowment to improve the livelihoods of the poor was constrained by both micro and macro factors.

The Agriculture Commercialization Programme (ACP) was designed as the main vehicle for implementing the agriculture component of the PRSP. It was aimed at complementing on-going government efforts through the efficient provision of agricultural services needed by those farmers aspiring to commercialize their farms. The ACP was also aimed at facilitating sustainable and broad-based agricultural sector growth by focusing on increasing the generation of income from farming through improving access to: marketing, trade and agro-processing opportunities; agricultural finance services for farmers, traders, and processors; improved agriculture infrastructure and serviced land in high potential areas; appropriate technology; and information on local and international markets for products with comparative advantage.

The objective of the National Agricultural Policy (NAP), launched in 2004 after broad consultations with stakeholders, was to put in place a framework for the effective implementation of Government development strategies to achieve the goal of the Vision for the Agricultural Sector up to 2015 and the PRSP medium-term objectives in the agricultural sector, as articulated in the Agricultural Commercialization Programme (ACP). The main thrusts of the National Agricultural Policy are liberalization, commercialization, promotion of public and private sector partnerships, and the provision of effective services that will ensure sustainable agricultural growth. The vision for the agricultural sector recognizes the need to strengthen and expand the emerging opportunities and also deal with the challenges facing the agricultural sector.

Through the National Irrigation Plan (NIP), the MACO has proposed a package of interventions that once implemented, will break the cycle of vulnerability that Zambia is exposed to. The NIP proposes a strategy for full, efficient and sustainable exploitation of both surface and underground water resources through a holistic approach that promotes irrigation in its various forms and targeted at the different farmer types

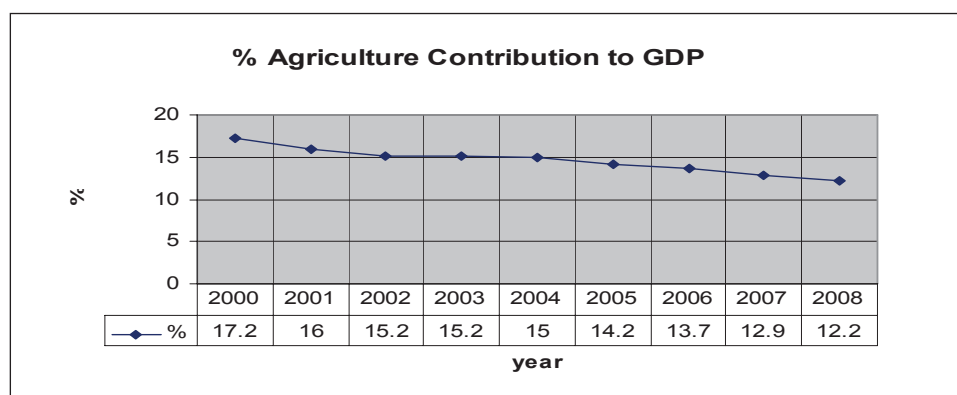
to ensure all round agricultural production of food, cash, export and industrial crops. Several interventions have been proposed under the NIP among which the establishment of an Irrigation Development Fund (IDF) which will be a source of capital for investment in irrigation-related projects and acquisition of technology by farmers and industry operators. The Irrigation Development Fund (IDF) was officially launched in 2007. Other important NIP interventions relate to improving the institutional and social environment. An example of this is the streamlining of the issuance of Water Rights. The Water Act (2004) will be enacted by 2007 to provide for a streamlined process of acquiring and renewing the period for water rights in order to improve access to communal water bodies (Government of the Republic of Zambia, 2005).

2.3 Agricultural Sector Characteristics

Zambia's agricultural sector comprises over 1,1 million small, medium and large scale households and firms, aside from allied agri-business industry. The sector provides a livelihood for over 50 percent of the population. The agricultural sector absorbs approximately 67 percent of the labour force and remains the main source of income and employment for the rural population. The agricultural sector is considered to be key for the development of the Zambian economy and is expected to be the engine of growth for the next decade and beyond.

Actual performance of the FNDP so far, however, indicates a mixed level of success. Only 33 percent of rural people were food secure in 2006 against an FNDP target of 90 percent. Even though Non-Traditional Exports have risen in recent years, agriculture's contribution is still far below its potential and is unlikely to reach the targeted 10 percent. Agriculture sector annual growth is still averaging around less than two percent (2007) against a national FNDP target of 10 percent and a NEPAD target of six percent. This is against a population growth rate of three percent. Indications are however, that agriculture's contribution to GDP has been on a downward trend since 2000 from 17,2 percent in 2000 to around 13 percent in 2008 (Figure 1). This is far below the FNDP target of 25 percent.

Figure 1 Agriculture Sector Contribution to GDP (2000–2008)



Source: ZDA/JICA 2008.

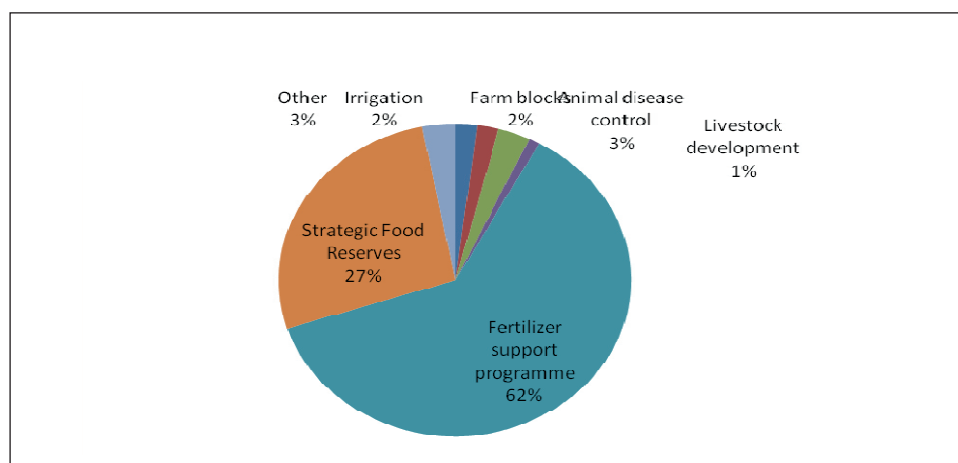
The sector's contribution to GDP over the past has fluctuated and deteriorated partly due to irregular seasonal rainfall. Even though opportunities arose to increase Non-Traditional Exports, these were dwarfed by limited exploitation of irrigation and water management to grow higher value crops. Growth in NTEs was evidently derived from irrigated crops like sugar, wheat, horticulture and floriculture, with limited participation of smallholder sector. In response to incentives to diversify the economy from minerals, Non-Traditional Exports that include major irrigated products such as: sugar, coffee, tea, spices, horticulture and floriculture products, increased in value from US\$210,8 million to US\$923,2 million between 2000 and 2007.

2.4 Main Challenges Explaining Poor Economic Performance

The main challenges facing the agricultural sector in Zambia include: (i) Low productivity due to lack of or low access to improved technology and implements, including the high investment and operational cost of irrigation; (ii) Low skills and capacity of farmers and other actors in the sector; (iii) Poor rural infrastructure for irrigation and water management, processing, transportation, storage; energy and telecommunication; (iv) Ineffective agricultural services such as extension and affordable credit; (v) Poor market linkages for inputs and commodities; (vi) Unpredictable trade and pricing policies; (vii) Insecurity of the land tenure and women's right of access to land and technology; (viii) Unreliable information and early warning systems; (ix) High rate of environmental and land degradation, including crop and livestock diseases.

Even though the total public spending on the agricultural sector over the period grew in real terms by approximately 10 percent per annum, much of the growth in GRZ spending occurred after fertilizer subsidies and maize price support were intensified. The internal allocation of funds to the nine FNDP programmes has been biased towards Fertilizer Support Programme and maize marketing as noted from the Poverty Reduction Budget Support Programme (PRBS) expenditure in 2008 (Figure 2).

Figure 2 Allocations to Poverty Reduction Programme (2008)



Source: MFNP, 2008.

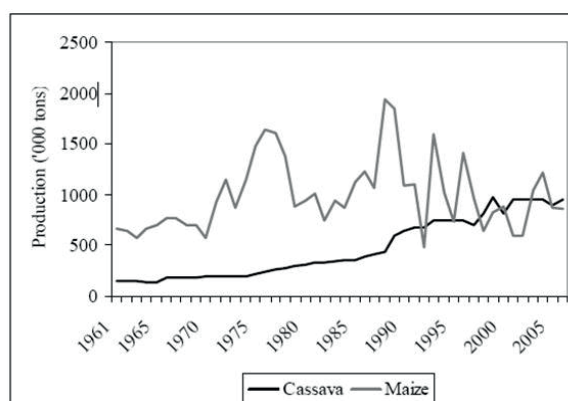
Many of the Performance Assessment indicators (PAF) of the PRBS, supported by a group of cooperating partners who have agreed to provide direct budget support into the national treasury, have not been met. GRZ has not met the objective of the Maputo Declaration of achieving 10% investment of the national budget in the agricultural sector.

2.5 Agricultural Performance Trends

Production trends in Zambia are influenced by several factors. The most important among these are the dependence on annual rainfall pattern, management practices, and poor market prices. Though the main staple crop, maize, has shown increasing production trend, the productivity has stagnated at 1,5 tons per hectare reflecting the poor management practices and use of ever increasing areas to meet the demand of the growing population. Overall, the area of cereals showed an upward trend in the period 2000 to 2007 despite sharp annual variations in production. The yields of sorghum and millets fell in the period while the areas remained stable. This led to a drop in production for these two crops. The case for rice is similar to that for maize. The increased production trend between 2000 and 2007 is based on increasing area being put under rice production.

Cassava production has grown rapidly in Zambia since the early 1990's (Figure 3 below). While maize production has trended downward, amid wide variation, the more drought-tolerant cassava crop has grown steadily. Two forces have motivated farmers to diversify their food staple production from maize to cassava. The years following the liberalization and removal of subsidies on maize saw a switch to cassava for some households. The removal of heavy subsidies for maize production and marketing coupled with the government withdrawal of a guaranteed maize market, from the early 1990s onward, clearly reduced farmer incentives to grow maize (Howard and Mungoma 1996)

Figure 3 Development of Cassava and Maize over the period 1961 to 2005



Source: FAOSTAT.

In Luapula, the diminishing fish resources have also led to households paying more attention to cassava cultivation. Thus total cassava production has gone up on account of an increase in area despite the lack of improvement in productivity.

2.6 Main Agriculture Developmental Issues: Opportunities and Constraints

The main development issues faced by Zambia's agriculture sector are enumerated in the National Agricultural Plan strategies such as: (i) Strengthening and monitoring the liberalization of markets and facilitating private sector development; (ii) Diversification of agricultural production and utilization; (iii) Strengthening and facilitating the provision of agricultural services in order to increase productivity particularly among smallholder farmers; (iv) Reviewing and realigning institutional and legislative arrangements; (v) Facilitating availability of and accessibility to land for agriculture and development of infrastructure in potentially productive agricultural areas; (vi) Development and promotion of appropriate technology; (vii) Promotion of gender equity in resource allocation and access to agricultural services; (viii) Promotion of sustainable and environmentally sound agricultural practices; (ix) Prevention and control of pests, crop and livestock diseases of national economic importance; (x) Promoting conservation of fisheries resources; (xi) Strengthening emergency preparedness through early warning and timely and efficient crop forecasting and maintenance of strategic food reserves; (xii) Promoting and strengthening Cooperatives and Farmer Organizations as a vehicle for agricultural development; (xiii) Facilitating provision of incentives for local and foreign agricultural investment; (xiv) Strengthening information collection and dissemination; (xv) Re-enforcing the sector's regulatory functions; including the regulation on the use of biotechnology and the resulting products, in particular genetically modified organisms (GMOs); and (xvi) Maintaining agro-biodiversity and promoting conservation of aquatic eco-system and sustainable utilization of natural resources (Government of the Republic of Zambia 2004a).

3. ANALYSIS OF MAIN DONOR POLICIES AND PROGRAMMES IN AGRICULTURAL SECTOR

3.1 Main Donors in the Agricultural Sector

Zambia has received and continues to receive international assistance for various development projects from several Cooperating Partners (CPs). Donor support to the agricultural sector was relatively high in the 1980s when a good number of Integrated Rural Development Programmes existed in almost all provinces. Agricultural research received major donor attention with the support to the Farming System Research Teams in several provinces and specialized Commodity Research Teams operating at national level. In the 1990s, the preparation (1993–1995) and implementation (1996–1998) of the sector wide programme in the agricultural sector (ASIP) took place with support from most of the donors active in the sector. But also a gradual decline in funding to the sector could be observed. After the collapse of the follow-up sector

programme to ASIP early 2000, a number of donors started to focus on Agribusiness (Finland, SIDA, USAID, JICA, FAO etc). Recently, a new trend towards Sector governance (EC, SIDA) can be observed.

The Joint Assistance Strategy for Zambia (JASZ) is the medium-term framework (2007–2010), which has been developed by the Cooperating Partners (CPs) to manage their development cooperation with the GRZ. The JASZ represents the CPs' joint response to Government's medium and long term strategy documents, the FNDP, the Vision 2030 and the Zambia Aid Policy and Strategy. The JASZ also attempts to strengthen local ownership of the development process, and enhance official development assistance (ODA) effectiveness and mutual accountability by linking the international arrangements endorsed under the Paris Declaration, and the effectiveness criteria in Zambia's Aid Policy and Strategy to the FNDP. The division of labour among the CPs (lead, active, background) is based on comparative advantage. USAID, SIDA and the World Bank form the so-called 'troika' of lead donors towards the GRZ Ministry of Agriculture and Cooperatives. Meetings are however presided by the FAO. Other donors in agriculture are: EC, FAO/ IFAD, ADB, Japan, and Finland. Norway and Netherlands are channeling their support indirectly through the Private Sector Development programme.

Many donors have increasingly aligned their support with the national poverty reduction strategy as it is broadly in line with their corporate objectives. Their strategies are molded by independent assessments but the FNDP forms the common thread that they resolve to address. Thus there is a general transition from mostly stand-alone projects to a mix of aid instruments, including pooled donor funding and support to the Poverty Reduction Budget Support Programme (PRBS), which has on overall proved relevant to the country's needs and the Government of Zambia (GRZ) policy. Donors such as the DFID in Zambia have played a leading role in transforming the relationship between the GRZ and donors under the Joint Assistance Strategy to Zambia (JASZ), which has supplanted DFID's 2004–2006 Country Assistance Strategy (CAP) as the main driver of DFID's programme.

However, some partnerships may be under threat as the balance of some donor programme moves increasingly towards general budget support and loses direct engagement through SWAs, and provides less direct support to Civil Society Organizations (CSOs). On the other hand, the PRBS is providing more opportunities for strengthening partnerships with Government around policy dialogue and resource allocation.

There is an assortment of donor engagements with the government. Despite having a common platform in the JASZ and subgroups organized according to sector such the donor group on Agriculture, each donor follows slightly different approaches. Extremes are seen of entire operations outside the government structures such as held strongly by the USAID. In contrast there are donors who chose to work closely through the government via the PRBS mechanism. Finish support to agriculture is a mixture of the two. Finland utilizes stand alone projects that are physically housed in the MACO but are operationally independent. At the same time operations that

would have benefited from private sector participation such as agri-business, are constrained by being channeled through a quasi government setup. (Annex 4 provides an overview and short description of the main donors to the agricultural sector in Zambia).

3.2 Aid Modalities in the Agricultural Sector

In Zambia support to the agricultural sector is mainly through bilateral and multilateral project support. Sector support through basket funding is not taking place in agriculture (as compared to General PBRs, Health and Education and PSD). The first attempt to introduce a sector-wide approach in the agricultural sector through the ASIP has not been extended after 1998. A silent partnership exists between Norway and the Netherlands. Norway provides funding to the Private Sector Development (PSD) programme through the Netherlands support. The PSD has a component which is also focusing on the agricultural sector e.g. the ACF (Agricultural Consultative Forum) or support to Public-Private entities (e.g. Golden Valley Research Trust, Livestock Trust etc).

3.3 Position of Finland Compared to Other Donors

Finland actively contributes to the inclusion of its development principles into its bilateral cooperation in Zambia in the fields of: general development policy, agricultural policy and private sector development policy, with a view to achieve complementarity and coherence between the various services. Finland seeks to enhance the effectiveness of its activities by engaging in cooperation with other actors in the field. Finland steers its bilateral development cooperation targeted at rural development in Zambia through area-based programmes or projects, focusing on one particular province, Luapula Province. Finland also grants budgetary support (PBRs) since 2006 but does not participate in other sector-wide programmes. Finland ties its assistance to national development strategies and ensures that they contribute to the coordination and harmonization between the donors. On the other hand Finland prescribes specific programme management procedures, which are following the MFA regulations such as a supervisory structure with a Steering Committee and a Supervisory Board, both of which are meeting at regular prescribed intervals.

Finland channels its programme support almost exclusively through the Zambian administrative structures, despite the limited capacities of the central and local administrations to increase the income levels and improve the living conditions of their rural populations. Hence not only the capacities of the public sector but also the private sector and civil society must be addressed. Other donors such as USAID, SIDA and Japan USAID, SIDA, and Japan channel much more of their support through the private sector. USAID does so exclusively in their PROFIT and MATEP programmes.

Finland, in contrast to the other donors, still focuses on a provincial development approach. All other donors have abolished this support strategy and concentrate on a

more programmatic approach in line with Zambian government policies. The SIDA ASP programme is for instance concentrating its efforts in four designated provinces, but its implementation channels are only loosely linked to the provincial agricultural department.

3.4 Finnish Projects in the Agricultural Sector

Luapula Livelihood and Food Security Project – LLFSP (1995–2000)

This project started in 1995 for a four-year period up to 1999. It was extended by another 15 months up to June 2000 in order to bridge the gap to the follow-up programme the Luapula Agribusiness Promotion Programme, which was supposed to start in 2001. The latter project however was never given a go-ahead due to a political disagreement between Finland (as other donors as well) and the Government of Zambia (GRZ). In 1997, the LLFSP was completely integrated into the ASIP structure after which the counterpart funds for operational costs were channeled through the GRZ administration. It was observed that during 1998, activities almost came to a halt due to delays of the release of funding by GRZ to the province and districts.

Programme for Luapula Agriculture and Rural Development – PLARD (2006–2010)

This project started in 2006 after almost two years of identification and formulation. PLARD has an overall budget of US \$12,8 million or 10 million Euro 2006–2010. The contribution of GRZ to overall programme costs is less than 10%. Currently preparations are under way to prepare for a second phase to start after the completion of phase I in 2010.

Small-scale Irrigation Project

Finland has agreed to support irrigation development through its contribution to the Small-scale Irrigation Project (SIP), which has originally been funded by the African Development Bank. It concerns additional funding to enable the full completion of the SIP, which originally started in 2001. The co-financing agreement between GRZ and Finland has been signed in 2009 and includes a budget of USD 12 million. With this additional funding the completion of six irrigation schemes, encompassing 1 980 hectares in Southern and Lusaka Provinces, will be achieved. As this is a co-funding activity to the GRZ, GRZ is fully responsible for project management, technical supervision and implementation.

Other

In the context of the Local Cooperation Fund, which is managed by the Finnish Embassy in Lusaka, annually a total of around 20 projects are being supported, with a total budget of € 1,1 million in 2009. Most of the funding of the supported projects is for a one-year period. The main domains of support are in the fields of governance, trade, culture and environment. Two projects funded in 2009 that are related to agriculture, are the Chipata District Farmer Association and the Zambia Land Alliance. The latter is a long-term and strategic partner to Finland and receives core funding for a longer period.

From Finland, a number of Finnish NGOs are being (or were) directly supported who have their activities in Zambia, such as Finn Church Aid or Lutheran World Federation, Green Leave Movement or KEPA (the latter is the former Finnish Volunteer Service). According to the information provided, no NGO projects linked to the agricultural sector are currently being implemented.

Under the PSD basket funding, to which Finland is contributing and acts as an active partner, a number of agriculture related organizations are being supported (see above).

4. RELEVANCE: COHESION AND COHERENCE

4.1 *Relevance of Finnish Supported Programmes*

The Finnish support in Luapula Province has been developed within the context of ASIP for LLFSP, and the National Agricultural Plan under the Zambian Fifth National Dev Programme for PLARD. It also closely adheres to the decentralization policies which have been adopted by GRZ under its government restructuring programme. Since the mid-1990s – under ASIP – the decentralization of responsibilities has also gained momentum in the agricultural sector.

The two programmes under review are implemented in the Luapula Province, one of the relatively poorer provinces in Zambia. Poverty levels in Zambia are high and agriculture offers the best channel for addressing the problem. A programme such as the Finnish Support to Agriculture is relevant to Zambian objectives of poverty reduction. From 1991 to 1996 there was a declining trend in overall poverty at national level from 70 to 51 percent respectively. However, rural poverty has barely improved from 1991 and has in fact worsened since 2004. The CSO study indicated that 63 percent of male-headed households were below the overall poverty line with 70 percent for female headed households. The poorest provinces were Western (84 percent), Eastern (79 percent) and Northern (78 percent). The provinces with the lowest poverty were Lusaka (29 percent) and the Copperbelt (42 percent). The mean monthly income for a household was ZMK 511 288 (US\$110) in 2006 with 75 percent of households earning less than ZMK 600 000 per month. This translates into a US\$220 annual income per capita or about US\$0,60 per capita per day. This means that a majority of rural households live on less than US\$1 per day. Rural incomes have thus remained low while deteriorating living and nutritional standards have led to increased poverty, now estimated at some 80 percent in the rural areas. It is argued that, unlike the growth in other sectors, agriculture sector-led growth in Zambia has the potential to provide the highest benefits for the larger population and to reduce inequality (Thurlow and Wobst, 2006; in Govereh *et al.*, 2009). The bottom 50 percent of the population earned only 7,8 percent of the total income, while the top 10 percent of the population earned 52 percent of the total income. Thus income inequality remains high.

The extent to which the Finnish aid to agriculture has been in compliance with the local needs and priorities is confirmed by the PACO in Luapula and Ministry of Agriculture and Cooperatives (MACO) at headquarters in Lusaka. The drive towards decentralization, though at a very low pace, provides the justification to operate at the provincial level. The MACO headquarters also appreciate the projects that are based in the provinces as these lighten their administrative burden. The community based and household participatory methods used by MACO staff for the smallholder interest groups, both in fisheries and agricultural extension and the PRA and other training, have been useful in ensuring the ownership of activities by the smallholder farmers. Indeed the activities are directly relevant to their immediate needs. To the extent that the planning of annual and medium term programmes of the area based projects are molded by detailed assessments with the target communities, and that the implementation is done through local organizations, we cannot fault the Finnish Aid on the extent to which the policy/strategies respond to the needs of the population in Luapula and that of the country as a whole.

4.2 Alignment with Main National Agricultural Policies

PLARD (and LFFSP before it) was designed as an implementation tool for the Poverty Reduction Strategy Programme (PRSP). Its strategy is consistent not only with the PRSP, but also with the National Agricultural and Cooperatives Policy (NACP) and the Agricultural Commercialization Programme (ACP). These programmes focus on the overall national objective of poverty reduction through increasing household income and improving household food security. Most importantly, Finnish support to agricultural sector (through PLARD) is in concert with the Fifth National Development Plan (FNDP). The NACP and the ACP re-enforce the objectives of the Poverty Reduction Strategy by strengthening the role of agriculture as a business. The main thrust of these programmes is the identification of market outlets as the priority mechanism for stimulating growth in the sector. The vital links between the provision of input credit, production know-how, value addition and market outlets are recognized. The key challenges for poverty reduction are: (i) A mindset that does not regard agriculture as a business; (ii) Lack of knowledge and skills for increased production and productivity; (iii) Poor market access for the delivery of inputs and evacuation of produce; (iv) Inadequate financial resources to undertake production; (v) Weak rural community structures for organized production and value addition; (vi) A weak private sector agribusiness environment; (vii) Inadequate networks of market intermediaries serving smallholders, and the absence of market brokerage to generate business based on smallholder production (Notley et al 2009).

4.3 Compliance with Finnish Development Policies

MFA reformulated its development policy in 2007. The support to agriculture in Zambia has been planned to meet the goals of the MFA Rural Development Strategy and relevant Zambian development and sector policies. The policy stresses a comprehensive approach to development where cooperation is built on the principle of partnership, with development countries taking ownership of their own development.

The MFA development policy is recognisant of the fact that in order to ensure sustainable development, three interrelated and mutually supportive dimensions must be linked, namely: economic development, social development and environmental protection. These are clearly key focal areas in regard to what PACO, with the support of PLARD, are aiming to achieve. The agricultural and agribusiness components promote the creation of wealth through economic activity. Without economies of scale and the identification of markets for primary and secondary products, Luapula cannot develop. Support to civil society and empowerment through representation, access to resources and authority to participate with government in the management and sustainable exploitation of resources, are all positive elements within PLARD.

4.4 Harmonization

In its long-term partner countries, Finland is committed to far-reaching, result-oriented cooperation based on the countries' own needs, on their strong national leadership and on their development plans; complementing support from other donors according to its own priorities. In some long-term partner countries, Finland increasingly concentrates on programme-based cooperation and political dialogue with the rest of the donor community and the partner country itself, while also contributing to delegated cooperation. In these countries, Finland may also provide budget support. On the basis of its comparative advantage in view of its long-standing experience in the Forestry sector, and hence the confidence given by the GRZ and other CPs, Finland has become the lead donor in the Forestry sector in Zambia.

In LLFSP it was decided not to become involved in another important sector, fisheries, as the Netherlands Development Organisation SNV was already engaged in a fisheries support project. Under PLARD, fisheries development became one of the components as SNV was no more active in fisheries.

4.5 Project Management Level

At programme management level, two years after the start of the programme, the LLFSP was fully integrated into the ASIP management structure in 1997. As mentioned before, the integration was not always a grand success as the ASIP management structure delayed the disbursements of counterpart funds.

Under PLARD, a separate Programme Management Unit has been set-up to manage the funds provided by the donor. In principle, the PLARD works within the MACO structure as it provides advisors who contribute to the planning and implementation of activities. PLARD's role is one of facilitation. In practice PLARD is however considered a relatively autonomous structure with sometimes its own dynamics. The international experts dedicate a large part of their time to project administration and reporting. Until recently, PLARD did not use the national PFM structure for accounting, nor national procurement systems. Since the beginning of 2009, a new disbursement system has been set-up introducing direct transfers to the PACO/ DACO offices.

5. EFFICIENCY, EFFECTIVENESS, IMPACT AND SUSTAINABILITY

5.1 Luapula Livelihood and Food Security Programme

Main approach used

The overall purpose of the LLFSP was to “support the rural farming community toward sustainable livelihood, food and nutritional security through a participatory approach to rural development. The main target groups were the small-scale farmer households which constituted about 55% of the total population in the province. The main strategies applied in the programme were to provide support through six components: Participatory Extension and Adaptive Research (PEAR), Soil Fertility Improvement (SOFI), Seed Multiplication (SMP), Livestock Development (LIVES), Farm Power and Mechanization (FMP) and the Development Fund (DF).

The central approach PEAR was to develop a participatory way of working with the local population being the basis and foundation of the programme activities. This participatory approach concentrated on the establishment of good relations based on dialogue between farmers on the one hand and agricultural extension and research on the other hand. This with the objective to improve the effectiveness of these services. However, in practice the other components worked relatively independent from the PEAR component although some linkages were established.

Main results achieved

In general, one can conclude that LLFSP was a relative successful programme as it has achieved to a certain extent its objectives in roughly three of its six components. In view of the promotion of participatory approaches and community group formation, 150 staff members mainly from the Agricultural department were trained. In about a third of all agricultural extension zones (camps) in the province, over 436 community groups were established in many cases on the basis of already existing groups; including former women's groups. More than half of the membership included women. Through the implementation and training it has been observed that the extension staff competence and confidence was greatly enhanced as the communities developed a positive attitude towards the extensionists. Community groups developed a good number of activities, some related to agricultural production (improved technologies, new seed varieties, fertility management) as well as more infrastructure related activities (e.g. road maintenance, well construction, marketing sheds, bridges etc).

The adaptive research sub-component can be considered as one of the most successful activities of the programme. Not only a number of highly appreciated new varieties were developed and disseminated by the Root and Tuber Team (cassava, sweet potatoes), but also the linkages between research and extension were structurally strengthened. Cassava yield has doubled because of the newly introduced variety and the associated cultural practices. Already after two seasons of promotion, almost 7 000 farm households were planting the new variety. The adoption of this cassava variety was confirmed during this evaluation. Farmer Research Groups were testing

new varieties and became involved in seed multiplication and soil fertility components. In seed multiplication the main results were noted with the production and dissemination of new varieties of cassava, sweet potatoes, beans, rice and some minor crops. In soil fertility improvement only some results were noted at a very limited scale, such as green manuring, agro-forestry, and improved dambo cultivation. During this evaluation no signs of adoption could be observed here. Livestock promotion was considered a complete failure. In Luapula there is very little interest in cattle keeping and LLFSP has not been able to reverse this attitude. The Farm Power and Mechanization component has focused on animal draught power, cassava processing (see below under cross-cutting issues: gender), and mango drying with varying results. In terms of credit facilities the project was somewhat ambiguous. To some extent it was successful as it was able to transfer the implementation to a specialized credit organization. But most of the credit has gone to non-agricultural activities, mainly small-scale trade. It appeared that repayment rates were relatively acceptable up to the moment that it was known by credit-takers that the project would come to an end. Repayment rates declined sharply and at about the same time the contract with the implementing credit organization ended. Reimbursement claims were handed over to the authorities but as they were not able to recover the outstanding loans, the credit fund rapidly dwindled in a short time.

Wider overall effect on target population – impact

As no monitoring data are available on specific indicators such as livelihood improvement, food security situation or malnutrition levels, it is impossible to assess the impact on the targeted small-scale farm households. However, there are a number of wider effects that can be identified at hindsight. In the first place, the participatory extension approach responding to farmers' needs and realized the establishment of community groups. It has been observed that many community groups were engaged in self-help development projects. Some of these community groups have sustained and became even involved in the follow-up programme PLARD. Secondly, the Agricultural Research sub-component developed new varieties of cassava and sweet potatoes, which were quickly accepted and adopted by the farm households thus contributing to improved household food security and some income generation. The seed multiplication component also has contributed to the dissemination of new varieties adopted by farmers. In other components there has been limited or no impact observed.

Efficiency

The efficiency of the LLFSP has been rather poor. The slow process of preparation is remarkable. It took 18 months planning and nine months of project preparation in total, or more than two years, for an initially four-year programme period. There are no grounds to justify such a long start-up period as there was a previous programme that had ended in 1992. The time lap between the previous project as well as its supposed follow-up project (The Luapula Agribusiness Promotion Programme aborted due to political considerations in 2001), creates a loss of institutional building and even more a loss of credibility with the involved staff at provincial and district levels, and the relevant authorities. Secondly, the decision to extend the project was taken at

a very late stage with consequences for the continuity of the programme activities such as we have seen with the credit facility under the Development Fund. Moreover, there was an unclear exit strategy to successfully consolidate programme achievements.

Sustainability, (likeliness of) continuation of effects and impacts after completion

The acceptance of the participatory approach of working with farmer communities was very high, not only with the Agricultural Department staff but also with other collaborating departments at the district level. This was confirmed during the visits to the two districts when district extension workers – even 10 years after programme completion – clearly pointed at the participatory approach as one of the most important achievements of the LLFSP project. However, due to a lack of inter-departmental linkages, a formalization of the approach did not take place.

Sustainability has further been jeopardized by the relatively high levels of funding as compared to the years shortly before and after the programme. As the programme was funded for 92% by Finland and only 8% by GRZ, the end of the LLFSP meant a sharp decline in available operational and investment funding. As no additional GRZ funding was available to take over the most relevant activities, both the extension and the research activities sharply declined.

During project implementation in 1995–1998, the Finnish contribution was at the level of FM 7,5–10 million per year (equivalent to € 1,25–€ 1,6 million). This high level of funding sharply declined after the programme was shut down in June 2000. Also during the years preceding the LLFSP programme in 1993 and 1994, funding levels were considerably lower (less than € 0,4 million). This variation in funding levels makes it difficult for the Zambian government departments to maintain required levels of service during programme implementation. This aspect has not been taken into consideration during the phasing out period in 1999–2000.

5.2 Programme for Luapula Agricultural and Rural Development

Approach

The overall purpose of the PLARD programme is ‘to contribute to the development of an efficient, competitive and sustainable agricultural and rural sector, which ensures increased income and food security for small-scale households in Luapula province’ (PLARD PFD, Nov 2005). Despite the different wording, it is clear that the overall objective of the PLARD is very much in line with the LLFSP programme with an emphasis on sustainable agriculture, income generation and food security and the targeting of small-scale farmer households. The main difference is with the inclusion of two new areas of intervention: the support to the development of the fisheries sector and its assistance to promote agribusiness. Thus the PLARD project includes the following four components with a total of 12 result areas:

- 1) Fisheries and Fish-Farming: focusing on sustainable co-management of fish resources, aquaculture, and fish value chain development;

- 2) Agriculture and Non-Farm Economic Activities: improved land management, improved agricultural productivity and quality, and sustainable production systems;
- 3) Marketing and Communication: strengthening of agribusiness enterprises, improved market access, trade and improved communication;
- 4) Institutional support through improved supportive policy, regulatory and institutional environment.

A Project Management Unit (PMU) has been set-up to manage, plan and coordinate the various programme activities. The Zambian Project Director (PD) is the formal head of the PMU. Two international TA have taken up positions to advise the PD as technical advisor and as financial administrator. In the context of the PMU, a number of national TA have been designated; Four Zambian coordinators have been assigned to support the Agricultural Department's activities under the four project components and liaise and coordinate with the PACO and DACO staff. Besides, a M&E advisor has been assigned to provide support to the monitoring of project results and progress. Currently, under PLARD, a Finnish Associate Expert is acting as the liaison officer (PLARD PD, May 2007).

Main results achieved

The Fisheries component is one of the programme components that according to the MTR 2009 performed well under the first phase. It focuses in the first place on the introduction of co-management activities according to new national Fisheries Act. The same MTR showed that the fisheries department – in close collaboration with PLARD – was well ahead of putting in place necessary structures for involving communities in the management of the fish resource, especially at the Mweru Lake which is threatened with over-fishing for a long time. The illegal nets being used had drastically reduced the fish catch. In line with the principles of PLARD, the fisheries department involves local fishing communities as co-managers to address new challenges of managing the fish resource. So far, 77 Village Management Committees, 14 Zonal Committees and one overall Fisheries Management Committee have been established. A Fisheries Management Plan for Lake Mweru has been designed with the help of an international consultant. One of the initial ideas to promote aquaculture through fish ponds in dambo areas (and other low lying areas) and cage fishing in the lakes, has not come off the ground with exception of the assistance of distribution of fingerlings to existing fish ponds. The activities with regard to fish value chain development were limited to market testing of fried fish but were halted as the purchasing price of this particular type of fish had increased too much to make it a profitable enterprise.

The Agriculture component has had a 'hesitant' start (Notley et al, 2009). Only a limited number of activities have come off the ground with relatively few beneficiaries engaged in this component's activities. The activities mainly focus on the multiplication and dissemination of planting material such as cassava cuttings, improved varieties of beans, groundnuts etc. To a large extent this is a replication of LLFSP activities that also had focused on planting material multiplication. Activities with regard to

small livestock promotion were seen as unsatisfactory. The other activities relate to the training of agricultural staff in dambo utilization, and the introduction of crop rotation systems.

In Agribusiness, it is remarkable that the support to the marketing activities is channeled through the Marketing and Cooperatives section of the PACO's office, as this component is mainly focusing on private stakeholders through the strengthening of the agribusiness, farmer organizations and cooperatives, and the improved access to markets through better communication and dissemination of information. There are difficulties to readily incorporate an agribusiness component within MACO's organizational structure, although it is highly relevant to overall development and farmers' needs. It is remarkable that no distinction is made between the role of the public sector on the one hand and assisting the private sector on the other hand. No distinction is made with regard to different support strategies needed for each of these players. Besides, the agri-business approach is not clearly defined as it does not start from the demand side but focuses so far more on the organization of the farming community to improve the marketing of their produce. Existing trade opportunities with the neighboring DR Congo and the Copperbelt, with a total of more than 5 million people within a distance of 200 km, provide a large potential if comparative advantages in certain production chains are sufficiently exploited. So far this has not been done. The promotion of two new bean varieties to be sold at the market in DR Congo and the Copperbelt was, however, a failure as the new varieties were not accepted due to different taste. Also a promoted groundnut variety failed to gain a market.

Regarding support to the policy and institutional environment, only a few activities have come off the ground. Training has been provided to the Chamber of Commerce and a joint trade commission with the DR Congo has been promoted.

Wider overall effect on target population – impact

As most of the PLARD activities have only started in 2007, it is still too early to determine the wider overall impact on the target population. The main significant result that will have an impact is the introduction of the Mweru Lake Fisheries co-management committees, which have been promoted at different levels. This is a major change from previous intervention approaches that were more based on surveillance and control. In the co-management approach, attention is now also paid to raising awareness among the fishermen to make them responsible for the management of the fishing resources they are exploiting. With regard to the other components no significant results have been registered.

Efficiency

Given the limited overall results realized so far, and the absence of impact in most of the component areas after 2,5 years of project implementation and a total of three years of project preparation, the efficiency of the PLARD I is highly questionable. The preparations of the PLARD programme already date back to early 2004 followed by an identification mission in May 2004, an appraisal mission in January 2005 and a final formulation of the Framework Document in August-November 2005. The in-

ception phase, which started with the arrival of the project team, took the whole of 2006. Only in early 2007 the Project Document and accompanying Log Frame were finalized. Hence, actual programme implementation is from March 2007 to February 2010 (PLARD PD, May 2007).

This very slow process of programme preparation (roughly three years all together) is not justified by the quality of the project intervention logic and the produced log frame. The MTR 2009 for instance observed that 'the PD confuses the role of the PLARD and the PACO in achieving its targets'. This made it very difficult to reconstruct the Review of Programme Progress in relation to the log frame (personal communication MTR team Aug 2009). According to the same MTR 2009, activities related to agriculture and agribusiness are only marginally linked, with the latter too widely and too thinly spread. New concepts such as Market Focal Areas for the production and marketing of selected commodities were recommended.

Moreover, the aborted Luapula Agribusiness Promotion Programme (LAPP), according to its PD 2001, had a clear strategy spelled out with 12 position papers on programme themes prepared (themes varying from crop production, fisheries, coffee production, credit, livestock, HIV-AIDS, economic opportunities etc.). In the PLARD PFD there is mention of the LAPP but only in the context of its design. The position papers play a negligible role in the PFD (PLARD Nov 2005) and none at all in the PD of May 2007 (PLARD May 2007).

Related to this is the remarkable number of studies done during the first 2,5 years of PLARD I. In total 14 studies (of which one is the programme baseline study) were undertaken with the involvement of a number of international experts. The overall quality of the studies is quite high, with good descriptive and analytical content. But during the mission it was observed on several occasions by interviewees that the study results in general were not widely shared with the relevant project staff, partner organisations and stakeholders. No management briefs were prepared with recommendations for programme design and activities. Overall, with some exceptions, it has to be concluded that the studies were of little relevance for the programme implementation so far despite their content and quality. To some extent it appears that PLARD I has been more of a research project than an activity based programme.

As mentioned before, and in light of the previous observations, the Finnish intervention to Luapula was not new. Since 1988 Finland has supported the rural sector in Luapula Province with two major programmes. Besides, quite some Finnish researchers have focussed research on the same province. In agriculture, agribusiness and the institutional support components, this knowledge base is mostly unexploited as little learning from previous phases has taken place ('reinventing the wheel'). External political and economic conditions may have changed over time, but the social and production conditions of most rural producers have remained relatively unchanged.

This lack of learning also applies to making use of highly relevant projects and programmes that are being implemented within the province and elsewhere in Zambia.

Little cross-learning from successful approaches of multi-/ -bilateral aid (e.g. USAID private sector agri-business support; FAO cassava farmer business schools; or SIDA/ ASP) has been observed. Especially in agribusiness support where PLARD currently is struggling, good practices and innovations from other programmes could have provided a stimulus. To our knowledge only with regard to dambo development, PLARD has made use of training facilities and knowledge from an NGO in Northern Province.

Lastly, in terms of efficiency, the running costs of the programme (TA and programme running costs, such as Programme Management, Financial Administration, and Technical Advisory Unit), as compared to the implementation of the activities related to the four components, are on the very high side. Including the inception phase, the implementation costs of the project as budgeted are almost 50% (about € 4,7 million out of a total budget of € 10,3 million or 46%). In 2008 – the second year of implementation and with the programme in full operation – the realized project running costs (including TA, PMU, FAMU and TAU) increased to 49,5% of total programme expenditure from January to November 2008 (source: PLARD, Nov 2008). Overall expenditure levels with regard to programme implementation remained well behind planned expenditure according to budget, whereas the running costs were at the expected levels. Given the relatively modest achievements and results of the programme so far (March 2006–August 2009), the very high running costs of the programme are not justified.

Sustainability

As in the case of preceding programme – LRDP 1988–1992 and LLFSP 1995–2000 – the contribution by the Government of Finland to overall programme costs is very high in PLARD, 96,5% of the total budget. This very high level of external funding is detrimental for the maintenance of the level of services as developed during the programme. A large part of these funds is being used for capital investments such as the purchase of vehicles and motorbikes, and the repairs and maintenance of housing and offices. As programme funds were widely available, no priority setting with regard to these investments was made. Moreover, final decisions about capital investments being proposed by the PACO and DACO offices were made by the PMU. The ample funding facility, lack of priority setting in combination with the decision-making structure, makes it difficult to create a sense of responsibility within the Agricultural Department at the provincial and district level.

The main focus of the PLARD is on supporting the relevant GRZ departments. Little attention is paid to identify relevant private sector actors and NGOs operating in the area, and who could contribute to achieving the programme goals in particular with regard to the development of the agricultural value chains. Providing specific support to these private actors could have broadened the basis for sustained support.

The recent introduction of decentralized funding mechanisms, which envisages improved planning and budgeting at the district level, is a good step forward to enhanced management capacity at the implementation level. This is in line with the overall decentralisation policy of the GRZ.

5.3 Additional Issues LLFSP and PLARD

Environmental aspects

With regard to the protection of the environment both projects have paid attention to awareness raising around dambo (wetland) use. The precarious wetland systems have been indicated by the Environmental Council of Zambia as areas that need to be protected. With the increased intrusion of the dambos for agricultural purposes, attention has been paid by PLARD to understand the environmental implications of increased dambo use for its ecosystem during the training of agricultural extensionists and farmers. The results with regard to improved soil fertility are however not yet convincing. As mentioned before some demonstrations on improved fallows have been undertaken but no new technologies have been adopted or widely disseminated by farmers so far. In the fisheries component, the management of the fish stocks in the Mweru Lake receives considerable attention, through the promotion of co-management but also through the formulation of Management Plans for Lake Mweru and Bangweulu. Preserving the fish stocks and biodiversity is one of the major issues in the management of these resources. The last issue that is of importance to the environment, is the increased encroachment on virgin forests due to increased population pressure as a result of the shifts from fisheries to agricultural production. This loss of virgin forest may have implications for the biodiversity and wildlife in the affected areas. LLFSP and PLARD have (so far) not addressed this issue.

Role of Finnish expertise

Both projects LLFSP and PLARD have been outsourced to a Finnish consultancy agency (PLARD: NIRAS). The long-term international TAs are actually all Finnish experts of which one has previously worked with the LLFSP programme. Short-term TAs have a more varied background with some experts being recruited from Finland. It has been observed by the MTR 2009 that there have been many changes in the Long-term TAs, especially when it comes to the financial experts. It is remarkable that no international expertise has been recruited in the field of agri-business – a core element of the PLARD programme.

Linkages with Finnish multilateral and NGO channels

The linkages between the bilateral programmes and the other aid channels (multilateral or NGOs) are very limited. Some NGOs are supported by the LCF and operate in the Luapula Province (Zambia Land Alliance, Mansa District Women's Association). The FAO project on cassava sector development in Luapula, which has run for two years, is not supported by the PLARD despite several attempts to increase collaboration.

6. CROSS-CUTTING ISSUES

Gender

In the LLFSP there has been a clear effort to address gender issues such as labour productivity, participation in community groups and gender-integrated planning. The

gender sub-component (under PEAR) was slow to start as in the beginning it mainly focussed on credit provision to women. Only after the mid-term review in late 1996, gender segregated monitoring was introduced. At a later stage in 1998, a gender expert was hired to strengthen the gender sub-component by building capacity of the provincial and district staff on gender issues and gender related constraints in community development. One of the interesting activities under LLFSP has been to address the work time constraints of women during the rainy season – one of the major problems to attain food security during this hunger gap period – by the testing and promotion of labour-saving devices such as cassava chippers and graters. Both were found useful as they contribute to reducing the labour constraint, although a wide-spread dissemination has however not taken place. The cause of lack of adoption is not known, but could be related to the purchasing costs of the devices. Also the construction of 59 wells has contributed to the easing of female labour when it comes to water collection. The nutritional education activities interestingly enough addressed both men and women, as it was realized that men play an important role in cash expenses when it comes to the purchase of additional food items for young and very young children.

In PLARD, despite the short-term consultancy report on Gender Mainstreaming (Wonani, 2008), the main issues with regard to gender and agriculture are not yet addressed. One of these issues is the labour productivity of women related to cassava processing, in particular during the rainy season. In general, one can say that labour in agriculture is predominantly a female task, with weeding, harvesting and processing being the most time-consuming tasks in agricultural production. It is remarkable that PLARD is hardly addressing these important issues.

Good governance

Accountability and transparency of public expenditure have been given some attention during the support to the District planning and administration support under PLARD.

Human rights

Human rights are not really an issue in PLARD or LLFSP, but land grabbing is taking place in Zambia. This is more relevant in the urban areas. The Zambia Land Alliance is an organisation being supported by the Finnish Embassy, which addresses land issues including the illegal appropriation of land. Recently, the Civil Society registration has been sharpened by the introduction of a new law but no results have been observed so far.

HIV-AIDS

With regard to HIV-AIDS, the Luapula Province, as in the rest of Zambia for that matter, experiences high infection rates in both urban and rural areas, though the latter is slightly less. The Luapula Province is highly vulnerable to the spread of HIV-AIDS as it has a highly mobile population of fishermen, cross border traders, truck drivers, military personnel patrolling the borders, as well as the migration towards the Copperbelt mines. The general poor level of medical health also contributes to the

further spread of the disease. It is remarkable that both in the LLFSP and PLARD, very little attention has been paid to this very important issue which has many links to agricultural development.

7. MAIN LESSONS LEARNT AND RECOMMENDATIONS

7.1 Main Lessons Learnt

General:

- With regard to support to the agricultural component, it appears that the LLFSP was more consistent and accepted by the beneficiaries and Zambian government departments. This is mainly due to the participatory approach as core of the LLFSP design as compared to the PLARD strategy;
- Rural communities are very capable to formulate their needs and requirements not only in terms of agricultural extension but also in terms of wider rural infrastructure;
- In the LLFSP, the rural communities have contributed significantly to the successful implementation of community development activities.

Fisheries:

- The inclusion of the fisheries component reflects the importance of this sector in Luapula province;
- The response of fishermen to create Village and Zonal Management Committees reflects their interest and needs to manage fish resources.

Agriculture:

- The LLFSP PEAR approach to extension and research using village extension and research groups, has been an effective way to empower farmers to express their needs with respect to the development of their livelihoods. Extension services have been positive about this approach;
- Agricultural research (commodity and adaptive research) is an important element of technology development as has been shown during the LLFSP;
- Cassava value chain should have exclusive attention due to its potential for further market development, its potential for further productivity gains (in terms of new varieties, cultivation methods and processing) and benefiting the majority of farmers in the province. This potential is however not an easy one to realize as past efforts have learnt;
- Seed multiplication on a passing-on-gift basis is an effective way to introduce new varieties to farmers. Whether the chosen option is the most efficient one is to be seen.

Agribusiness:

- The start of a value chain development starts at the demand end and should be fully demand-driven;

- Agribusiness development starts with the identification of private sector operators who provide services to farmers (processing, credit, marketing, transport, industrial producers etc.);
- Credit provision is a specialized business requiring specific skills.

Project management:

- Appropriate exit strategies towards MACO and beneficiaries should be considered right from the start of a programme;
- The high level of external funding by Finland and the gaps between programmes, have jeopardized the continuation of the agricultural department service levels, and reduced the sense of responsibility of the same department in terms of priority setting and management of available funds.

7.2 Recommendations

A number of recommendations have been formulated with regard to the formulation of PLARD II and have been presented as such to the PLARD team and the Finnish embassy during the respective debriefings. They follow the logic of the PLARD set-up.

General/ project management:

- A clear distinction should be made between public sector support and private sector support. The latter should be supported along the line of Private Sector Development in accordance with the 'Livingstone Agreement' and the Finnish policy of Aid for Trade;
- The project document of PLARD II should make clear what categories of farmers it intends to target;
- PLARD should try to learn from previous activities (both successes and failures) including the experiences of past Finnish supported projects (including LLFSP);
- In this context, collaboration could be sought with other organizations or projects that have specific experience in certain sectors (e.g. World Vision on aquaculture; FAO on Cassava value chain);
- Funding of operational and capital costs should be at a lower level in line with the absorption and implementation capacity of the Zambian departments. External operational funding by Finland to MACO at provincial level should be limited to the same level as GRZ operational funds (50–50). Moreover, limited but realistic annual investment budgets, which are fully managed under MACO can be provided on the basis of previously agreed investment categories;
- Support should be provided to enhance budget planning, accounting and making transparent the use of the provided funds. This should be done at provincial and district levels.

Fisheries:

- Besides the continued attention to Fisheries Management Plans and the co-management of fishery resources, the main emphasis of this component should be on the development of fish farming. Dambos could be one area of increasing aquaculture;

- Fish value chain development should not be a main result area as price development of fish is not a main issue at the moment. Only at a later stage (PLARD III) should the processing of fish be taken up once fish stocks have been replenished;
- Attention should be given to those fishermen who would like to leave the fisheries sector and take up other activities such as farming or trade.

Agriculture:

- Integrated Pest Management control for vegetable cultivation in the dambos is to be developed in close collaboration with farmers;
- A competitive cassava sector requires high on-farm productivity, low marketing costs with cassava production in close proximity to new processing facilities;
- The agriculture component should include support to the research component including Root and Tuber Research as well as strengthening Farming Systems Research capacity;
- Seed multiplication of accepted new varieties should be speeded up. Informal multiplication could be accelerated with one farmer passing on to more farmers. This could also be done through the involvement of local NGOs to reach out to their farmers.

Agri-business development:

- Support to the private sector should be clearly confined within the project period to the extent that business is viable and sustainable;
- Start a training programme for ox-hiring services as a business for young people in cassava growing areas. Ox-hiring services include ploughing, weeding and transport services;
- A micro-credit component should be included in the project through a vested micro-credit institution. This credit component should target traders operating in cassava trade and processing. Credit could be provided as an open loan facility from which traders can draw in order to pay farmers who have delivered the produce;
- There should be a clear focus on support to business development plans which then could be financed through existing credit channels;
- Technical assistance to private sector investment in small scale (but efficient) processing equipment;
- Non-Forest Wood Produce (NFWP) such as honey, could be considered for value chain development. NFWP is far more important for the Luapula livelihoods than e.g. small livestock;
- Rural feeder roads connecting cassava producing areas with the main road could be considered in the form of cash for labour projects (see e.g. IFAD SHEMA and other experiences);
- Most of agribusiness components could be outsourced to organizations such as Chamber of Commerce, the Zambia National Farmers' Union (ZNFU), or other agribusiness associations vested in Luapula Province.

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ANNEX 1: SHORT DESCRIPTION OF FINNISH DEVELOPMENT COOPERATION IN ZAMBIA

Development cooperation between Zambia and Finland started in 1972. In 1970s and 1980s the main part of the Finnish assistance was channelled through forestry, forest industries and agriculture programmes. Education became a major sector of co-operation in 1990's. Between 1975 and 1999, the total volume of aid disbursements from Finland to Zambia was € 250 million, making the country historically the second largest recipient of Finnish development assistance after Tanzania.

After a suspension of bilateral aid in 2001 due to dissent between Finland (and other donor countries) and Zambia over development issues, development cooperation between the two countries was re-established in 2004. Finland's Government Resolution on Development Policy from February 2004 named Zambia as one of the long-term partner countries of Finland. In its 2004 Development Policy Finland committed to the UN's Millennium Declaration and its central development objective; the eradication of abject poverty. In order to enhance the impact and effectiveness of the co-operation Finland would focus on fewer and larger interventions. The co-operation programmes are based on the Poverty Reduction Programmes of the partner countries. In each long-term partner country, cooperation in the form of programmes and programmes between the governments would be focused on three sectors or development programmes, which are chosen through a dialogue with the partner country. The selection of the sectors for the bilateral co-operation between Finland and Zambia took place in early May, 2004. The selected sectors were those of forestry, education and agriculture.

Agriculture

In the field of agriculture, various programmes have been implemented since cattle marketing cooperative programme was started in Western Province in 1975. Finland concentrated its development efforts in Agriculture mainly in the Western Province and Luapula Province. In 1992, the decision was taken to finalize the programme in Western Province and to focus on Luapula.

Luapula Livelihood and Food Security Programme (1995–2000)

The Luapula Livelihood and Food Security Programme (LLFSP) in Northern Zambia is a continuation of fifteen years of Finnish support to rural development in the area. It was formulated in 1994 after an 18 –month long participatory bridging and planning phase and started in April 1995 after another six-month transition period. It is sometimes considered the phase III of the Finnish support to Rural Development in Luapula Province since 1985. The purpose of the programme is to improve livelihood, agricultural production and food security of the poor farmers in the province. The LLFSP has been designed in accordance to the Zambian Agricultural Sector Investment Programme (ASIP), defining both the objectives and methods of rural development. An extension of the programme was granted in 1999 as a phasing -out period of LLFSP up to June 2000.

Programme for Luapula Agricultural and Rural Development (2005–2010)

The preparations of the PLARD programme already date back to early 2004 when a first mission was fielded to identify a renewed support by Finland to the rural sector in Zambia. A fact-finding mission for the support on agricultural and rural development sector was carried out in Zambia in March 2004. The purpose of the mission was to make a brief overall review of the agricultural and rural development sector of Zambia and to identify a few strategic options for possible future cooperation between Finland and Zambia in the sector. The advisor for agriculture and rural development of the MFA, visited Zambia in May and gave her recommendations for the identification and formulation of the bilateral co-operation between Finland and Zambia in the field of agriculture. The Project Framework Document was formulated in November 2005. The inception phase of PLARD started in March 2006 and ran up to early 2007 when the Project Document was finalized. Overall, PLARD will run for a four-year period from March 2006 till February 2010. Recently it has been decided that the first phase will be extended up to the end of 2010. Currently a second phase of PLARD is being formulated.

The overall objective of the Programme is to contribute to the development of an efficient, competitive and sustainable agricultural and rural sector in Luapula Province, Zambia.

Project Purpose:

- 1) Improved and sustainable income and food security through fisheries and aquaculture;
- 2) Improved and sustainable income and food security through agriculture and non-farm economic activities;
- 3) Improved and sustainable income through marketing, communication and infrastructure;
- 4) Contribution to efficient and effective management and coordination of public resources.

Project Components

Detailed component descriptions have been prepared during the 2006 diagnostic inception phase focusing on effective stakeholder involvement, livelihood systems assessment and value chain analysis.

1. Fisheries

In the Fisheries Sub Sector Development Component emphasis is placed on the establishment of the institutional structures in line with the Fisheries Act (2007), and given the very low fisheries to extension officer ratio, also on local participation with FMCs, ZMCs and VMCs. Working with and in support of DOF to address resource management and regulatory issues, is recognized as the only means to effectively address lake fishery management. The potential for value added with regard to fisheries and aquaculture, and the potential for increased aquaculture production and improved management, are recognized and the logical framework and budget provides the means to address such issues.

2. Agriculture

The Agriculture component aims to improve and sustain incomes and food security of smallholder farmers through strengthening agriculture sub sectors, which are to operate within a more efficient market environment. The purpose and outputs are relevant to the priority needs of the smallholders, who as a result are expected to be able to increase income and improve household food security, as well as to create wealth. The Component design is favorable towards delivering, in the medium to long term, improvements in rural incomes and food security as well as to generally provide for wealth creation.

3. Agribusiness

The purpose of the agribusiness component is to improve and sustain income and food security. The relevance of the agribusiness component is to increase shareholder wealth, as in all businesses. MACO's emphasis is on developing agricultural production, but it is inappropriate to increase production unless there is a market for the surplus. The project document and the LFA emphasize training and linkages. PLARD is expected to use the Agribusiness Component as the driver for wealth creation.

4. Policy, regulatory and institutional

It has been recommended by the MTR 2009 to integrate this component into the other three main components.

ANNEX 2: ZAMBIA DEVELOPMENT POLICIES 1991–2010

Since 1991, Zambia has witnessed a fundamental shift to economic liberalization, the stabilization of macro-economic indicators (Table 1), and the flourishing of private sector enterprise. Sound economic policies have been implemented over the years and have stabilized the economy that has been consistently been expanding every year since 2002. But poverty levels in rural areas have not improved much and the current global financial crisis threatens to reverse the economic gains.

The main elements of the reforms included decontrols on prices, bank interest rates and exchange rates the removal of all forms of foreign currency controls, 100 percent repatriation of net profits, the privatization of state-owned enterprises, deliberate facilitation of local and foreign direct investment, promotion of exports and development of a capital market through Lusaka Stock Exchange. As a result, Foreign Direct Investment has risen from US\$255 million in 2003 to US\$4,25 billion in 2008. Rewarded for these reforms, external debtors cancelled debt from US\$7 billion to US\$1 billion when Zambia reached the completion point for Highly Indebted Poor Countries (HIPC); releasing significant resources for investment in poverty related expenditure.

Various economic policies and measures have been put in place to be implemented through the Fifth National Development Plan. Prudent fiscal, monetary, financial and external policies are to be pursued. But fiscal prudence will be dented by increased ex-

ternal and domestic borrowing expected to cover an anticipated budget deficit. Monetary policy will focus on bringing down inflation to single digit levels. The local currency will free float while the exchange rate will continue to be market determined. International reserves will be maintained to cover at least three months of imports. The economy is projected to grow at 5,0 percent in 2009 and at 5,5 percent in 2010 and 6,0 percent in 2011. The implementation of these policies would stabilize the economy and facilitate a conducive environment for increased investments in agriculture. The challenge remain to equitably translate the economic gains into improved living standards for the people, especially the rural poor, where poverty increased from 78 to 80% (CSO, 2006).

Table 1 Selected Macroeconomic Figures, 2002–2008

Indicator	2002	2003	2004	2005	2006	2007	2008
GDP at Market Price (K'bn)	2 702,0	2 846,3	2 999,2	3 153,5	3 356,8	3 563,7	3 769,8
Real GDP Growth Rate (%)	3,0	5,1	5,4	5,2	6,2	6,2	5,8
GDP per Capita (K)	260 138	264 930	270 450	275 830	284 507	293 054	300 966
Inflation (end period)	26,7	17,2	17,5	15,9	8,2	8,9	16,6
Exchange Rate (K per US\$)	4 310	4 710	4 780	4 520	3 600	3 830	4 880
Interest Rate (%)	50,0	45,3	36,9	27,6	27,9	24,4	26,9
Agriculture contribution to GDP (%)	15,2	15,2	15,0	14,2	13,7	12,9	12,2

* Projected; Source: Ministry of Finance and National Planning; ZDA/ JICA.

The Zambia Revenue Authority administers tax policies made by Government through the Income Tax Act, VAT Act and the Customs and Excise Act of the Laws of Zambia. In agriculture, producers of fresh flowers, fresh and dried vegetables, wheat flower, tea, coffee, cotton, manufacturing and agro-processing qualify for a five year income tax break. In addition, income tax is charged at 15 percent, 50% depreciation allowance per year on farm machinery for first two years, 20% capital expenditure allowance per year for first five years on farm improvements, 10% development allowance per year, up to the first year of production, on capital expenditure incurred for the purpose of growing fruits and vegetables, and 100% farm work allowance for expenditure on farm land, such as stumping, land clearing, water conservation.

ANNEX 3: TRENDS IN AGRICULTURAL AND RURAL DEVELOPMENT INDICATORS IN ZAMBIA

The total gross value of agricultural output, while stagnating for the first half of the 1990s, has risen by over 50% between the mid-1990s and the last three seasons for which data is available (2001/02 to 2003/04). There has been no clear increase or decline in the value of crop output per hectare over the past decade. As stated earlier, these trends probably underestimate actual production growth over this period.

There have been noticeable differences in crop production growth rates. The worst performance has been registered for the staple grains and beans, while impressive production growth has been achieved for cassava, sweet potatoes, cotton, and groundnuts. Since the early 1990s, government support for maize production has been withdrawn as marketing board depots were closed, maize meal subsidies were eliminated, and massive fertilizer subsidy programs were scaled-back. Production in the more remote regions of northern Zambia declined substantially as area formerly under maize was shifted to cassava, groundnuts, and sweet potatoes. Cassava, sweet potato, and groundnut productivity have all benefited from the introduction of improved varieties in the early to mid-1990s. Cotton has also made big inroads; by 2003/04, one out of every five small farms grew cotton, thanks to substantial private investment in smallholder out-grower arrangements. Horticultural crops and animal products (while unmeasured in the PHS) also appear to be growing rapidly. A national survey from 2002/03 indicates that 45% and 17% of smallholder households derive income from the sale of animal products and horticultural products, respectively. The value of animal product and horticultural sales are almost as high as that for maize. Major production growth is being achieved in other unregulated crops as well, notably groundnut, soybeans, and tobacco.

Throughout the liberalization process, fertilizer subsidies have remained important in Zambia. In the last four years, the government has distributed roughly 45 000 tons each year at a 50% subsidy under its Fertilizer Support Program for use by smallholders on maize. PHS data indicates that roughly 90% of all fertilizer used by small farmers over the past decade has been on maize. Perhaps ironically, these fertilizer subsidies have not been effective in achieving more than a 0,6% growth rate in maize production. On the other hand, the fastest growth is being registered among crops that are handled almost completely by the private sector and to which no fertilizer subsidies are devoted.

Inflation-adjusted maize meal prices have declined significantly over the 1994–2005 period, for each of the nine provincial markets except one. Very significant downward trends were found in maize marketing margins at the milling and retailing levels. This is good news for consumers, especially for low-income consumers who may spend up to 30% of their disposable incomes on maize meal. Declining marketing margins spurred by increased competition from informal millers and retailers was one of the anticipated benefits of maize market liberalization that appears to have manifested in Zambia.

Rural poverty has declined. At the start of the liberalization process in 1991, 88% of rural households were estimated to be under the poverty line. Following the major drought of 1991/92, the rural poverty rate increased to 92% in 1993. However, since this point, rural poverty appears to have declined markedly, to 83% in the late 1990s, and to 74% by 2003. Estimates of “extreme poverty” in rural areas have also declined as well over the past decade. This may be considered a remarkable achievement considering the range of adverse processes affecting Zambia during this period, including high rates of HIV prevalence, declining copper revenues up to 2005, frequent droughts, and the contraction of public budget support to agriculture. In the 1980s, up to 17% of the national budget was devoted to maize and fertilizer policies, while in the past two to three years, the government has allocated only 6% of its budget to the entire agricultural sector.

It is likely that the reduction in poverty over the past decade has been driven by the combination of growth of increasingly important food crops, such as cassava, sweet potatoes, groundnuts (and most likely, domestically consumed horticultural crops) as well as the export-led growth in cotton and tobacco, which have helped to maintain rural incomes despite the decline in maize production and the well-documented negative shocks affecting rural livelihoods mentioned earlier.

Urban poverty, on the other hand, has risen somewhat between 1991 and 2003. This may reflect both the decline of the copper industry and the elimination of consumer food subsidies in the early 1990s. The increase in urban poverty and decline in rural poverty is all the more interesting in light of evidence of reverse urban-to-rural migration; rural population growth over the 1990–2000 period was 2,9% compared to 1,5% for urban areas.

The question remains—what about the rural poor? Notwithstanding the positive developments in rural poverty reduction in the past 15 years, still over 60% of the rural population remains in poverty. Faster progress in bringing down both rural and urban poverty rates will depend on faster agricultural productivity growth. The government has a crucially important role to play in this process. A great deal of research evidence from southern Africa as well as from around the world indicates that the greatest contribution that public sector resources can make to sustained agricultural growth and poverty reduction, is from sustained investment in crop science, effective extension programs, physical infrastructure, and a stable and supportive policy environment.

Achieving the twin goals of agricultural productivity growth and poverty reduction will require some reallocations of the government budget. Over the past several years, about 70% of the Ministry of Agriculture budget has been devoted to fertilizer subsidies and maize marketing and stockholding programs. Meanwhile, the genetic advances that were a major factor in maize productivity growth in earlier decades, have waned as funding by both donors and government has declined. The GRZ has devoted roughly 6% of its annual budget to the agricultural sector over the past several years, and of this, less than 4% has been allocated to agricultural research and extension. Of this 4%, 75% is for salaries and wages. Effectively, public sector agricultural

research and extension has come to a standstill in Zambia. Rural poverty alleviation will require renewed commitment to public investments in these key areas.

Only 20% of small farmers use fertilizer in Zambia. Growth in fertilizer use will be a precondition to achieve appreciable income growth and sustained poverty reduction. However, fertilizer promotion must be considered holistically. It is not simply a technical or logistical problem of delivering large amounts of fertilizer to small farmers and expecting a sustainable solution. Achieving sustained growth in fertilizer consumption involves building farmers' effective demand for fertilizer, by making its use profitable, and by developing output markets and regional trade patterns that can absorb the increased production that higher levels of fertilizer will bring. This involves the same kinds of government commitment as identified above: (1) well-functioning crop science and extension programs to improve crop productivity, particular for the staple food crops, for small farmers; (2) extension programs that stop assuming all farmers are the same, and which focus on taking advantage of the higher marginal rates of return at the lower ends of the production function; and (3) investing in rural infrastructure and rehabilitation of the regional rail and port facilities to drive down the costs of input and output marketing.

Greater investments in road and rail infrastructure are likely to be necessary to sufficiently reduce the farm-gate price of inputs, such as fertilizer to make its use profitable to smallholder farmers. Once this is achieved, Zambian agriculture will be on a much more competitive and productive footing in the region and internationally.

Last, achieving sustainable smallholder-led agricultural growth will also require a supportive policy environment that attracts local and foreign direct investment in building fertilizer, credit, seed, and crop output markets. The phenomenon of subsidized government intervention in the market, or the threat of it, leading to private sector inaction, is one of the greatest problems plaguing the food and input marketing systems in the region. While targeted assistance to vulnerable households will remain an important component of a comprehensive food security and poverty reduction strategy in almost all African countries, such programs must be carefully designed so as not to interfere with the long-term development of agricultural markets, which will be critical for sustained poverty reduction.

Source: Jayne, T.S., J. Govereh, P. Chilonda, N. Mason, A. Chapoto and H. Haantuba. (2007). *Trends in Agricultural and Rural Development Indicators in Zambia*. FSRP Working Paper No. 24. <http://www.aec.msu.edu/agecon/fs2/zambia/index.htm>.

ANNEX 4: MAIN COOPERATING PARTNERS IN THE AGRICULTURAL SECTOR IN ZAMBIA

Below is a list of the main donors to the agricultural sector in Zambia:

AfDB – African Development Bank

AfDB aims for poverty reduction through the promotion of sustainable growth and productivity growth and strives to operate with country ownership and participatory approaches in project management. Projects belong to the Borrower, and the Bank Group acts simply as a facilitator. The donor has been and continues to be involved in several projects in the country.

DFID – British Department for International Development

The British Government through its Department of International Development (DFID) aims to rid the world of extreme poverty. Recently DFID funded the crop monitoring survey institutionalized in the ministry of agriculture. DFID Zambia interventions have focused on health, education, HIV/AIDS, social protection, humanitarian assistance and public sector reforms. DFID began contributing to multi-donor Poverty Reduction Budget Support (PRBS) in 2005.

EU – Delegation of the European Commission to Zambia

The EU's development mission is to help to reduce and ultimately to eradicate poverty in the developing countries and to promote sustainable development, democracy, peace and security. The country strategy proposed as focal sectors: Transport and Institutional Development, and Capacity Building together with Macroeconomic support and capacity building for economic governance. Non-focal areas are: health and education. The EU support assists the Government to redefine its role and purpose as the country moves towards a better functioning market economy.

FAO – Food and Agricultural Organization

FAO's mandate is to raise levels of nutrition, improve agricultural productivity, better the lives of rural populations and contribute to the growth of the world economy.

IFAD – International Fund for Agricultural development

The Country Strategic Opportunities Paper (COSOP) approved in April 2004, is the basic policy document describing IFAD support to Zambia. The first strategic thrust of the COSOP is to promote smallholder commercialization, including the establishment of equitable links between smallholders and agribusiness and improving access to rural financial services. The second thrust is to assist the more isolated rural populations in raising their productivity, food production and income levels, by expanding the outreach and relevance of services and investments to the poorest productive rural households, including women-headed and HIV/AIDS-affected households.

JICA – Japan International Cooperation Agency

Agriculture is one of JICA's priority areas of cooperation with Zambia. Support for poverty alleviation focuses on rural development and the nurturing of agriculture,

while corresponding to the market economy, are the two priority intervention areas in the agriculture sector. Under Support for poverty alleviation that focuses on rural development, JICA has two programs, namely the Rural Development Program and the Stable Food Supply Program. Under the nurturing of agriculture corresponding to the market economy, JICA has a Sustainable Agricultural Production Program. JICA has been focusing on the Rural Development Program and the Stable Food Supply Program while Sustainable Agricultural Production Program is less focused. Hence, JICA intends to strengthen Sustainable Agricultural Production Program by formulating irrigation projects which can directly contribute to economic growth.

DGIS Netherlands Government

Private sector development Strategic goal: by 2008, enhanced enabling environment for private sector driven growth, especially in the agricultural sector. Note that the SNV is funded directly from the Netherlands Government and not through the Royal Embassy of the Netherlands in Zambia.

NORAD (Norwegian Government)

All funding to the agricultural sector is channeled through SIDA and the Royal Netherlands Embassy.

SIDA – Swedish International Development Agency

The overall goal of Swedish development cooperation is to contribute to making it possible for poor people to improve their living conditions. By reducing injustices and poverty throughout the world, better opportunities are created for development, peace and security for all people and nations. SIDA has implemented the Agricultural Sector Programme (ASP) in four Provinces from 2005–2008 and is currently preparing a second phase.

USAID – United States Agency For International Development

The objective is to Increase Private Sector Competitiveness in Agriculture by: 1) focusing investments on increased access to export markets, 2) increasing productivity through the adoption of improved production and value-addition technologies, 3) more responsive financial and business development services, 4) the strengthening of Zambian public and private sector institutions and, 5) the adoption of more business-friendly policies.

WFP – World Food Programme

WFP Project activities contribute to Millennium Development Goal No.1 “eradicating extreme poverty and hunger”, by providing short-term food assistance to vulnerable households, while helping households create sustainable assets or empowerment through training opportunities. WFP activities in Zambia involve primarily relief & recovery and development, aimed at protecting and improving livelihoods and allowing people to live more productive lives among poor food insecure households – including HIV/AIDS affected households. The agency arrived in Zambia in 1967 when the Government of Zambia requested help with the large influx of refugees fleeing the war in Angola. In more recent times the agency has been assisting with food

shortages caused by erratic weather, high levels of poverty and HIV/AIDS – a deadly combination that is creating obstacles to long-term national development.

World Bank

The World Bank (WB) mission is to help developing countries and their people reach their goals by working with WB partners to alleviate poverty. To do that WB concentrates on building the climate for investment, jobs and sustainable growth, so that economies will grow, and by investing in and empowering poor people to participate in development. The World Bank builds capacity, contributes to infrastructure, financial systems and combating corruption.

ANNEX 5: ITINERARY OF MISSION

20–23 August	Mission preparations and interview appointments
24 August	Briefing with the Team leader; document review
25 August	Interviews in Lusaka, ZNFU, FAO
26 August	Interviews in Lusaka- Mrs Wilma Viljanmaa at Finnish Embassy
26 August	Afternoon: Travel to Mansa in Luapula
27 August	Meeting PLARD and Informants in Mansa
28 August	Travel North to Nchelenge Via Kawambwa- night in Nchelenge
29 August	Visit Nchelenge Project participants – Travel back to Mansa
30 August	Visit sites in Mansa district
31 August	Debriefing the PLARD and PACO
1 September	Travel to Lusaka
1 September	Preparation of debriefing
2 September	Debriefing at the Finnish Embassy, Further interviews
3 September	Debriefing the MACO, Further Interviews
4 September	Wrap up meeting and Departure from Zambia
5 September	Write the Report

ANNEX 6: PERSONS CONTACTED

Finnish Embassy Lusaka

Ms. Sinikka Antila	Ambassador
Ms. Wilma Viljanmaa	Counsellor Environment and Agriculture
Mr Ville Luukkanen	Counsellor Private Sector Development
Ms. Anu Ala-Rantala	Programme Officer Local Fund Cooperation

FAO

Misael Kokwe	Assistant FAO Representative
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Ministry of Agriculture and Cooperatives (MACO)

Charles Mvula	Principal Planner
Kaunda Kapepula	Principal expert Agribusiness

USAID

Mr Mlotha Damaseke Programme Officer Agriculture and NRM

Rural Net Associates

Mr. Denis Chiwele Managing Director

Zambia National Farmers Union

Mr. Coillard Hamusimbi Liaison officer

Food Security Research Project

Mr. Munguzwe Kichaambwa Research Fellow

ACF

Mr Masiye Nawiko Deputy coordinator

PACO Luapula Province

Ms Odeneya Chisala PACO Luapula Province
Mr. Kamwi Mulele Market Development
Mr Mushili Former Staff member from earlier Finnish supported
 programmes in 1980s

PLARD

Mr Mighten K. Mpiya Programme Director
Ms Meeri Komulainen Chief Technical Advisor
Mr Jukka Janis Programme Financial and Administrative Advisor
Mr Yamba
Mr Casius Chuma M&E Officer
Mr Humphrey Goma Coordinator Agriculture Component
Mr Martin Mwansa Coordinator Agribusiness Component
Mr Abraham Ngoliya Former staff member FSRT-Luapula
Mr Chiona Cassava Breeder

TUTE Milling

Mill Supervisor, Mansa

DACO Kawambwa

Mr Henry Mugombwe DACO Kawambwa District

DACO Nchelenge

Mr Phillip Kalima DACO Nchelenge District

FISHERIES Nchelenge

Mr. Africa Muzungaile Technician, Fish Value chain

CREDIT Beneficiaries

Ms Ireen Mwansa	Guest house, Mansa
Mr Mubanga Nyengezi	Guest house partner, Mansa
Mr Gilbert Chishimba	Peace Soldier Enterprise, Kawambwa

Former CMS staff

Mr Joseph	Former CMS district credit officer Kawambwa
Ms Ireen Chongo	Assistant accountant CMS credit scheme

DAMBO Farmers group

Farmers Group Kanoma Village

CATTLE Owner

Mr. Donald Kalungushi

PLARD Mid-Term Review and Formulation Team

Mr Namukolo Mukutu	Team member
Dr Phoebe Bwembya	Team member
Dr Peter Langmead	Team member
Jeremy Notley	Team leader

ANNEX 7: DOCUMENTS CONSULTED

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ANNEX 8

**EVALUATION OF AGRICULTURE IN THE FINNISH
DEVELOPMENT COOPERATION
COUNTRY REPORT NICARAGUA
FINAL**

MINISTRY FOR FOREIGN AFFAIRS OF FINLAND

This evaluation was commissioned by the Ministry for Foreign Affairs of Finland to The Consultants bear the sole responsibility for the contents of the report. The report does not necessarily reflect the views of the Ministry for Foreign Affairs of Finland

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ACRONYMS

ALBA	Alternativa Bolivariana para la América Latina
CAFTA	US-Central America Free Trade Agreement
DFID	Department for International Development Cooperation, UK
EU	European Union
FAO	Food and Agriculture Organisation
FDI	Foreign Direct Investments
FOMEVIDAS	Rural Development Strengthening and Poverty Reduction Programme
GDP	Gross Domestic Product
HACCP	Hazard Analysis Critical Control Points
HIPC	Heavily Indebted Poor Countries
IDB	Inter-American Development Bank
IMF	International Monetary Fund
INTA	Institute of Agricultural Technology, Nicaragua
MCA	Millennium Challenge Account Programme, US
MERCOSUR	Mercado Común del Sur
MFA	Ministry for Foreign Affairs (MFA)
NIFAPRO	The Nicaragua-Finland Agro-Biotechnology Programme
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PRODEGA	Rural Livestock Development Project
PRODETEC	Support to Generation and Transfer of Agricultural Technology Programme
PROPEMCE	Enhancing Small Enterprise Growth and Opportunities for Women and Excluded Population in Nicaragua
PRORURAL	Sector Programme Rural Development
PRSP	Poverty Reduction Strategy Papers
RAAN	Northern Autonomous Region of the Nicaraguan Caribbean Coast
RAAS	Southern Autonomous Region of the Nicaraguan Caribbean Coast
UN	United Nations
USAID	United States Agency for International Development
WB	World Bank

Other acronyms and abbreviations mentioned in the text are explained as they appear.

1. INTRODUCTION

As part of an overall thematic evaluation of agriculture in the Finnish Development cooperation, a country study was carried out by Rudy Ooijen (ECORYS consultant) and Dr. Mario De Franco (local consultant) during the period August-September 2009. The study started with a desk review of agricultural projects/programmes supported by Finland in Nicaragua since the 1990s (progress reports, evaluation reports), national agricultural policies and development programmes, of other development partners in agriculture and aid modalities.

After the desk review field visits were carried out during the period 18 August–4 September 2009 in Managua, the regions of Chontales, Boaco and Leon. Chontales and Boaco were selected because of the long term involvement of the Finnish development cooperation in these regions. In Managua the mission interviewed officials of ministries, government and private organizations that are directly or indirectly involved with agricultural development in Nicaragua, with officials of the Finnish Embassy to Nicaragua, and with representatives of other donors and research institutions.

The main purpose of the regional visits in Boaco and Chontales was to carry out a quick appraisal of the status of projects and programmes that were or are financed by the Finnish government, in order to address a number of evaluation criteria with a main focus on effectiveness, sustainability and impact. Leon region was chosen to learn from experiences of the very large, US financed, Millennium Challenge Account (MCA) programme in the area of agricultural development.

Within the spirit of a thematic evaluation, the main purpose of this country report is to provide a general appraisal of the setting in which the Finnish agricultural development projects had to operate in Nicaragua, how well they were placed within the country's policy and those of other donors, and how did they perform so far? Based on a number of conclusions the report is completed with recommendations that hopefully shed light on how Finland could continue its inventions in the development of the agricultural sector in Nicaragua in order to reduce poverty.

This country report is part of a series of other reports that are being produced by the mission after similar visits in Zambia, Kenya, Tanzania, Mozambique, and Vietnam. These reports will form part of a larger thematic evaluation report that is to provide the Ministry for Foreign Affairs (MFA) with evidence based information, proposals and recommendations, and which would guide the Finnish development cooperation in its future decisions on how to use the aid funds effectively to the agricultural sector.

2. ANALYSIS OF NATIONAL DEVELOPMENT PROGRAMMES AND AGRICULTURAL SECTOR DEVELOPMENT

With a per capita income level of US\$ 1 000 (2006), Nicaragua is classified by the World Bank as a lower middle income developing country (World Bank 2007). It is still largely an agricultural country, but its non-traditional exports (textiles, tobacco products, etc) have expanded rapidly in the last few years. Nicaragua's key development challenge is to boost growth rates to levels that can reduce poverty, which is especially severe in rural areas.

Hence, through the US-Central America Free Trade Agreement (CAFTA), which has been in effect since April 2006, Nicaragua has expanded export opportunities for many agricultural commodities and processed food products. In 2008, agriculture (including fisheries) and processed foods account for nearly 80% of total Nicaragua's exports or US\$ 1,2 billion (in 2005 this was US\$ 674 million). Economic growth has however slowed in 2009, due to the decreased export demand from the US and Central American markets, lower commodity prices for key agricultural exports, and low remittance growth (remittances are equivalent to almost 15% of GDP). Nicaragua's major export partners are the US (32%), El Salvador (14%) and Honduras (9%). Guatemala, Costa Rica and Mexico, are together good for about 17% of total exports from Nicaragua (McCoy T 2008).

During the period 2001–2008, the exports of agricultural commodities have increase 160% from US\$ 212 million in 2001 to US\$ 550 million in 2008. Principal drivers of this increase are the exports of coffee, groundnuts and beans: worth US\$ 450 million or about 80% of total export value of agricultural commodities in 2008 (Central Bank of Nicaragua 2001–2008).

Exports of processed food products have increased during that same period with almost 190% from US\$ 170 million in 2001 to almost US\$ 500 million in 2008. The biggest drivers were the exports of processed food products such as: processed meat (220%), cheese (450%), instant coffee (175%) and milk powder (from \$ 2 million in 2001 to \$ 43 million in 2008); representing US\$ 340 million or almost 70% of total export value of processed food products in 2008 (Ibid).

2.1 National Development Programmes

The current (Ortega) government has adopted a poverty reduction strategy and a 2008 budget in line with the IMF recommendations. As a result, both IMF and the WB have cancelled over US\$ 1,5 billion in foreign debt owned by Nicaragua, thus helping to reduce the national budget deficit (in early 2004, Nicaragua had already secured about US\$ 4,5 billion in foreign debt reduction under the HIPC initiative). Although poverty has somewhat declined since 1993, it still remains high at about 46% today with more than 2/3 of the rural population impoverished. The official unemployment rate is about 5% but underemployment is a major problem and it is estimated that some 60% of workers are employed in the informal sector (IDB 2008; Seelke C 2008).

In 2001, Nicaragua developed a poverty reduction strategy (PRSP) in accordance with the participation in the HIPC (Heavily Indebted Poor Countries) process. The PRSP document governs the use of debt forgiveness funds for strengthening [economic] growth and poverty reduction. In 2003, the poverty reduction strategy was supplemented by the Proposed National Development Plan that was written up by the Bolaños administration. The Plan deviated however quite a bit from the PRSP as the PRSP was found to be too focused on health and education and social safety net expenditures, and less on economic growth. In other words, there was too much reliance of the PRSP on government spending on social services. The national plan therefore focused instead on economic growth with coffee being an important development cluster to increase production and thus income for the rural areas (PRORURAL 2009).

In October 2008 Nicaragua presented a new National [Human] Development Plan which centres on reactivating the economy and on alleviating poverty. In the economic sphere, it seeks to achieve sustained growth rate by boosting national (agricultural) production capacity. In the social sphere, it seeks to expand school coverage, reduce illiteracy, provide housing, increase water and sanitation coverage, etc.

To attain sustained growth rates, the Nicaraguan government has given priority to the following six main lines of action: (i) promote the country's productive capacity by upgrading infrastructure and developing human capital; (ii) increase the installed capacity and efficiency of the energy sector; (iii) invest in water and sanitation with a national policy on water resource management; (iv) support the agricultural sector and develop marketing channels that are more favourable to small producers; (v) seek better access to the external market by negotiating new trade agreements (ALBA, MERCOSYUR, EU and Asian markets); and (vi) develop suitable environmental management that guarantees access to external markets (PRORURAL 2009).

As part of the National Human Development Plan, to combat poverty and build human capital, the government is pursuing the capital development of the poor and is seeking to boost their productive capacity. Some of these related to the economic sphere are: (i) the capital development of the poor as potential producers; and (ii) the promotion of financial mechanisms and instruments that favour small producers in rural areas.

The main challenge for government to implement this Plan is that it will depend heavily on external aid and private investments (the mission was informed by an official that there is a financing gap of some 40% but perhaps due to an exaggerated budget). Nicaragua therefore needs to maintain (and increase) the support from the international community, improve the effectiveness of external fund flows, and create the right environment for private business to flourish and to increase foreign direct investments (FDI). Nicaragua is still highly depended in foreign aid. Official foreign aid (including Venezuela assistance for oil) was estimated at 20–22% of GDP in 2008. It is also dependent on remittances sent from Nicaraguans abroad of over US\$ 700 million a year (or about 15% of the country's GDP). Since 2001 there has been a steady

increase of FDI in Nicaragua from US\$ 150 million to about US\$ 335 million in 2007, which is encouraging but still tiny compared with annual FDI inflow for Central America as a whole at US\$ 32 billion in 2007 (MIGA 2009).

The current Ortega government bilateral relations with its neighbouring countries and its main trading partner and one of its biggest donor, the US, though tense at times, appears to be generally intact. However the continued anti-US rhetoric and denouncing the US in a speech before the UN in 2007 as the “imperialist global empire”, does not help foreign relations or in attracting FDI (Seelke C 2008).

2.2 Agricultural Sector Development

The agricultural, livestock, fishery, food processing and forestry sectors account for more than 50% of the national GDP, and is the main source of employment in rural areas. The sectors are very heterogeneous since it is composed of a modern business productive sector that fundamentally produces for export (coffee, cattle, sugar, shrimp, timber), and a productive sector of small producers on farms from 0,35 ha. to 35 ha (80% of farms).

This group of small producers has little access to working capital and its productivity is low. Milk production is for instance very low at on average four litres a day per animal, yields of black beans and maize are about half of those in El Salvador, etc. The low productivity is mostly due to little or no farm investments, limited use of improved seed varieties, poor genetic characteristics of cattle, general poor farm practices and low use of technology.

International experiences clearly show that by using plain good agricultural practices supplemented with improved seed varieties, improved cattle breeding, etc. dramatic results can be achieved particularly at the small farmer level. Field observations in Nicaragua confirmed that with improved breeds and feeding, dairy farmers can achieve up to 25 litres per day per animal in the region of Chontales and Boaco. Bean and maize yield can easily be doubled from current levels just by using improved seed varieties that are more resistant to plant disease and dry spells (becoming more prolonged because of the effects of climate change as reported by producers), and with a minimal use of agro-inputs and labour, as shown in the regions of Esteli and Leon by the Millennium Challenge Account Programme.

When it comes to processing and marketing, visits to a number of farm cooperatives confirm their ability to process and market agricultural produce according to international standards (coffee, dairy products, honey), and are able to tap difficult, but lucrative, markets in the US and the EC. Two cooperatives in Camaopa that have received long term support from Finland now yearly process and export cheese valued at some US\$ 7 million each with the US as main market. Another clear potential of Nicaragua is that it is well situated near the main markets in Central America and the US with good connections by road, air and sea.

Given the low levels of productivity in the Nicaraguan agricultural sector, improvements in this area would increase production without necessarily having to expand the agricultural frontier. However, land tenure is a serious problem in Nicaragua since a remarkable part of the land is without well-defined property rights. This in turn puts certain restrictions on improving agricultural productivity in the country.

Approximately 60% of the land is in different states of legal insecurity for the following reasons: 1) an updated official registry is not available in most parts of the country, which leads to a lack of confidence in the land registry; 2) various land reforms are not completely reflected in proper land titling; and 3) there have been non-legal inheritances of land, and unregistered land sales based on private documents only; and 4) of land held under communal land titles without a clearly demarcated official registry (such as large parts of the land on the Atlantic Coast).

Notwithstanding the current land property legislation problems, Nicaragua's agricultural development potential can be said to be in: no shortage of agricultural land, access to labour, close to major markets, increasing demand from regional markets, growing local knowledge and expertise in agricultural processing and marketing. Although there is currently a steady growth in exports of agricultural produce (in volume and value), there is still much room for improvement particularly in private sector development in terms of management, efficiencies, technical and financial operations, maintaining food quality and safety, marketing, generating value added, etc. within the entire agricultural chain (from producer to end markets).

3. ANALYSIS OF DONOR POLICIES AND PROGRAMMES IN THE AGRICULTURAL SECTOR

3.1 Official Development Assistance and Agriculture

For the period 1998–2007, total Official Development Assistance (ODA) for Nicaragua was almost US\$ 11 billion of which only 5% was allocated for agriculture, forestry and fishing. More precise numbers on just the agricultural sector are not published by OECD, but the already low percentage reflects the little attention that was given to the agricultural sector by the donors. A major part of the ODA or almost 60%, was designated for commodity aid, emergency aid, infrastructure, etc.

Table 1 Total ODA Commitments 1998–2007 by sector, constant 2007 prices

Main sector	Mln US\$	%
Agriculture, forestry and fishing (311–313)	548	5,1%
Social, infrastructures and services (110–140/160)	2 397	22,2%
Commodity aid, emergency assistance and reconstruction (500–700)	3 842	35,6%

Main sector	Mln US\$	%
Transport, communications and energy (210–230)	1 066	9,9%
Multisector/cross-cutting (incl. rural development)	944	8,7%
Government and civil society incl. land mine clearance & demobilization (150)	888	8,2%
All other (240/250/321–332/900)	1 120	10,4%
GRAND TOTAL	10 805	100,0%

Source: OECD, CRS database.

Of the bilateral donors, the largest donor is Spain closely followed by Germany during the period 1998–2007. Finland was the smallest of the bilateral donors. The total inflow of ODA from the bilateral donors was US\$ 5,1 billion or almost 50% of total ODA during that period.

Of the non-EU member countries, the US is the largest donor at a total of US\$ 1,1 billion. After Spain, the Inter-American Development Bank – Special Fund (IDB) is the largest donor in Nicaragua according to the OECD/ODA statistics.

To date, the main donors in the agricultural sector are the World Bank, the European Commission, the US, Denmark, Sweden, Switzerland and Finland, with the World Bank set to modernize the agricultural sector by way of technology transfer (research and extension – livestock and crops), seed production, etc.

Table 2 Total ODA Commitments 1998–2007 by donor

Donor Name	Amount (US\$ million, constant 2007 prices)	% share	rank- ing
Spain	1 596,5	14,8%	1
Germany	1 032,0	9,6%	5
Netherlands	429,9	4,0%	8
Sweden	669,4	6,2%	6
Denmark	367,4	3,4%	9
Finland	184,2	1,7%	12
France	280,1	2,6%	10
Others	546,6	5,0%	
Total EU member countries	5 106,1	47,3%	
USA	1 058,9	9,8%	4

Japan	517,6	4,8%	7
Others	546,1	5,0%	
Total non-EC bilateral	2 122,6	19,6%	
IDB Spec. Fund	1 556,4	14,4%	2
IDA	1 130,0	10,5%	3
<i>Total Multilateral</i>	3 576,0	33,1%	
GRANDTOTAL	10 805	100%	

Source: OECD – DAC database www.oecd.org.

3.2 Finnish Support to the Agricultural Sector

At present the Finnish interventions in the agricultural sector in Nicaragua are with the PRORURAL, (basket funding), FOMEVIDAS (as a part of PRORURAL) and NIFAPRO programmes. All three interventions carry agricultural development components. Some exclusively so like NIFAPRO, and some with a heavy accent on agricultural development such as PRORURAL, a sector programme based on “basket funding” with a focus on both livestock and crop production, food security, agro-industries, policies and strategies etc. FOMEVIDAS is an integrated rural development project, covering all aspects that deal with rural development (health, drinking water, roads, education etc.), but also with agricultural sector development to boost income levels of the rural poor. NIFAPRO deals with building national capacity in agro-bio-technology at Helsinki University (Annex 2).

A new project receiving Finnish assistance is PROPEMCE (Enhancing Small Enterprise Growth and Opportunities for Women and Excluded Population in Nicaragua), a private sector development programme and a follow up of PEMCE that was solely financed by DFID. The difference between the old and new programme is that the latter is more focused in food chains and micro enterprises, and is less broad (only covers five chains). The project is co-financed by both DFID and Finland (50/50) for the period 2009–2011. The project is still in its inception phase and is to go into operation by the beginning of 2010 (April). Although still tentative, a first selection shows that food chains to be covered by the program will be root crops, vegetables and small scale cheese production. Other chains are tourism and timber (for furniture production). Regional coverage will be Boaco-Chontales, Rio San Juan and the autonomous regions on the Atlantic side of Nicaragua (RAAN and RAAS, or North and South Atlantic Regions).

Going back to the early nineties, Finland has supported two major programmes that exclusively dealt with agriculture sector development: PRODETEC and PRODEGA. PRODETEC was a long intervention running for seven years covering two phases (1988–1995), and dealt with agricultural extension, technology transfer and the provision of fertilizer (not throughout the project period). PRODEGA was even longer

with a 13 year intervention span in the regions of Chontales and Boaco covering several multi-year phases (1989=2003). The main focus of PRODEGA was on increasing milk production, including handling, processing and marketing. Both programmes had poverty reduction as main objective to be achieved through agricultural development activities.

Other programmes financed by Finland that merit attention are on: 1) the improvement of quality and marketing of coffee (including diversification with the production of honey for export); and 2) the setting up of trade and marketing networks for small producers and to promote the economic development of rural communities in Northern Nicaragua. The programmes are relatively small (< € 325 000) and carried out by a Finnish NGO (Solidaarisuus), but highly relevant when it comes to private sector development in agriculture.

A good example of private sector development is the assistance provided to a cooperative union of coffee producers in Boaco by the NGO Solidaarisuus and which was visited by the mission. As coffee production in the area had dropped with 50% because of long dry spells (said to be due to climate change) and market prices had fallen dramatically because of strong supply from Vietnam (because of a World Bank financed coffee program there), management of the cooperative was looking for ways to assist its members through product diversification. Currently the cooperative is exporting 600 barrels of certified organic honey (equivalent to 180 MT) a year with an export value of US\$ 450 000. Because of its success, management is now looking for additional products such as fruits and cacao as part of an overall diversification strategy to further reduce its dependence on coffee exports.

4. RELEVANCE: COHESION AND COHERENCE

4.1 Relevance of Finnish Interventions

To date, the above Finnish interventions in agriculture sector development have been relevant as they have been or are in compliance with the local needs and priorities of agricultural producers in Nicaragua. However, when it comes to being in support of partner policies, the projects that were carried out in the nineties such as PRODETEC and PRODEGA, the picture is less clear as they have had their share of difficulties.

With PRODETEC there were disagreements with the partner INTA (set up by the World Bank to take charge of extension activities in Nicaragua), who took over the responsibility of project implementation in 1993 from the Directorate of Rural Extensions of the Ministry of Agriculture (1990–1993). The project considered extension work as a public service, while the World Bank opted for the privatization of the services. Technicians trained by the project in extension were dismissed by INTA with the abrupt closure of the project.

The PRODEGA project was implemented by the Nicaraguan Ministry of Agriculture and Livestock during its first two phases (1990–1994; 1994–1998). During its last phase (1999–2003) it was implemented by the Institute of Rural Development (IDR). Although this could not be substantiated by the mission, the PRODEGA project is said to have suffered at the time from an apparent lack of interest and clear policy from the side of government, as reported during a project mid term review in 1996 (PRODEGA 1996). During the last phase of the project, support by government is reported to have remained weak for a period due to conflicts about the appointments of key national staff (said to be politically motivated).

Nevertheless, scoring weak on relevancy when it comes to being in support of partner policies and interest, both projects score high on relevance by being in compliance with local needs and priorities of the agricultural producers (introduction of appropriate production technologies through extension, and the strengthening of farm service cooperatives) (MFA 2002).

4.2 Alignment with National Agricultural Policies

Alignment of Finnish interventions with national agricultural policies became more evident in the early 2000 with the presentation of the PRSP (2001) and the existence of National Development Plans since then (2003 and 2008). Government vision and strategies for agricultural sector development were better outlined then before, focusing on increasing agricultural production and thus income in the rural areas.

Hence, regarding the coherence and compliance of policies & strategies of the Finnish development cooperation with those of the partner country and other donors, at the level of the partner country there have been difficulties in the nineties but changed in the early 2000 with the emergence of national development plans in Nicaragua. Policies and strategies of other donors – dealing with agricultural sector development in Nicaragua – were much in line with those of Finland with a focus on poverty reduction through an increase in agricultural production and hence rural income. However, modalities of aid may differ among donors with some preferring projects under own management and no involvement of government agencies (US-AID), or just government (WB/IDB), or a combination of the two.

In Nicaragua, all the Finnish projects were implemented by a government agency (Ministry of Agriculture, INTA, Institute of Rural Development, etc.), but as mentioned earlier, not always with success. Current projects such as PRORURAL, FOMEVIDAS, and NIFAPRO are fully implemented by one or more government agencies. PRORURAL, a sector wide programme, is governed by four government agencies (one ministry and three institutes) with a total budget of US\$ 412,5 million for the period 2005–2009 (Ministry of Agriculture 2008). A major part of the funding is to come from donor funding. Latest figures on the distribution of funding (2008 & 2009) show that government funding is about 60% on average though national budget allocations (incl. donor funds received through budget support), international loans, sales of services and licenses. Direct funding from bilateral donors is

through basket funding (incl. Finland) at an average of 14%, and through specific projects and programmes at 27% on average for 2008 & 2009 (table 1).

Table 3 PRORURAL: source and distribution of funding (2008 and 2009)

Source	Funding (%) 2008	Funding (%) 2009
Ministry of Finance (national budget, incl. budget support)	18%	26%
Sales of services and licenses	18%	8%
International loans (WB, IFAD..)	22%	27%
Donor basket fund (five donor countries)	16%	12%
Other donor contributions (projects/ programmes)	27%	27%
Total:	100%	100

Source: PRORURAL, 2008 & 2009 budgets.

PRORURAL has its share of difficulties as each ministry has different planning schedules, even in the regions and departments they work, and general poor guidance from the Ministry of Finance as stated by an official closely involved with the programme. There appear to be a lack of common ground, so much needed to carry out a sector wide programme. A number of donors have stopped participating in the programme for various reasons: DFID left as part of UK's exit strategy for Nicaragua and Sweden left because of its policy decision to reduce the number of partner countries. Denmark pulled out of the common fund largely because of accountability issues. FOMEVIDAS and NIFAPRO suffered less from these troubles as the set up and financing is much less complex.

4.3 Coherence

The level of internal coherence between the Finnish development policies and strategies, and the approach of its interventions in agriculture in Nicaragua, is found to be good and largely in line with its general features. For instance, in the Finnish 2004 Rural Development Strategy for International Development, which is still valid at present, it is recognized that the majority of poor lives in rural areas and earns their livelihood from agriculture. Other salient features of the strategy, related to agricultural development are national ownership (positive); in line with agricultural strategies (positive); support for research, extension, training and services (positive); and that Finland participated in separate projects or programmes which must be tied to national development strategies (started in early 2000 with the emergence of the PRSP, and later on with the National Development Plans of Nicaragua).

Important to note is that based on interviews held in Helsinki and when going through internal MFA memos, the ongoing or soon to be started projects (like PROPEMCE) are largely in line with the current thinking within the Ministry of Foreign Affairs in Helsinki, which is: 1) more focus on private sector development covering all or a large part of the agricultural sector chain; 2) of more focus on generating value added (processing, handling and packing, marketing, food quality and safety, etc.); and 3) of not only going for sector approaches but for bilateral projects too (MFA 2008).

It stands however in contrast with more recent Ministry documents on policies and strategies that favour shifts towards programme cooperation – both sector wide and general budget support – whereby direct project support is considered to be more or less a supplementary option to be used if the conditions are not right for the former; and hence a shift away from technical assistance and from supporting productive sectors (Porvali 2009, p. 21).

4.4 Harmonisation with Other Donors

An important feature of Finland's strategy is a strong emphasis on harmonization and coordination between the donors, made necessary by an orientation towards programme assistance such as the PRORURAL programme. It is a large sector programme involving many actors making good harmonization and coordination rather a challenge when they meet once a month (comment from an official). As an important share of the programme is financed from government funding by way of a common fund, the debate appears to be often centred on government's commitments to the common fund as well as on the overall lack of accountability and transparency of actual expenditures. The situation around the common fund is starting to become a concern among the financing partners with regard to overall future programme operations.

5. EFFICIENCY, EFFECTIVENESS, IMPACT AND SUSTAINABILITY

The following appraisal on the above four evaluation criteria covers the two "old" projects PRODETEC and PRODEGA, and the three ongoing projects PRORURAL, FOMEVIDAS and NIFAPRO. A large part of the analysis is based on a review of project documents (mid-term and final evaluation reports), and partly on field observations and interviews with key stakeholders.

Although closed in 2003, and as the results of its long term interventions in Boaco and Chontales regions are still visible, the PRODEGA project was of particular interest to the mission to carry out field visits to the region in the form of a rapid post evaluation exercise. The PRODETEC project was another long term project (1988–1995) but although as it was closed in 1995 and falls beyond the scope of this particular evaluation, some comments will nevertheless be made as the project had some very relevant development objectives.

5.1 PRODETEC

The main development objectives of PRODETEC were to: increase farm productivity, reduce post harvest losses, crop diversification, the dissemination of new farm technologies, improve marketing, etc. The project idea was deemed logical and useful as there was evidence [and still is] that the poor performance of the small producers was from the lack of knowledge of what to use, where and when. The impact of the project was reported to be low with the main beneficiaries being the 70 or so technicians that were trained by the project and later dismissed by the implementing agency INTA (these technicians are still in country in other institutions.). According to the final evaluation the income level of the small farmers did not improve to any significant degree. Furthermore, there has been little attention to marketing and business management, and there has been little improvement in the diversification of crops that could have raised farmers' income levels. Hence, the project scored low on effectiveness, impact and sustainability at the time of project closure (MFA 2002).

However, the then implementing agency INTA is still very much in operation and currently has over 500 extensionists and 31 extension centers – nationwide. Although this could not be confirmed by INTA (too long ago) and they are currently doing an impact study covering 10 years on research and technology transfer, it is not impossible that the technicians once trained under PRODETEC are now part of INTA's extension centres. INTA also confirmed that the approach and technologies of PRODETEC are still being used. Hence, from an institutional point of view, the impact and sustainability of the project has been better than anticipated at the time of project's closure. Also, when looking at its main objectives, the project concept appears to be sound with potential to reduce poverty through the introduction of new technologies to improve the productivity of small farmers. Hence, in 2001 when a country evaluation of Finnish development cooperation took place in Nicaragua, the project had been considered at the time an ideal case for an ex-post evaluation to assess its impact on poverty reduction (MFA 2002).

5.2 PRODEGA

PRODEGA's main development objective was poverty reduction. This was to be achieved through increased milk production in two regions: Boaco and Chontales. The total budget for the entire project period (1989–2003) was about US\$ 20 million, fully financed by Finland. Although there was a mid-term review in 1996, no final evaluations have ever been carried out of PRODEGA. Hence, there has been little concrete information on the effectiveness, impact and sustainability of the project. From what could be assessed from available reports is that the most concrete impact of the project was the creation of service cooperatives and high ownership of the members. Although there is no evidence (lack of monitoring data in the final reports), incomes of milk producers must have increased as they received better prices through improved handling and marketing using the milk collection centres that were installed by the project. Concerns were expressed at the time that because of the limited number of beneficiaries (500 farmers), the high project cost and that most of the pro-

ducers were medium scale farmers, the impact on poverty reduction was deemed to be very limited with low project efficiencies and effectiveness.

Of the nine service cooperatives created in the Boaco Department at the beginning of the programme (six in Boaco itself and three in Camoapa), just three cooperatives have remained and were visited by the team; one located in Boaco and two located in Camoapa. They are still in operation with as principal activities the collection of milk and sales to major milk processors in Managua. In the last phase of PRODEGA, four other service cooperatives were created in the Department of Chontales which are also still in operation. The two cooperatives in Camoapa process a major part of the milk into cheese for the export market (US mainly). Financial operations of those cooperatives without processing facilities are under pressure –and some operating at a loss – because of their sole reliance on the Managua milk processors (market gluts, price fluctuations, penalties on quality, etc.). The two cooperatives that are producing cheese for the export market fare much better financially with annual export sales of between US\$ 7–10 million.

The economic impact of these two cooperatives on the town Camoapa is also said to be noticeable from 15 years ago when few economic activities were going on. Both cooperatives estimate that they provide employment to around 300 people each (fix and temporary). The number of producers delivering to the cooperatives is between 200 and 500 and is a mix of small, medium and large producers. Some cooperatives now handle around 50 000 litres a day. Not all milk producers are necessarily members as the cooperatives also accept milk from non members to attain economies of scale.

Hence, the PRODEGA project clearly had an effect and impact on producers' income – including the small to very small ones – by securing market outlets, higher and more stable prices. All cooperatives, including the cheese processors, report that there is room for improvement in: 1) improving milk production at farm level (now on average four litres per animal per day); 2) using better farm technology, food quality and safety throughout the chain (using Hazard Analysis Critical Control Points analysis or HACCP); 3) increasing value added with further processing, marketing, product diversification, technical and financial management etc.

5.3 NIFAPRO

NIFAPRO is a comparatively small programme with a budget of € 716 000 for the period of 2007–2012. The project is about building national capacity in agro-biotechnology at INTA by sending staff for a MSc degree to Helsinki University and by organizing international workshops. To date four staff members have been trained and three have recently started their studies in Helsinki.

Striking is that the type of specialism to be acquired was very well defined at the start of the studies by INTA: genetic quality, phytosanitary quality, nutritional values, maintaining a germ plasma bank and focus on two important [export] products in Nicaragua: beans and cacao. The four persons that have recently completed their studies

have started their work at a brand new, very well equipped, laboratory at INTA's research centre in Managua (financed by PRORURAL and FAO). The effect of the project is deemed to be considerable in terms of establishing for the first time ever a core group of specialists in agro-biotechnology in Nicaragua. The project's impact should be seen in terms of improved production, improved nutritional value of crops and improved taste (export market, cacao).

Next to having its own extension centres, INTA also works with 36 farmers groups to disseminate the research results to small farmers nationwide. INTA ensures that the quality of training in agro-biotechnology at Helsinki University is of high international standard. Sustainability of project efforts is uncertain as, even though a two year commitment/contract was signed after study completion, INTA salaries are not attractive enough to warrant longer term commitments by those trained by the project.

5.4 FOMEVIDAS

FOMEVIDAS is an integrated rural development project with a budget of almost € 9 million for the period 2004–2008, but was extended till 2009. The project is implemented in the regions of Boaco and Chontales (like the PRODEGA project) and implemented by the Rural Development Institute (IDR) of Nicaragua.

The main objective of the project is poverty reduction to be achieved by increasing productivity in the agricultural sector, as well as increasing alternative forms of income and employment generation of the rural households. The project uses a participatory approach in its planning and implementation in order to improve sustainability of project efforts. Because of its characteristics, the project has many components making project monitoring quite a challenge (also the frequent changes of the IDR directors, three times in 2007, did not help matters). This becomes apparent when going through the reporting on the project (appraisals, not evaluations), which tend to be long on qualitative statements but short on quantitative analysis as well as lacking on financial and economic analysis of project interventions. Although the project has a clear log frame with quantitative indicators, not much was reported on these, which points to a weak internal monitoring system. A salient fact to know is that, although the project has undergone a certain reorientation along the years with the appraisals, the mission was informed that the original logframe has never been updated and still stands.

The project was again appraised (not evaluated, it never was) in September 2009 for another one year extension to exhaust the project budget (€ 2 million of new funds were requested), which shows that there have been efficiency problems. Results of this very recent appraisal showed that the project has carried out a large number of activities as per log frame. To date, a total of 69 projects have been carried out benefiting 8 592 families, or an average of about 125 families per projects. The average cost per project is around US\$ 96 000 or US\$ 768 per family: 70% of the project are income generating projects (including bee-keeping, bakeries, production of clothes

and textiles in cooperatives); and 30% of the projects deal with developing and strengthening human potential (e.g. a two-year training of 400 rural technicians in the construction of houses).

The original log frame (2000–2008) called for coverage of 3 000 families whereby 50% will derive an annual income increase of 7% from the projects (production and services). Hence, the project has been very effective by largely surpassing its target, but uncertain about its impact of having increased actual rural incomes by 7% a year as data is lacking and could not be confirmed. To improve access to markets and services such as health and education, to date a total of 14 (secondary and tertiary) road project have been carried out in the two regions. The log frame calls for 75 km of roads repaired or upgraded and to date about 90 km has already been completed (including a number of bridges).

The prospect for financial sustainability of the programme is low as it depends entirely on donor funding. Prospects of technical and institutional sustainability are deemed to be much better as the programme is implemented entirely by a government agency (IDR).

5.5 PRORURAL

PRORURAL is the only programme where Finland participates in basket funding in this sector. For the development of Nicaragua's agricultural sector it is an important sector programme with a focus on technological innovation, food quality and safety, support to agro-industries, etc. with poverty reduction and improving living standards as main objective. But it has many actors and is largely dependent on the capacity of the public sector, which does not excel in being efficient. A midterm review in 2008 observed (and this mission too) many institutional and financial issues, including those on government policies and priorities. From their report it appeared that the reviewers had a hard time working with the programme's log frame to determine progress made. The log frame was found to be confusing by mixing activities with results. Although the log frame was detailed on the quantification of outputs and with good indicators, it remained silent on actual income increases to be attained.

Hence, a major recommendation of the midterm reviewers was to improve the effectiveness and cost/benefit of the interventions (and supposedly improve programme monitoring). It comes as no surprise that the 2008 midterm review is long on descriptive analyses and short on quantitative analyses with not much data to go on with. Thus, on efficiency, effectiveness and impact of the programme in terms of poverty reduction and improving living standards, little is known as yet.

The prospects for financial and institutional sustainability are encouraging as the financial and operational aspects of the sector programme are governed by government agencies, and there is a large degree (and feeling) of government ownership of the programme. Although it is said that the staff is very dedicated, current efficiency problems (the way it is organized, implemented and managed), has been likely due to

poor programme design and log frame, including a poor monitoring system: often underappreciated as an important management tool.

5.6 PROPEMCE

In terms of efficiency, effectiveness and impact, the new project PROPEMCE has good to very good prospects when it comes to achieving poverty reduction through economic growth by way of private sector development. It is very much in line with government's strategy – as outlined in its national human development plan – to achieve sustained growth by boosting national production capacity. As per design, the project's lines of command are very direct with the setting up of a programme management unit that deals directly with the private sector and value chain development.

Although the project has an executive committee (Junta Directiva) with donor and government representation, there is concern that the current operational design is perhaps too independent, and not enough embedded within the national institutional structures dealing with private sector development to warrant institutional sustainability. As the project still finds itself in an inception phase, there would still be time to carefully analyze the pros and cons of possible alternatives in project design to remove any concerns on the project's institutional sustainability.

5.7 MILLENNIUM CHALLENGE ACCOUNT (MCA)

A very large agricultural development programme currently carried out in Nicaragua is the Millennium Challenge Account (MCA) in Leon region, which is fully financed by the US government. The programme started operations in 2007 for the duration of five years. The total budget is US\$ 172 million of which: US\$ 100 million for roads within the region; US\$ 30 million for crop and livestock development; and US\$ 20 million for land registry. The main reason for visiting the programme was for the mission to learn from any new approaches and methods in the field of agricultural development, the level of efficiency and effectiveness of operations, sustainability and impact of programme efforts.

To stay clear of political interferences from the Nicaraguan government, the US had opted for a design that is entirely under their control, but the programme is fully managed and operated by Nicaraguan nationals. Programme management is overseen by an executive committee with representation from various Nicaraguan government agencies. The management has however a high degree of autonomy in the decision making process and is directly responsible to a programme director based in the US. The programme has subcontracted a US based NGO (Technoserve) to help implement crop and livestock development plans in the region, and to manage the internal monitoring and evaluation system.

The programme does not work with the very poor but with farmers (small and medium) that have at least a certain level of own resources (land, financial). The main

philosophy of the programme is to target those with at least some potential for quick development in order to get the best value for money. Projects are selected on the basis of technical and financial feasibility studies, and ranked according to the Internal Rates of Return (IRR) on investments made. Those projects with IRRs that fall within a certain range (say, between 10–18%) are selected and discussed with possible beneficiaries. For instance, as with PRODEGA, milk collection centres have been set up by the MCA in Leon region. Total required investment is US\$ 25 000 on average (building, cooling equipment, etc). MCA would contribute US\$ 11 000, the rest to be contributed by the dairy farmers. Hence, the need for a cost/benefit analysis to demonstrate that good returns can be achieved on the investment made by the farmers. To date, a total of seven centres have been set up by the MCA, each serving 60–70 dairy farmers. The same approach is used by MCA for crop development projects with a focus on the export market (yucca, platano, beans, vegetables and rice). To keep track of the programme's impact in the region, MCA has set up an excellent internal monitoring and evaluation system that is managed by Technoserve, which regularly records production and income increases of target beneficiaries.

With its specific approach and methodology, MCA certainly has strong points when it comes to ensuring efficiency, effectiveness and sustainability of its interventions in agricultural development in the Leon region. Key is the use of financial project analysis whereby projects are selected on the basis of their internal rate of return, and which attracts investments from beneficiaries, which in turn ensures the financial sustainability at individual project level. Also strong is the contracting out of an internal monitoring and evaluation system managed and operated by a NGO. Because of its organizational set up as a standalone programme, an inherent weakness is its institutional sustainability. Although it appears to be successful in attaining its objective of agricultural development in the Leon region, its future remains very uncertain when the programme closes down in 2011.

5.8 Aid Modalities and Linkages

Of all the projects mentioned here, the aid modality used by Finland has been quite consistent by fully involving government in the implementation of its projects towards ensuring sustainability of project efforts. Although it was reported that the involvement and enthusiasm of the government in the “old” projects such as PRODETEC and PRODEGA was lacklustre, a rapid “post evaluation” by the mission showed that efforts of the PRODEGA project have been sustainable (for the PRODETEC project it could have been to the benefit of INTA's extension centres in the long run). The same applies for the other three projects PRORURAL, FOMEVIDAS and NIFAPRO; all of them with strong government linkages and sense of ownership. In contrast, PROPEMCE deviates from this strategy so far with no government agency involved in its implementation (although there is an executive committee).

Opting for a government agency to implement your projects has well known risks of inefficiencies, big delays and constant calls on the donor in problem solving (micro management placing a big burden in the donors' staff), but at least one is certain that

everything possible is done to ensure sustainability of project efforts. For quite a few donors, projects under “own management” are still favourite with little or no government involvement because they are quicker (and easier) to implement. Sustainability however remains its weakest point and projects often collapse after donor pull out. It also deviates from donor obligations/commitments made in the context of the Paris Declaration.

Linkages with Finnish multilateral and NGO channels are very limited in Nicaragua when it comes to agricultural development. The only linkage is with the (Finnish) NGO, Solidaarisuus. Its representation in Nicaragua is restricted to one person and who has been involved in assisting two agricultural cooperative unions in product diversification, business training, marketing, improved agricultural production methods, etc. As such, the NGO has assisted one coffee cooperative union in the production and marketing of honey as part of a product diversification strategy, to counteract the drop in coffee production due to the climate change (prolonged dry weather). For another cooperative union, it has provided assistance in the production of basic grains (sorghum, beans, maize) by small producers in one of the most marginal areas in Nicaragua (north of Esteli). In Nicaragua, Finland has no linkage with multilateral organizations such as FAO.

5.9 Concluding Comments

When it comes to the level at which intended beneficiaries have or will benefit from the products and services delivered by the project/programmes financed by Finland, the picture is not always clear. This has much to do with the general poor evaluations of the projects. For instance, a large project such as PRODEGA has never been evaluated. The same applies for the ongoing rural development project FOMEVIDAS. The mid term review of PRORURAL gave little insight whether or not the project is on track by comparing log frame targets with those actually achieved. NIFAPRO still need to undergo an evaluation.

From what has been observed by this mission in the field and by talking with key stakeholders, all past and ongoing projects are showing results that are considered relevant and having an impact towards poverty reduction and improving living standards. Small milk producers are clearly benefiting from the interventions of the PRODEGA project. In fact, there has been a wider overall effect of PRODEGA in the form of employment generation by the dairy cooperatives and overall economic development of the area because of increasing flow of money (and hence spending).

Although its results are not yet obvious, with the creation of national capacity in agrobiotechnology under NIFAPRO, how modest it seems, important steps have been taken towards increasing production levels of key commodities in Nicaragua. Although the direct and wider overall effects of FOMEVIDAS are not yet well documented (increase rural incomes?), so far the programme results are encouraging,

some even more than planned (e.g. covering more families), and found to be quite relevant for achieving the project's main objective of poverty reduction.

Regarding the continuation of effects and impact after the completion of the project, the most obvious one is PRODEGA after it was closed six years ago. Two of the nine cooperatives supported by the programme have turned into large dairy (processing) operations benefiting a wide range of milk producers (from large to small). The remaining cooperatives are running smaller scale milk collection centres that were set up by the project at the time. Although the impact could not be measured, milk producers now receive higher prices than before the project and continue to do so today.

With the other projects the continuation of effects and impact after project completion is not so obvious. NIFAPRO has a problem of keeping the trained staff after the termination of their two year contract agreement with INTA. Not clear is to what degree the income generating projects and trainings set up by FOMEVIDAS would survive after programme completion. Much depends on how viable (technical and financial) the projects were before they were started, and how sensitive the projects are for external changes (output/input prices, lower volumes, etc.). Also not clear is if there is going to be a continuation of effects and impact after completion of PRORURAL, and at what level. The midterm review remains vague on the programme's sustainability at both beneficiary and institutional level. There is no evidence in available project documentation that cost/benefit analysis of programme investments have been made for that matter. Although PRODETEC was closed in an abrupt manner and considered "lost", INTA however confirms that it is still using the approach and technologies that were once introduced by the project at the time.

Unlike forestry, in agriculture it is not easy to see where Finland has developed a clear comparative advantage in terms of knowledge and experience compared to other donors and local actors in Nicaragua. The work done under PRODEGA would have been a good example, but similar work is also done under the Millennium Challenge Account (MCA) where milk collection centres are being established. Dairy processing plants, once started under PRODEGA as milk collectors in Boaca and Chontales, have been set up successfully by Technoserve, an American based NGO also working as sub contractor for MCA in dairy production and processing. Perhaps it could be agro-biotechnology (Helsinki University) but similar expertise is offered by a wide range of other universities on the American continent (including the Spanish speaking part). However, there are some areas that could benefit from Finnish expertise, and as confirmed by various stakeholders in Nicaragua, would be in: 1) cooperative management and business development; 2) farm dairy management; 3) IT services (market price information, tele banking, establishment of internet centres in the rural areas, etc.).

6. CROSS-CUTTING ISSUES

6.1 Gender

Gender has been addressed in all the projects carried out by Finland in Nicaragua, but in varying degrees. FOMEVIDAS has an obvious gender potential. Many of the project's beneficiaries are women as most projects aim at crop diversification and improvement of home gardens by planting fruit trees and keeping poultry and pigs. Examples of other income-generating activities for women include bee-keeping, bakeries and production of clothes and textiles in cooperatives. NIFAPRO has another obvious gender component where at least half of the students sent out for the agro-biotechnology study programme are women. Because of its characteristics as a milk producing project, it is very unlikely that PRODEGA has paid much attention to gender (not mentioned in the project documentation reviewed). As the PRORURAL project is much more diverse in its agricultural development activities than PRODEGA, one specific objective of the programme relates to gender by way of income generating activities through agricultural development. But not heavily so as it also mentioned in one breath with young rural people, indigenous communities, etc.

6.2 Good Governance, Human Rights and HIV AIDS

Good governance, human rights and HIV-AIDS are not explicitly mentioned in the project documents reviewed. When asked about this during interviews with key stakeholders, human rights and AIDS are not high on the agenda and not considered important enough to guide (donor) country policy or project decisions. This is different with good governance for some donors. The Millennium Challenge Account programme, financed by the US, lost 40% of its budget or US\$ 70 million because of issues on good governance and the political rhetoric coming from the current government (more the latter than the former). Denmark pulled out of the common fund of PRORURAL largely because of accountability issues (it still remains in Nicaragua however and has set its eyes on a new strategy of roads, private sector development and improving financial service systems).

6.3 Environment

Of all the projects that have been mentioned, there is no clear evidence of any positive or negative effects on the environment in Nicaragua. To some degree for FOMEVIDAS, none of the projects had activities that were apparently important enough to have a serious and noticeable effect on the environment. Improved access to water and sanitation (wells, mini-aqueducts and latrines) is an important component in FOMEVIDAS and are part of natural resource management. In many communities, these activities are additionally supported by reforestation of local water sources. PRODETEC is reported to have had a considerable impact on the environment through agroforestry and soil conservation activities, but were mostly limited at farm level. Serious problems, like water resource management in the target region, were left without attention (MFA 2002).

Although lacking evidence, the development of dairy farming under PRODEGA might have had a negative impact on the environment because of land clearing for cattle grazing. Indeed, it is common knowledge that the expansion of the livestock sector in Nicaragua has been an important cause of wide-scale deforestation – and the current persisting water supply problems in Boaco region – but this was well before PRODEGA. During Phase II of the programme, there have been activities on environmental protection but these were considered too broad, unrealistic and not very effective by a Phase II mid term review (PRODEGA 1996). In Phase III of PRODEGA, very little was done on environmental protection, and except for having carried out an environmental study, environmental matters were barely mentioned in programme documentation and apparently not considered important enough to warrant more attention (PRODEGA 2003; MFA 2002).

7. MAIN FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

7.1 Main Findings

The first main finding of the mission is that when it comes to agricultural development, the Finnish development cooperation in Nicaragua has clearly left a mark. The mission was for instance pleasantly surprised to see that a number of cooperatives that had received Finnish assistance in the past, have turned into well run enterprises benefiting many small producers. The mission was particularly impressed with the local entrepreneurship that exists when it comes to product and market development, including exports.

A second main finding is that to date there has been little evidence of political interference in the operations of the cooperatives by the current government, which sticks to its vision and strategy of agricultural development and economic growth as laid down in its national development plans. This has been confirmed by the management of the cooperatives and some of its board members (junta directive), whereby operational decisions are void of politics as a rule. There is also no reported evidence of political interference in the operations of NIFAPRO or FOMEVIDAS.

This brings us to a third major finding of observing that Finnish support to the agricultural sector has been and is very much in compliance with the local needs and priorities. There is no evidence of any Finnish interventions in Nicaragua that can be classified as being misguided or inappropriate.

A final major observation is that there is little proof of the effect and impact of Finnish support on poverty reduction because of deficiencies in project evaluation and monitoring. Field observations clearly show that Finnish interventions in the agricultural sector have helped to increase rural incomes and hence poverty reduction in target areas. But not known is to what degree as project records shed little light on this. Project reporting and evaluations tend to be long on qualitative statements and short on actual data as proof that incomes of final beneficiaries have indeed increased. For

instance, no statements could be found on income increases, cost/benefits analysis in the PRODEGA documentation at the beneficiary level (final reports, mid term reviews). The same applies for PRORURAL where the mid term review (2008) reveals little on progress made (and how) in increasing rural incomes, needed to achieve the programme's main objective of poverty reduction. As already mentioned, with FOM-EVIDAS its impact of having increased actual rural incomes remains uncertain as data is lacking and could not be confirmed.

7.2 Main Conclusions

- Poverty remains high in Nicaragua particularly in the rural areas where mainly people depend on the agricultural sector for their income. This is acknowledged by the Nicaraguan government in their national development plan to increase agricultural productivity of small farmers to combat poverty;
- Nicaragua has a good agricultural potential because of the availability of agricultural land, access to labor and growing local knowledge and expertise in agricultural processing and marketing;
- Because of its location and good logistic connections, Nicaragua is very well placed of becoming a major exporter of agricultural commodities and food products to regional markets, including the US. Agricultural exports to these markets have increased rapidly especially for processed food stuffs;
- There is much room for improvement in increasing the levels of agricultural productivity in Nicaragua without the need to expand the agricultural frontier. Crop and livestock production systems suffer from poor agricultural practices by being low (input) intensive and with little capital investments, especially at the small holder level. The lack of good agricultural marketing systems is a major bottleneck to increase agricultural productivity;
- Land tenure is however a serious problem in Nicaragua as a remarkable part of the land is without well-defined property rights. This in turn puts certain restrictions on improving agricultural productivity in the country;
- Finnish support to the agricultural sector for the past 10 years (period under review) has been very relevant with its support to improving agricultural productivity and marketing, and has contributed towards increasing farm incomes and hence poverty reduction. But because of deficiencies in programme evaluation and monitoring it is not know to what degree poverty was actually reduced in the target areas;
- The aid modality used by Finland has been quite consistent over the years by fully involving government in the implementation of its projects. This bodes well for ensuring sustainability of project efforts to a large degree. The price one pays for using such a modality is often lower efficiencies – an inherent phenomena with public bodies – then when carrying out projects under “own” management. It has however little or no effect on the effectiveness and impact of the project. This is clearly shown with the implementation of projects such as FOMEVIDAS and NIFAPRO, not shining in great efficiencies but there has been little compromise on effectiveness by getting the job done eventually;

- Sustainability of projects efforts remains a concern for all the projects. A big concern is NIFAPRO if staff trained by the project leaves INTA for greener pastures (better pay). Somewhat less but still important is FOMEVIDAS as it depends entirely on donor funding. The sustainability of the sector programme PRORURAL has better prospects as it is also financed by government. As shown with the PRODEGA project, there is evidence that the sustainability of project efforts with a high private sector focus (farms and cooperatives are private sector too) is often quite good. As the new project PROPEMCE deals exclusively with the private sector development, it is therefore expected that sustainability of project efforts should not be a big issue;
- Beneficiaries of programmes dealing with value chain development tend to be those with at least some prospects of development potential (access to land, some livestock or crop production). The poorest of the poor and the landless are not reached by these programmes, although there are possibilities as shown by coffee cooperatives with the introduction of honey as part of the product diversification strategy. Honey is produced mainly by landless people;
- Because of its back- and forward linkages, product value chain development does however create employment benefiting the poor as clearly shown by the dairy sector. The degree of creating employment depends however on the type of value chain. Some products have more potential for value added and creating employment than others (milk, furniture, versus beans, etc.).

7.3 Main Recommendations

- For Nicaragua, the Finnish Development Cooperation should maintain its focus on agricultural sector development because of the country's agricultural potential and that the sector plays an important role in poverty reduction;
- Good value for money in terms of economic benefits versus aid money invested can be attained by providing support to the agricultural sector in: 1) increasing farm productivity; 2) marketing including post harvest activities; and 3) agri business development;
- Increasing farm productivity would be by continuing Finnish support to INTA in terms of capacity building and the dissemination of research results by INTA. Regarding capacity building it is strongly recommended to investigate the possibilities of (shorter and less costly) specialist training in agro-biotechnology at (CGIAR) research centers in Latin America. Regarding the dissemination of research results it is recommended to involve the private sector as much as possible (seed multiplication, demonstrations, distribution, etc.), and in the development of model farms (crops and livestock);
- Marketing would primarily be at the level of small producers and farm cooperatives. Substantial value added can be achieved already at this level with simple collection centers with cooling, cleaning, sorting and packing facilities (crops and livestock products);
- Agri business development would be at the level of farm cooperatives and small and medium private enterprises. The main purpose would be to increase value added and employment with processing, to improve food quality and safety (in-

- roduction of HACCP), to improve operational efficiencies to remain competitive; and to carry out market research (national, regional and international);
- Finland should not change its current aid modalities in Nicaragua. There are no obvious reasons to do so. However, in case the conditions are just not right Finland should keep an open mind in setting up a project management unit (PMU) staffed by nationals and supervised by a steering group with government representation;
 - Finland should make more use of NGOs than is currently the case, especially when it comes to providing support in agri business development. Farm cooperatives and small enterprises often ask for specific expertise to deal with a specific problems, which could be provided by specialized NGOs (Finnish, national or international);
 - The sector programme PRORURAL is an important programme for Nicaragua, much time and efforts have been put into setting up the programme, it links very well with the current national development plan and it deals with many things that have been mentioned before. Hence, Finland should remain involved in the programme but could play a more active role as a sort of moderator between the international donor community and the government. Finland would be in an excellent position to do this because of its long standing and good relationship with Nicaragua, being well respected by all stakeholders, by being very consistent in its approach and not very changeable in its policies towards Nicaragua;
 - Although they remain very dependent on external (donor) funding and thus financial sustainability, to reach the poorest of the poor rural development programmes such as FOMEVIDAS can have important long term impacts. It can bring the very poor up to a higher (productive) level providing them with a window to link up with value chain development programmes;
 - Finally, Finland should not consider providing general budget support to Nicaragua if it is looking for value for money and how its aid funds could be used most effectively to combat poverty.

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ANNEX 1: BRIEF DESCRIPTION OF FINNISH DEVELOPMENT COOPERATION IN NICARAGUA (PAST 10 YEARS)

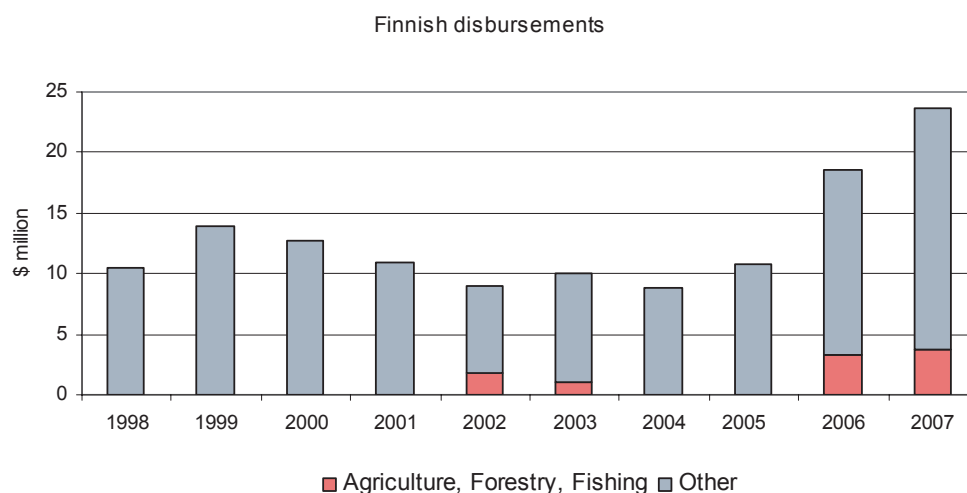
Nicaragua became a development cooperation programme country for Finland in 1982 whereas the cooperation had started already in 1980. Nicaragua is therefore one of Finland's long-term partner countries, the only one in Latin America.

Over the years, Finland has provided bilateral assistance to Nicaragua largely in: (i) social sector support – health, education, municipal development; (ii) agriculture, rural development and forestry; (iii) environmental protection and improvement; and (iv) enterprise and cooperative development.

According to OECD-DAC data base, Finnish actual disbursements in bilateral assistance to Nicaragua has since 2004 seen a steady increase from about US\$ 9 million to some US\$ 24 million in 2007.

To date, the main donors in the agricultural sector are the World Bank, the European Commission, the US, Denmark, Sweden, Switzerland and Finland.

Figure 1 Finnish bilateral assistance to Nicaragua (disbursement) 1998-2007



Source: OECD – DAC database www.oecd.org (before 2002, no figures available for agriculture, forestry, fishing).

ANNEX 2: BRIEF DESCRIPTION OF FINLAND'S PROJECTS/ PROGRAMMES INVOLVED IN AGRICULTURAL SECTOR NICARAGUA

2.1 PRODETEC: Agricultural Extension Component and Coordination Activities the Fertilizer and Agricultural Program (1988–1991); Support to Generation and Transfer Agricultural Technology (1992–1995)

The national implementing agency of PRODETEC was Directorate of Rural Extensions of Ministry of Agriculture from 1990 to 1993. The General Directorate of Agricultural Services of the Ministry of Agriculture and Animal Husbandry/Institute of Agricultural Technology (INTA) took over the responsibility in 1993. The total budget for the period from 1988 to 1991 was FIM 61,7 million out of which the extension component was FIM 5 million. During the 1992 to 1995 period the budget was 29,5 million. The project idea was initially conceived from the need to support the fertilizer deliveries from Finland by extension services to farmers on the right use of fertilizers in order to enhance the maximum benefits from their use.

The main development objectives for Phase I were:

- to increase food production;
- to improve the standard of living for rural population;
- to increase the marketable agricultural output through information on rational use of agricultural inputs; and
- to improve the position of female farmers.

The main objectives for Phase II were:

- improved food security and increased income for resource-poor farmers through adoption and dissemination of new technologies;
- diversification of crops;
- increased productivity;
- reduced post harvest losses;
- conservation of natural resources;
- empowerment of resource-poor farmer;
- farmer managed revolving funds for silos and equipment; and
- consolidation and transfer of agricultural technology.

2. Proyecto De Desarrollo Rural Ganadero (PRODEGA)

The implementation of PRODEGA commenced in 1990. It went through three phases as below:

- Phase I from 1990 to 1994 with a budget of FIM 37,5 million;
- Phase II from 1994 to 1998 with a budget of FIM 27,3 million; and
- Phase III from 1999 to 2003 with a budget of 29 FIM million.

Thus the total budget for the entire project period was FIM 93,8 million. The implementing agency during the two first phases was the Nicaraguan Ministry of Agriculture and Livestock. During the last phase Instituto de Desarrollo Rural (IDR) (Institute of Rural Development) was in charge of implementation. The latter is an institution under the presidency. At the local level the actual implementers were agricultural service cooperatives and other producers' associations. The project was implemented in two districts (Boaco and Chontales). The latter was included in the project only during Phase III.

The main development objective throughout the life span of the project was poverty reduction. This was to be achieved through increased milk production. The most important immediate objectives included:

- Increased milk production in the project area;
- Development of efficient producers' service cooperative to market and process milk products; and
- Diversification of income earning opportunities for small scale farmers in the area.

The main target group was throughout the implementation period the small and medium scale farmers working family based farms. Special attention was given to rural women. The main components during the various phases of the project were:

Phase I:

- 1) Technology transfer to a number reference farms. The focus was on cattle feeding, animal health and farm management;

- 2) Improvement in the infrastructure and services to support the marketing of the increased volume of milk (construction of four milk collection centres, procurement of tractors with milk tanks and maintenance of feeder roads);
- 3) Creation of local beneficiary organizations (nine service cooperatives and two cooperative unions);
- 4) Support to eight women groups.

Phase II:

- 1) Institutional Development;
- 2) Credit;
- 3) Farm mechanization and rural workshop services;
- 4) Milk collection and marketing;
- 5) Rural road construction and maintenance;
- 6) Training;
- 7) Livestock feeding;
- 8) Animal health;
- 9) Crop Production;
- 10) Gender Issues;
- 11) Agricultural diversification; and
- 12) Direct material assistance and subsidies.

Phase III:

- 1) Development and consolidation of cooperatives (in Boaco);
- 2) Extension services for members of cooperatives (in Boaco and Chontales);
- 3) Financing investment by cooperatives and their individual members through a credit fund (in Boaco and Chontales);
- 4) Establishment of milk and cheese cooperatives (in Chontales);
- 5) Improvement of roads which were necessary for increasing production (in Chontales).

3. PRORURAL

Finland is supporting the rural development in Nicaragua through a sector programme, PRORURAL initially together with Sweden, Switzerland and Norway. A total of euro 9,7 million was earmarked by Finland for the years 2006 to 2009. This represented about 30% of the initial total funding for the programme. The funds were channelled through a basket fund. The programme is led by the Ministry of Agriculture and Forestry.

In addition to the basket funding another euro 700 000 was granted for identification, research and technical assistance. Furthermore euro 450 000 was planned for institutional development relating to the implementation of the programme.

The main objective of the programme is to reduce poverty and improve the living conditions of rural population. The specific focus areas include:

- technological innovations;
- health questions relating to both crop and livestock production and forestry;
- safety of agricultural products;
- food security (distribution of seeds and fertilizer, food distribution, training);
- promotion of sustainable forestry;
- support to agro-industries;
- financing and financial services;
- investments in infrastructure;
- strengthening of institutions; and
- sustainable policy guidelines and strategies in areas of crop and animal production as well as forestry.

4. FOMEVIDAS

FOMEVIDAS started in 2004 and is termed as “Support to Rural Development and Poverty Reduction, Sectoral Programme Fomevidas”. The total budget is euro 8,58 million. A total of 2 175 000 euro has been earmarked to it for 2009. It is a continuation of earlier support provided under PRODEGA (and a forestry project, PROCAFOR).

The main objective is poverty reduction. Other objectives include environmental protection, promotion of equality, participatory development and good governance. It is being implemented in Boaco and Chontales areas. The programme focuses on improving the standard of living for poorest segment of population, while it pays special attention to women and landless.

The programme aims at developing agriculture and reduce poverty through support to civil society, while increasing the incomes and employment opportunities of the households. It supports the efforts to increase productivity in the agricultural sector as well as strengthening the of social capital of rural population and improving the capacity of key institutions. The implementation is the responsibility of Rural Development Institute (IDR) of Nicaragua.

5. NIFAPRO (The Nicaragua–Finland Agro-Biotechnology Programme)

NIFAPRO consists of institutional collaboration between the Helsinki University and Instituto Nicaragüense de Tecnología Agrícola (INTA).

The Programme’s main objective is build the national capacity in the field of agro-biotechnology. Within the programme framework ten Nicaraguan students will study in the Helsinki University. The specific areas of studies have been chosen in accordance with the Nicaraguan priorities. The Programme is also to organize three international workshops in Nicaragua: the first one has already been organized in 2008, while the others will take place in 2010 and 2012. The programme was apparently initiated in 2007 and is planned to run until 2012. The total funding reserved for it from 2008 to 2012 is euro 716 650.

The first group of four students has already started their studies. They have completed their practicals in coordination with INTA and UNA (Universidad Nacional de Agronomía) and will be back in Helsinki until for their second period until June 2009. The second group of three students were selected in August 2008. One of them has already started studying in Helsinki. The others were still to study English, before they were able to enrol in accordance with the plan. They are now expected to arrive in Helsinki in August 2009.

ANNEX 3: ITINERARY OF VISITS

Date (2009)	Visits	Persons met
August 18	Arrival Managua from Amsterdam	
August 19	Fondo Rural de Credito, Managua	Mrs. Eva Acevedo (executive director)
	MAGFOR, Managua	Mr. Julio Castillo
August 20	INTA, Managua	Mrs. Claudia Urbina
	CIPRES, Managua	Mrs. Gloria Cardenal Mr. Orlando Nuñez
	UNAG, Managua	Mr. Alvaro Fiallos Oyanguren(President)
August 21	Cooperativa Amerisque +Union de Coopérativas de Chontales, Chontales	Mr. Wilmer Fernandez (President) and presidents of two dairy cooperatives in Chontales
	Embassy of Finland, Managua	Mr. Pekka Muuttomaa (Rural Development Adviser)
August 22	Cooperative Tierra Nueva (Coffee), Boaco	Mr. Ageda Ordellanna (President)
August 24	NGO Solidarisuus, Managua	Mr. Yukka Pakka (director)
	Cooperative Masiquisito, Camoapa	President + staff
August 25	Cooperative San Felipe, Boaco	Production manager + staff
	Cooperative San Francisco de Asis, Camoapa. Cooperativa de Ahorro y Credito, Camoapa.	Mr. Juan Olivas (General Manager) Mrs. Eugenia Cruz (General Manager)

Date (2009)	Visits	Persons met
August 26	Cuenta Reto del Milenio (Millenium Challenge Account –MCA), Leon	Mr. Juan Chamorro (General Manager) + staff
	TechnoServe, Leon	Mr. Alfredo Sacasa (Director) + staff
August 27	Fondo Agro, Managua	Mr. Julio Solorzano (coordinator, agrobusiness)
	Micro Finance/Central American Programme, Managua	Mr. Julio Hernandez (consultant micro finance)
August 28	Organizing Workshop/ Embassy of Finland, Managua	Mr. Augusto Barea (WB) Mr. David Bradford (Norway) Mrs. Ingurun Andersen (Norway) Mr. Ivan Jerez (Denmark) Mrs. Maria Monge (EC) Mrs. Ana Gonzales (Sweden)
August 31	Embassy of Finland, Managua	Mr. Salvador Tapia (rural development adviser)
September 1	INTA (Research Station), Managua	Ing. Aldo Rojas (division head seed and biotechnology)
	Fundacion Nieboroski, Managua	Mrs. Isabel Campos (director)
September 2	PROPEMCE, Managua	Joop Amse and Sigrid Meyer (Project Management)
September 3	Review mission FOMEVIDAS, Managua	Mrs Ninoska Hurtado (Mission team leader)
	Embassy of Finland, Managua	Mrs. Eija Rotinen (ambassador)
September 4	Embassy of the Netherlands, Managua	Mr. Jan Bauer (first secretary)
	Departure for Amsterdam	
September 5	Arrival Amsterdam	

ANNEX 4: PEOPLE INTERVIEWED

Ageda Ordellanna	President Cooperative Tierra Nueva (Coffee), Boaco
Aldo Rojas	INTA (Research Station), Managua
Alfredo Sacasa	Director TechnoServe, Leon
Alvaro Fiallos Oyanguren	President UNAG, Managua
Ana Gonzales	Embassy of Sweden
Augusto Barea	World Bank
Claudia Urbina	INTA, Managua
David Bradford	Embassy of Norway
Eija Rotinen	Ambassador Embassy of Finland, Managua
Eva Acevedo	Executive Director Fondo Rural de Credito, Managua
Gloria Cardenal	CIPRES, Managua
Ingurun Andersen	Embassy of Norway
Isabel Campos	Director Fundacion Nieboroski, Managua
Ivan Jerez	Embassy of Denmark
Jan Bauer	First Secretary Embassy of the Netherlands, Managua
Joop Amse and Sigrid Meyer	Management PROPEMCE, Managua
Juan Chamorro	General Manager Millenium Challenge Account (MCA), Leon
Juan Olivas	General Manager Cooperativa de Ahorro y Credito, Camoapa.
Julio Castillo	MAGFOR, Managua
Julio Hernandez	Micro Finance/Central American Programme, Managua
Julio Solorzano	Fondo Agro, Managua
Maria Monge	Delegation of the European Commission
Ninoska Hurtado	Review mission FOMEVIDAS, Managua
Orlando Nuñez	CIPRES, Managua
Pekka Muuttomaa	Embassy of Finland, Managua
Salvador Tapia	Embassy of Finland, Managua
Wilmer Fernandez	President Cooperativa Amerrisque, Chontales
Yukka Pakka	Director NGO Solidarisuus, Managua

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ANNEX 9

**EVALUATION OF AGRICULTURE IN THE FINNISH
DEVELOPMENT COOPERATION**

AIDE MEMOIRE KENYA

FINAL

Evaluation report 2010:6

MINISTRY FOR FOREIGN AFFAIRS OF FINLAND

This evaluation was commissioned by the Ministry for Foreign Affairs of Finland to The Consultants bear the sole responsibility for the contents of the report. The report does not necessarily reflect the views of the Ministry for Foreign Affairs of Finland.

February 2010

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ACRONYMS

AI	Artificial Insemination
AfDF	African Development Fund
ASDS	Agricultural Sector Development Strategy
ASPS	Agriculture Sector Programme Support
CADSAL	Community Agricultural Development in Semi-Arid Lands
CFCRS	Cow-from-Cow Rotation Scheme
CKDAP	Central Kenya Dry Areas Smallholder and Community Services Development Project
DANIDA	Danish International Development Agency
EDF	European Development Fund
EEC	European Economic Community
EPHTFCP	Eastern Province Horticulture & Traditional Food Crops Project
EU	European Union
EUR	Euro
GDP	Gross Domestic Product
GEF	Global Environmental Facility
GOK	Government of Kenya
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
ICMAP	Intensive Cooperative Management Assistance Programme
IDA	International Development Association
IFAD	International Fund for Agricultural Development
ILRI	International Livestock Research Institute
JICA	Japan International Cooperation Agency
KAPP	Kenya Agricultural Productivity Project
KARI	Kenya Agricultural Research Institute
KASAL	Kari-Arid and Semi-Arid Lands Project
KCC	Kenya Cooperative Creameries
KDCS	Kitinda Dairy Cooperative Society
KEPHIS	Kenya Plant Health Inspectorate Services
KES	Kenya Shilling
KJAS	Kenya Joint Assistance Strategy
KSDP	Kenya Smallholder Dairy Project
LDP	Livestock Development Programme
MDGs	Millennium Development Goals
MT	Metric Tonne (1,000 kg.)
MOALD	Ministry of Agriculture and Livestock Development
MoCD	Ministry of Cooperative Development
MOLD	Ministry of Livestock Development
NAAIAP	National Accelerated Agricultural Inputs Access Project
NAEP	National Agricultural Extension Policy
NALEP	National Agriculture and Livestock Extension Programme
NASEP	National Agriculture Sector Extension Programme
NGOs	Non-Governmental Organisations

NMK	Njaa Marufuku Kenya
NPEP	National Poverty Eradication Plan
ODA	Official Development Assistance
PRSP	Poverty Reduction Strategy Paper
PSDA	Promotion of Private Sector Development in Agriculture
RDDP	Rural Dairy Development Programme
SACCO	Savings and Credit Cooperative
SHEP	Smallholder Horticulture Empowerment Project
SHoMaP	Smallholder Horticulture Marketing Project
SIDA	Swedish International Development Cooperation Agency
SNCDP	Southern Nyanza Community Development Project
SRA	Strategy for Revitalising Agriculture
USAID	United States Agency for International Development
UK	United Kingdom
WKIEMP	Western Kenya Integrated Ecosystems Management Project

Other acronyms and abbreviations mentioned in the text are explained as they appear.

1. INTRODUCTION

As part of an overall thematic evaluation of agriculture in the Finnish Development Cooperation, a short field study on Kenya was undertaken by Dr. Fred Muchena in September 2009. The field study focused on the agricultural development projects and programmes supported by Finland in Kenya, namely the Rural Dairy Development Project (RDDP) and the Livestock Development Programme (LDP). To especially assess the effectiveness, sustainability and impact of the Finnish development aid in agriculture – being major evaluation criteria of the thematic study – these two projects were of particular interest because they have been completed some time ago (RDDP in 1989 and LDP in 2003).

study started with a review and analysis of documents on the projects (project proposals, progress reports and evaluation reports), national agricultural policies, main development programmes and main donors (development partners) in agriculture, their policies and aid modalities.

After the review of documents, a programme for field visits was made to carry out focused discussions and interviews with officials of the agricultural sector ministries (Ministry of Agriculture and Ministry of Livestock Development) and government agencies and officials of the Finnish Embassy in Nairobi. At the end of the field visits a debriefing of the main findings took place at the Finnish Embassy in Nairobi on 30th September 2009.

2. ANALYSIS OF NATIONAL AGRICULTURAL DEVELOPMENT POLICIES AND MAIN DEVELOPMENT PROGRAMMES

2.1 Status and Trends in National Development Policies

Since independence in 1963 the Government has been preparing National Development Plans as statutory policy documents that outline the development policies and strategies to be pursued by the Government and other development agencies over the medium term. Since independence, ten development plans have been published. Besides the national development plans the Government has been preparing and implementing other long, medium and short-term regional and sector specific plans.

The development plans and sessional papers address issues related to macro economic performance of the country. Notable examples of sessional papers are: (a) *Sessional Paper No. 10 of 1965 on African Socialism and its application to Planning in Kenya* (First long-term policy document to address the nation's priority problems of poverty, ignorance and disease); (b) *Session Paper No. 1 of 1986 on Economic Management for Renewed Growth* focusing on increased productivity of Government investments and services; improved economic balance between the rural and urban sectors; creation of jobs through the “informal sector”; achieving food security and intensifying structural ad-

justments; (c) *Sessional Paper No.2 of 1996 on Industrial Transformation to the Year 2020* focusing on provision of Government policies that would stimulate economic growth and employment through the expansion of the industrial sector (d) National Poverty Eradication Plan (NPEP) of 1999 presenting the contemporary long-term framework of tackling poverty and the subsequent Poverty Reduction Strategy Paper (PRSP) of 2001, which gives short-term instruments of implementing the NPEP; and (e) *The Economic Recovery Strategy for Wealth and Employment Creation, 2003–2007* which is a re-invigoration of the Poverty Reduction Strategy Paper (PRSP 2001–2004) with thematic focus on employment. It envisages a strengthening of the macroeconomic framework, a more responsible fiscal stance and the unleashing of private sector participation and investment.

Four phases of macro-economic performance of Kenyan economy since independence are clearly identifiable: a rapid growth phase over 1964–73; an era of external shocks over 1974–79 dominated by oil price shocks and a coffee boom; a period of stabilization and structural adjustment in the 1980s and an era of liberalization and declining donor inflows from 1990 to date. The overall effect of these changing circumstances has been a declining trend in economic performance leading to high levels of poverty (56% national average in 2002 and 46% in 2007).

2.2 Agricultural Development Policy

Agriculture remains the backbone of the Kenyan economy, contributing approximately 25% of the Gross Domestic Product (GDP), and employing 75% of the national labour force. Over 80% of the Kenyan population live in the rural areas and derive their livelihoods, directly or indirectly from agriculture. Given its importance, the performance of the sector is therefore reflected in the performance of the whole economy. The development of agriculture is also important for poverty reduction since most of the vulnerable groups like pastoralists, the landless, and subsistence farmers, also depend on agriculture as their main source of livelihoods. Growth in the sector is therefore expected to have a greater impact on a larger section of the population than any other sector.

Policies for agriculture consist of government decisions that influence the level and stability of input and output prices, public investments affecting agricultural production, costs and revenues and allocation of resources. These policies affect agriculture either directly or indirectly. Improved agricultural production has been seen as one of the overall objectives for poverty reduction in the country. The objectives of agricultural sector strategy have been increasing agricultural growth, seen as important for increasing rural incomes and ensuring equitable distribution of resources. Due to limited availability of high agricultural potential land, it has been envisaged that increasing agricultural production will have to come from intensification of production through increased use of improved inputs, diversification especially from low to high value crops, commercialization of smallholder agriculture, and increased value addition through stronger linkages with other sectors.

Agricultural policy in Kenya revolves around the main goals of increasing productivity and income growth, especially for smallholders; enhanced food security and equity, emphasis on irrigation to introduce stability in agricultural output, commercialization and intensification of production especially among small scale farmers; appropriate and participatory policy formulation and environmental sustainability. The key areas of policy concern, therefore, include:

- Increasing agricultural productivity and incomes, especially for small-holder farmers;
- Emphasis on irrigation to reduce over-reliance on rain-fed agriculture in the face of limited high potential agricultural land;
- Encouraging diversification into non-traditional agricultural commodities and value addition to reduce vulnerability;
- Enhancing the food security and a reduction in the number of those suffering from hunger and hence the achievement of the millennium development goals (MDGs);
- Encouraging private-sector-led development of the sector;
- Ensuring environmental sustainability.

2.3 Key Policy Concerns

Declining agricultural performance

Declining performance of the sector in terms of its growth has been one of the major concerns facing policy makers and those having interests in the sector. The performance of agriculture, which remains the backbone of the economy slackened dramatically over the post independence years from an average of 4.7% in the first decade to only below 2% in the 90s. This decline culminated in a negative growth rate of -2.4% in 2000. As a sector that engages about 75% of the country's labour force, such a decline implies lower levels of employment, incomes and more importantly, food insecurity for a vast majority of rural Kenyans. It is instructive to note that a sizeable proportion of the rural labour force (over 51%) is engaged in small-scale agriculture and that women are the majority in the sector. A decline in agriculture has thus far reaching implications in terms of employment and income inequality as well as food security for the country.

Agricultural productivity can be increased, farmers incomes raised, more people fed and indeed, the general economic welfare enhanced. The Strategy for Revitalising Agriculture (SRA 2004–2014) recognizes this and that to improve smallholder farm productivity as well as increase incomes, smallholder farming must be changed from producing for subsistence to commercial profitable businesses. It will then attract private entrepreneurs willing to invest therein and employ modern farming techniques necessary to achieve increased productivity. When agriculture is technology-led, not only is food security achievable but also poverty alleviation is made possible. Inability to afford new and readily available farming technology, however, is partly blamed on poor access to financial resources, especially in a nation where the majority, and not only farmers, are poor and the financial markets have not developed to support agricultural investment.

Poor marketing facilities and institutions are some of the constraints to increased agricultural production. The major marketing constraints comprise high transportation costs due to dilapidated roads, improper handling, poor storage facilities and wastage. These result in fluctuations in both productions and incomes. For livestock marketing, limited cattle holding grounds and meddling with stock-routes has limited access to markets. Promoting marketing of agricultural produce will require that holding grounds, watering points, stock-routes and livestock markets be developed; the private sector be encouraged to invest in slaughter houses and cold storage; local authorities in collaboration with the private sector invest in storage facilities; the government provides all-weather rural access roads, improve communication facilities and market information systems among others. The two sets of interventions, in enhancing agricultural productivity and marketing systems as recognized also by the SRA (2004–2014) will lead to agricultural growth. The issue of cartels in the marketing chains also needs to be addressed (Alila and Atieno 2006).

Limited high potential agricultural land and over-reliance on rain fed agriculture.

Only about 17% of the country's land is high potential agricultural land where most intensive crop and dairy production take place. The rest is arid and semi arid, not suitable for rain fed agriculture. This means that increasing agricultural production will have to come from the intensification of land use in the high and medium potential lands. The high reliance on rain fed agriculture, vulnerable to weather variability, leads to fluctuations in production and incomes especially for rural areas. There is low utilization of irrigation potential with only less than 7% of the cropped land under irrigation. Poor rains always lead to poor agricultural performance and the subsequent famines affecting large sections of the population. This spills over to negatively affecting agricultural incomes and hence investments in rural areas.

Droughts and floods have increased in frequency and intensity in the immediate past three decades in Kenya, resulting in high crop failure and livestock deaths. The current ravaging drought is a stark reminder to this. In addition, increased land degradation has also decreased land resilience thereby exacerbating the effects of droughts and floods, leading to devastating famines that claim increasing human and livestock lives. Recurrent droughts, floods and the associated losses are concerns that have featured much in public debate in the recent past.

Limited diversification of Agricultural production

The narrow base of agricultural products, especially exports leads to high vulnerability of incomes to the international market trends. The sector is characterised by weak vertical integration, made worse by weak institutions and support services for agricultural exports. Only a few commodities (coffee, tea, dairy, maize, wheat, beef, and horticulture) provide livelihood for over 85% of the population, while coffee and tea alone provide 45% of the wage employment in the sector. While there has been modest growth in tea production, coffee production has stagnated during the past six years at around 50 000 MT/year on average during the period (Table 1).

Table 1 Kenya: Production of tea and coffee (x 1000 MT, 2002–2007)

Commodity	2002	2003	2004	2005	2006	2007
Tea	287,1	293,7	324,6	328,5	310,6	369,6
Coffee	51,9	55,4	48,4	45,2	48,3	53,4

Source: Kenya National Bureau of Statistics (2007, 2008).

With regard to the production of fresh horticultural produce for exports to mainly Western markets, this produce is gaining importance in Kenya and has seen a steady increase in exports during the period 2002–2006 (Table 2).

Table 2 Kenya: Exports of fresh horticultural produce (x 1000 MT, 2002–2007)

Description	2002	2003	2004	2005	2006	2007*
Volume (x 1,000 MT)	121,1	133,2	145,6	163,2	163,2	192,2
Value (Ksh billion)	26,7	28,8	32,6	38,8	43,1	65,2

Source: Kenya National Bureau of Statistics (2007, 2008); * Provisional; Fresh produce include cut flowers, vegetables and fruits.

Produce from agriculture is commonly marketed with minimal processing resulting in low revenue earning capacity to farmers, fishermen and creation of fewer employment opportunities for citizens. Efforts should be made to enhance agro-processing to increase value of agricultural exports and enhance their income earning potential. Some of these measures recognized by the Strategy for Revitalizing Agriculture or SRA (2004–2014) include, provision of appropriate incentives for establishing agro-industries in rural areas; focused research on value addition regarding processing, storage and packing of fresh horticultural produce; promotion of partnerships between smallholders and agribusiness; improvement of supportive infrastructure, e.g. rural access roads, rural electrification, water and telecommunications; and undertake training for farmers and farmer institutions in value addition among others.

There is also limited exploitation of the regional market potential. The regional markets that have resulted from regional integration, e.g. in the East African Community, Common Market for Eastern and Southern Africa, etc., and trade liberalisation are yet to be exploited to a significant level. The government needs to encourage trade in agricultural produce across borders, improve and/or provide quality control services, capacity build food producers and traders on national and international sanitary and phytosanitary measures, build effective systems to gather and utilize information on external market opportunities, enhance efficiency in port and airport handling services to eliminate delays and costs, designate disease free zones to speed up access to export markets for livestock and their products.

Other factors limiting agriculture include the following:

- Poor and inadequate rural infrastructure;
- Inadequate and declining research in agriculture;
- Low Agricultural sector financing;
- Limited development and exploitation of the livestock sector; and
- Environmental degradation and rising poverty.

The SRA was launched in March 2004 with as main goal to achieve a progressive reduction in unemployment and poverty; the two major challenges that Kenya continues to face. The strategy is an important part of the Economic Recovery Strategy for Wealth and Employment Creation, which presents a broad development framework for reviving the economy, creating jobs and reducing poverty. To modernize the agriculture sector and respond to Millennium Development Goals (MDGs), SRA has identified six crucial areas that require public action:

- Streamlining agricultural policy framework;
- Creating an enabling environment for private sector investment;
- Improving delivery of support services;
- Promoting marketing, agro-processing and trade;
- Mainstreaming agricultural development issues in other sectors; and
- Strengthening institutional implementation framework.

As mentioned above, in addition to major national development policies there are other sector specific policies that affect and contribute to development in the country. Among these are the National Food Policy; National Agricultural Extension Policy; The Water Policy; and The Environmental Management and Coordination Act.

Also more recently (2008) Vision 2030 was introduced, which aims to transform Kenya into a newly industrializing “middle-income country providing a high quality life to all its citizens by the year 2030”. The Vision 2030 has identified agriculture as one of the key sectors to deliver the 10 percent annual economic growth rate envisaged under the economic pillar. In the light of this it became imperative for the revision of the SRA to capture the new developments and hence the current development of the Agricultural Sector Development Strategy (ASDS) 2010–2020. The ASDS (which is in draft and will replace SRA in 2010) takes into consideration the lessons learnt during the implementation of the SRA in the last five years, and provides a guide for the public and private sector’s effort towards overcoming development challenges facing the agricultural sector.

2.4 The National Food Policy

Several policy guidelines and papers guide the agricultural sector operations. The key policy documents include the National Food Policy, the Extension Policy and the Food Security Policy. The National Food Policy was formulated in 1981 as the Sessional paper No 4 (and amended in 1993) when the food and other crop commodities prices had been liberalized, but institutions involved in their marketing, including the legal framework, remained unchanged. This implies that it was not possible to enforce

the policy under the circumstances. The main objective of the 1981 food policy was to achieve food self-sufficiency and food security at national level. In general, Kenya is self sufficient in food production in good years, but food shortages are experienced during years with bad weather conditions, situation aggravated by inadequate policy guidelines on the management of strategic food reserves. Since liberalization, there has been a rapid increase in input prices without a corresponding increase in agricultural produce prices.

The food policy places the greatest emphasis on grain cereals (maize, wheat, rice, sorghum and millet) but with limited emphasis on food security crops like tubers and other food crops. The policy indicates important roles for private sector operators in the areas of extension services, input supply, credit provision, land preparation, mechanization, warehousing, food supply and marketing.

2.5 National Agricultural Extension Policy, 2001

The National Agricultural Extension Policy (NAEP) 2001 was formulated to create an environment for private sector involvement in the provision of extension services, especially to cover commercial commodities and special services. The policy pursues pluralism in the provision of extension services and at the same time recognizes the need to have common guidelines. In supporting extension services, development partners are to be guided by this policy so that their objectives are in harmony with that of the government. The policy document also recognizes that funds from development partners will continue to be needed and indicates measures required for accountability in resource use. Though the policy is in place, its implementation is not fully achieved, as coordination of various private extension service providers does not follow ministry provided guidelines. Most provide the extension services based on the commodity being promoted, e.g. tobacco, sugarcane and tea. Recently the NAEP has been revised into NASEP (National Agriculture Sector Extension Programme).

2.6 Main Agricultural Development Programmes

The main agricultural development programmes in the country over the last ten years are summarized in Table 3.

Table 3 Main agricultural development projects and funding sources

Name of project	Funding Source	Comments/Remarks
National Agriculture and Livestock Extension Programme (NALEP)	SIDA/GOK	Focuses on extension service delivery. Phase I July 2000 to June 2006, and Phase II 2006–2011
Agriculture Sector Programme Support (ASPS)	DANIDA/GOK	Started in January 2007 and ending in December 2011

Name of project	Funding Source	Comments/Remarks
Eastern Province Horticulture & Traditional Food Crops Project (EPHTFCP)	IFAD/GOK	Started in July 2005 and ending in June 2010
Central Kenya Dry Areas Smallholder and Community Services Development Project (CKDAP)	IFAD/GOK	Started in 2001 and officially ended in December 2007
Njaa Marufuku Kenya (NMK)	GOK	Started 2005 and ends in 2015
Promotion of Private Sector Development in Agriculture (PSDA)	GTZ/GOK	Started in 2001 and ending in 2010/11
Revision of Farm Management Handbook	GTZ	Started in 2003/04 and ending in June, 2015, phase 1 to end in 2007
Community Agricultural Development in Semi-Arid Lands (CADSAL)	JICA	Project started in 2003 and ending in June 2008.
Kenya Agricultural Productivity Project (KAPP)	IDA	Started in 2005/6 and ends in 2008/9.
Southern Nyanza Community Development Project (SNCDP)	IFAD/GOK	Project started in October 2004 and the first phase ended in 2007 – 3 years phase.
Smallholder Horticulture Empowerment Project (SHEP)	JICA	Project started in 2004 and ending in May 2012.
Smallholder Horticulture Marketing Project (SHoMaP)	IFAD	Project started in Nov, 2006 and ending in 2009.
Kenya Plant Health Inspectorate Services (KEPHIS)	EDF/EEC	Project started in July, 2007 and ending in 2015.
Western Kenya Integrated Ecosystems Management Project (WKIEMP)	GEF	Project started in June, 2007 and ending in 2010.
Western Kenya Community Driven Development and Flood Mitigation Project	IDA	Project started in January 2007 and supposed to end in 2013. However, the project is now put on hold because of governance issues.

Name of project	Funding Source	Comments/Remarks
Kari-Arid and Semi- Arid lands Project (KASAL)	EU	Project started in January, 2005 and is ending in 2010.
National Accelerated Agricultural Inputs access Project (NAAIAP)	GOK	From 2007/8 for phases of three years
Smallholder Dairy Commercialization Project	IFAD	From 2006 to 2012
Dairy Sector Competitiveness Programme	USAID through the NGO Land O'Lakes	Five year programme starting from 2008

3. ANALYSIS OF MAIN DONOR POLICIES AND PROGRAMMES IN AGRICULTURAL SECTOR

3.1 Main Donors in the Agricultural Sector

During the period 1998–2007, the total Official Development Assistance (ODA) for Kenya was US\$ 10,6 billion of which agriculture, forestry and fishing was allocated 8,2% of the total (See Table 4).

Table 4 Total ODA Commitments 1998–2007 by sector, constant 2007 prices

Main sector	Mln US\$	%
Agriculture, forestry and fishing (311–313)	866	8,2%
Social, infrastructures and services (110–140/160)	3 992	37,8%
Commodity aid, emergency assistance and reconstruction (500–700)	1 783	16,9%
Transport, communications and energy (210–230)	1 837	17,4%
Multisector/cross-cutting (incl. rural development)	686	6,5%
Government and civil society incl. land mine clearance & demobilization (150)	897	8,5%
All other (240/250/321–332/900)	490	4,6%
GRAND TOTAL	10 551	100,0%

Source: OECD, CRS database.

Of the bilateral donors, the largest donor is the US closely followed by the UK during the period 1998–2007. Finland was the smallest of the bilateral donors. The total inflow of ODA from the bilateral donors was US\$ 7 billion or almost 70% of total

ODA during that period. Of the non-EU member countries, the US is the largest donor at a total of US\$ 1,9 billion. The World Bank is the largest multilateral donor in Kenya according to the OECD/ODA statistics (table 5). The main donors in Agricultural sector in Kenya in the 1990s have been the World Bank group, Japan, The United Kingdom (UK), the Netherlands, the USA, Germany, Sweden, Denmark and the European Commission. Finland has supported relatively few but rather long-term development projects or programmes in agricultural sector since the 1960s.

Table 5 Total ODA Commitments 1998–2007 by donor

Donor Name	Amount (US\$ million, constant 2007 prices)	% share	ranking
UK	10 23,81	9,7%	2
Germany	586,44	5,6%	7
Netherlands	281,08	2,7%	10
Finland	122,09	1,2%	15
Sweden	414,17	3,9%	8
Denmark	378,45	3,6%	9
France	730,85	6,9%	5
Others	399,21	3,70%	
Total EU member countries	3 936,1	37,3%	
United States	1 873,83	17,8%	1
Japan	926,97	8,8%	3
Others	339,6	3,20%	
Total non-EC bilateral	3 140,4	29,8%	
IDA	900,49	8,5%	4
AfDF	7 10,71	6,7%	6
<i>Total Multilateral</i>	3 474,7	32,9%	
GRANDTOTAL	10 551	100%	

Source: OECD – DAC database www.oecd.org.

3.2 Aid Modalities

A number of development aid programmes, designed under bilateral agreements between the Government of Kenya and the donor countries, operate under special arrangements. Funds are reflected in the national budget only in the form of Appropriations in Aid, with the donor countries taking full control of the funds. In turn, the

Government contributes technical manpower to work closely with project-hired personnel in the implementation of the project.

The policies guiding the bilateral or multilateral programmes/projects are those of the Development Partner and the recipient country. In the 1960s the focus of policies of most development partners was on growth in agriculture, after which in the 1970s the focus was on import substitution and public sector investment. During the period 1980 to late 1990s, development partners put emphasis on structural adjustment policy reforms. The objective of the “structural adjustment” economic policy reforms was to restore macro-economic stability following the disruptions of 1970s, primarily two oil shocks, and to revive economic growth through increased resource mobilization and improved efficiency of resource utilization.

From mid 1990s the development partners’ policy started to put emphasis on poverty reduction and gender equity. With the increase in corruption, the focus has changed to improvement of governance while at the same time focusing on poverty reduction and improvement of livelihoods particularly of the vulnerable groups. While focusing on livelihoods, emphasis is also put on crosscutting issues such as gender and environmental protection.

At present bilateral donor support to Kenya is project-based, as the donors have deemed the government’s commitment to reform and transparency insufficient to permit sector-based approaches. Even donors like Denmark and the Netherlands, that have a strong political commitment to sectoral support in general, have given up the use of that modality in Kenya after early failures. Instead some donors (like Sweden and Denmark) prefer to channel their aid through non-governmental organizations (NGOs) and trust funds or directly to districts or even to user communities.

According to the main official policy documents (MFA 1998 and 2001), the overall aim of the Finnish development cooperation is to strengthen global peace and security. The basic principles and objectives are: (i) reduction of poverty, (ii) promotion of democracy, social and gender equality, and human rights; (iii) good governance and (iv) environmental protection.

3.3 Finland Harmonization with other Donors

Donor co-ordination is considered good in terms of being pragmatic and flexible. In line with the Paris Declaration on aid effectiveness, the major multilateral and bilateral donors in Kenya, including Finland, have developed in collaboration with the Government of Kenya (GOK), a Kenya Joint Assistance Strategy (KJAS) covering the period 2007–2012. In this strategy all donors have agreed to harmonize and align aid delivery to Kenya while addressing the challenges currently facing the country such as corruption, security, reforms etc. At the same time donors, jointly with GOK, have developed a code of conduct which Finland subscribes to. However, it should be noted that when the projects supported by Finland were formulated and implemented there was little donor coordination.

4. RELEVANCE: COHESION AND COHERENCE

Since inception Finnish development cooperation activities in Kenya were generally in line with the then current Finnish policy objectives and strategies of poverty reduction as well as with the official Kenya development policies of the period (the National Poverty Eradication Plan, the Kenya Rural Development Strategy, and the Poverty Reduction Strategy Paper). However, the policies and thus also the support activities were not always internally consistent in the long run.

As observed by the Mid-term review of the Livestock Development Programme (LDP) in 1999 and the 2009 Evaluation, LDP was directly relevant to both the needs of the target population and to the policy environment in which it operated. The LDP (and its forerunner the Rural Dairy Development Programme –RDDP), established the base for smallholder dairy development in western Kenya. Before these two programmes there was very little dairy activity except in some high potential areas.

The relevance of the LDP was that it intensified smallholder dairy production in the high potential areas and expanded coverage into lower potential areas. However, although smallholder dairy farming was not unknown in much of western Kenya, LDP introduced the activity over a wide area and developed implementation modalities which were directly relevant to the interests and abilities of smallholder farmers. Features of high relevance include increasing milk production, use of zero grazing, creating employment opportunities and tackling gender imbalance. Dairy products belong to the top list of potential commodities for growth, poverty alleviation and commercialization of the small-holder sector in Kenya. Other issues of relevance are “holistic approach” embraced by LDP where the problems identified in dairy farming were addressed simultaneously starting from genetic improvement of cattle to the milk marketing as an avenue to improved living standards for small scale farmers. This approach has many features of high relevance to the current Government of Kenya (GOK) policies on poverty alleviation, food security, rural development, environmental protection and gender issues.

The design and objectives of LDP was based on the lessons learned during the implementation of RDDP and were initially in line and coherent with the development policies and strategies of both the Finnish and Kenyan Government. However, during the implementation of LDP there were rapid GOK policy changes (for example the delivery of support services to farmers) and organizational changes such as in the marketing of milk. According to the 2009 evaluation, LDP, to some extent, was unable to respond fully to these changes with the result that, at the time of the closure of the programme in 2003, many farmers, and particularly in lower potential areas did not have adequate access to extension and disease control services. Also the milk marketing channels, which they could use were restricted and often dominated by unlicensed hawkers.

The LDP project document (Government of Finland/Government of Kenya, 1990) clearly identified the technical framework within which the programme would oper-

ate. The programme would complement the donor-assisted efforts towards intensified dairy farming on smallholder farms. The donors involved were SIDA (in the Artificial Insemination and tick control programmes), DANIDA (in milk marketing and tick control projects), the Netherlands (in intensifying dairy farming activities) and the World Bank, in the coordination of extension services to farmers. Hence, the Finnish focus on smallholder dairy production and the cooperative sector, has reflected a high degree of cohesion and complementarity with the work of the other donors both in western Kenya and elsewhere in the country.

5. EFFICIENCY, EFFECTIVENESS, IMPACT AND SUSTAINABILITY

5.1 Background and Context of the Projects Supported

The cooperation between Kenya and Finland has embraced two major areas: Livestock production and Cooperative movement. In the livestock sector, Finland supported in the early 1970s the development of artificial insemination services through provision of Ayrshire dairy breed semen. In the late 1970s, livestock cooperation was expanded to a multi-component Rural Dairy Development Programme (RDDP). It was implemented in four phases from 1979 to 1989 as a joint effort of the then Ministry of Livestock Development and Ministry of Cooperative Development (MoCD). The immediate objectives of RDDP were: (i) to promote milk production at farm level through improved extension services and production incentives; and (ii) to improve milk marketing systems at cooperative level through provision of collection, cooling and processing facilities and strengthening the management of dairy cooperatives. RDDP involved 12 districts in five provinces mainly in Central and Western Kenya.

During its implementation period RDDP trained over 10 000 small-scale dairy farmers in dairy husbandry, provided material (mainly milk cooling facilities and transport) and managerial assistance to 55 dairy cooperative societies/unions and helped to establish two cooperative based milk processing plants, namely Meru (which is still operating) and Kitinda (which collapsed and is at present operating in a very low key). The total value of Finnish contribution to RDDP amounted to about Euro 8 million.

During the 1990s cooperation in the livestock and cooperative sectors continued through the Livestock Development Programme (LDP), which has been implemented in three successive phases (Phase I, March 1991 – March 1995; Phase II, March 1995 – June 1998; and Phase III, July 1998 – December 2001). A phasing out period was implemented during the period January 2002 to Mid 2003. LDP was an agricultural extension project which covered the Western, Nyanza and Rift Valley Provinces covering 22 districts in Phase III as compared to eight in Phase I. The increase in the number of districts was due to a change in the GOK administration system-creation of additional districts.

Following a major restructuring of the implementing ministries in 2000, implementation of LDP changed to the Department of Agriculture and Livestock Production and Department of Cooperative Development within the newly created Ministry. The coordination of the implementation of LDP activities was the responsibility of a Programme Coordination unit based in Kisumu. The total Finnish contribution to the programme was about Euro 14,6 million (MFA, 2002).

The primary objective of LDP was to improve the living conditions of small-scale farmers and strengthen their income-generating activities through intensified dairy farming and milk marketing. The assistance provided by LDP was focused on development of primary milk production by small-scale farmers, especially women farmers and marketing of milk through cooperatives. The programme embraced a holistic approach addressing the needs of a farmer through the dairy farming chain from production to marketing. In line with the GOK policy LDP emphasised the development of a farm as a viable economic enterprise. The involvement and participation of the target groups has been strengthened by the cost sharing principle which has been applied since the beginning of the programme.

During the course of implementation of LDP there have been a number of evaluations, appraisals and project completion reports (namely, Mid-term Review of Phase I (1993); Project Completion Report for Phase I (1995); Appraisal Report for Phase I (1995); Mid-term Review of Phase II 1996 (GOK/MFA 1996); Mid-term Review of Phase III (GOK/GOF 1999); Project Completion Report for Phase II (MFA 1998); and Project completion report for Phase III 2002 (MFA 200); Evaluation of Bilateral Development Cooperation between Kenya and Finland (MFA 2002), and the 2009 evaluation of Finnish support to smallholder dairy development in Western Kenya (MFA 2009) that have informed this evaluation with regards to assessment of effectiveness, efficiency, impact and sustainability of Finland supported agriculture sector projects in Kenya.

5.2 Effectiveness

The purpose of LDP was to enable small scale dairy farmers to increase their productivity, improve their access to markets and realize self determination. This purpose has to some extent been achieved (Project completion report 2003). The achievement of the project purpose can be demonstrated by the increment in milk output in the programme area, which rose from about 235 869 metric tons in 1991 to 434 409 metric tons by the end of 2002 (an increase of about 84% over a period of about 10 years).

The extension approach employed by LDP has been based on the establishment of on-farm demonstration units and models like zero-grazing units and fodder plots, where farmers can learn and adopt new technologies in their own environment. The demonstrative effect of these activities has been impressive, as shown by the growing number of farmers adopting zero-grazing units and fodder bulking plots. The number of farmers who have also adopted fodder production as a commercial ven-

ture for sale to smallholders who are keeping dairy cows in zero grazing units has also increased.

Various socio-economic studies carried out on behalf of LDP as well as the Mid-Term Review of Phase III (1999) concluded that the demonstration effect of the cow-from-cow rotation scheme (CFCRS) has resulted in increase in the number of improved dairy herds. The scheme has also been instrumental in influencing cultural change in attitudes towards women. Women groups have received about 1 740 dairy cows and through this Ministry of Agriculture scheme women have now access to many other socio-economic and income-generating activities. However, a concern is the slow rate of rotation of the cows in the scheme.

The LDP has supported the dairy cooperative societies in milk collection and marketing on cost sharing basis and has trained cooperative officials and members – 35 out of 80 cooperatives from the programme districts. According to records available the LDP support has made a positive impact on the management and economic viability of cooperatives in the districts of low and medium levels of dairy development. However, in the districts of high production where cooperatives face stiff competition from other milk traders the LDP support has not been effective enough.

5.3 Efficiency

The Mid-Term review of 1999 concluded that there were indications that the LDP programme was very likely to meet its actual development objectives if it continued on the course it had set out for itself. However, the mission had considerable difficulty in digging up solid data to support levels of the development process. This makes the assessment of efficiency of utilization of resources, effectiveness in project performance in achieving development objectives, difficult and imprecise.

Efficiency in utilization of resources demands that allocations be based on activities related to outputs that directly contribute to the programme purpose. For example the average costs per training event in case of farmers training varied between FIM 154 and 393 during the various phases. The average cost for women group training events varied between FIM 405 and 559. The corresponding averages for Intensive Cooperative Management Assistance Programme (ICMAP) were between FIM 445 and 813, for cooperative training FIM 174 and 589, for Ministry of Agriculture and Livestock Development (MoALD) staff training FIM 1 127 and 2 355, and for Ministry of Cooperative Development (MoCD) staff training FIM 1 432 and 2 103. These figures indicate that the trainings – particularly in view of the number of participants – have been cost effective (Project Completion Report 2003).

The Mid-Term review 1999 points out the weakness of the programme design in relation to the salient prevailing conditions in the project area and target group. This implies that a good programme design should be based on a critical analysis of the situation to be addressed, with the realization that a project such as LDP should be long-term based, rather than based on several short term phases. The LDP went

through several phases. Sometimes, just a few months before the end of the phase, it was not known if there would be a continuation. This made the long term planning of activities difficult.

Overall it may be stated however that the LDP achieved most of the targets set for the livestock activities (see Annex 2), at least in the districts with high milk production potential. The small-scale farmers and Community Based Organisations (CBOs), including women groups, have adopted the extension packages related to fodder crop production and dairy cattle management. In the low and medium potential areas the target groups still require support provided by public extension services.

5.4 Impact

In the districts with high milk production potential the small-scale farmers and community based organisations (CBOs), including women groups, have effectively adopted the extension packages related to fodder production and dairy cattle management.

Other impacts of the LDP are:

- Increased awareness of the stakeholders and their empowerment to demand services such as Artificial insemination etc;
- Empowerment of women;
- Capacity building of GoK staff; and
- Commercialization of smallholder of dairy sector and milk production.

5.5 Sustainability

The factors that have positively influenced sustainability of the LDP activities are:

- The participatory approach and the cost-sharing principle leading to ownership of activities. However, this was constrained by inadequate support services;
- Awareness creation and capacity building of stakeholders.

The following factors negatively affected the sustainability of LDP:

- The programme activities were extended to 22 districts, making activities too widespread and difficult to manage, and stretching the limited resources over too wide an area;
- LDP operated in a rapidly changing environment that affected the success of the programme activities. For example following the structural adjustment programme that Kenya has been implementing since the 1980s, the Government of Kenya has gradually withdrawn as the main supplier of services and public goods to agricultural sector, and private sector participation has been encouraged. However, the process has often been poorly sequenced, with negative effects in some of the sub-sectors, such as veterinary services and artificial insemination services.

6. CROSS-CUTTING ISSUES

Gender

The LDP targeted smallholder farmers (both men and women), but with emphasis on women. During phase II the programme supported unemployed Animal Health Assistants (both men and women) to provide services to the community. Through this intervention the LDP has led to socio-economic empowerment of men, women and youth.

The LDP policy of involving all gender in the activities particularly at farm level greatly improved on the achievement of the cow-from-cow rotating scheme, created harmony in participating groups and to a certain extent, improved the relationship between men and women.

Good governance

Governance means the process of decision-making and the process by which decisions are implemented (or not implemented). Good governance has the following eight characteristics: consensus oriented; participation; following rule of law; efficient and effective; accountable; transparent; responsive; equitable and inclusive. From this perspective LDP can be judged as encouraging participation at farmer level, ownership, good leadership at project implementation level and accountability.

Human rights:

The contribution of LDP to improvement of human rights of the target group, smallholder farmers (both men and women) can be attributed to their social and economic empowerment during the implementation of the project activities particularly at farm level. Joining together through common interest groups such as those involved in cow-from-cow rotation schemes, and through milk marketing cooperatives enhanced socialization and awareness of their rights. This also made women gain access to resources which had previously been unavailable to them.

HIV AIDS:

Mainstreaming of HIV AIDS in the LDP was not specifically addressed. It should be noted that HIV/AIDS has a strong effect on agriculture particularly as relates to labour and food production and demand.

Environmental protection:

From the programme documents and evaluations there is no evidence of environment destruction and pollution arising from the programme interventions. The following observations can however be made:

- The Programme encouraged and supported farmers to grow fodder and fodder trees/shrubs. Apart from being used as feed, the plants protect soils from soil erosion and provide organic matter for improvement of soil fertility;
- Established zero grazing units provide a clean habitat for both cattle and milk production; and
- Confinement of animals under zero-grazing system also implies that soil erosion brought about by cattle tracks is curtailed.

7. CONCLUSIONS AND RECOMMENDATIONS

7.1 Conclusions

From the above discussions the main conclusions according to the evaluation criteria are summarized in Table 6.

Table 6 Performance of the Finnish Development Support to agriculture in Kenya using the Evaluation Criteria

Evaluation Criteria	Score (1–4)	Observations
Relevance	3	<ul style="list-style-type: none"> • Policy/strategies in line with the priorities of the government (poverty reduction, food security and nutrition, livelihoods), However, livelihoods of people in western Kenya depends on integrated agriculture; • Strategies adopted are consonant with prevailing situations at district and project area; • Finnish interventions address some MDG aspects (food security, poverty reduction, gender and environment).
Efficiency	2.5	<ul style="list-style-type: none"> • Both human and financial resources spread over thinly over a wide area; • During initial phases Participatory rural appraisal (PRA) tools were not used to assess needs of the target group but were gradually introduced; • Application of economic and financial analysis not initially embedded in project design.
Effectiveness	2.5	<ul style="list-style-type: none"> • Small scale farmers and women benefit from products and services delivered; • Meru Dairy Cooperative Union effectively delivering services to dairy farmers; • Some institutions supported such as Kitinda were initially successful but a few years down the line it collapsed because of mismanagement and political interference.
Impact		<ul style="list-style-type: none"> • Adoption of the extension packages related to fodder crop production and dairy cattle management;

Evaluation Criteria	Score (1–4)	Observations
	2	<ul style="list-style-type: none"> • Increased awareness of the stakeholders and their empowerment to demand services such as Artificial insemination etc.; • Empowerment of women; • Commercialization of smallholder dairy sector and milk production; • The poorest of the poor are not reached and hence poverty levels are still high in the area of intervention in western Kenya. For the poorest households a dairy cow is a big and risky investment and other opportunities such as improved dairy goats or chickens would have been less risky.
Sustainability	2.5	<ul style="list-style-type: none"> • Principles of Cow-from-cow rotation scheme adopted and still being used by women groups and other organisations; • Zero grazing continues to spread in western Kenya; • Improvement of local livestock breeds through AI and bull schemes still practiced; • Many cooperatives supported under RDDP and LDP have collapsed either due to mismanagement or inability to adapt to changing rural economic environment; • Limited government financial and material support available to implementing ministries after the closure of LDP meant that recurrent support services such as extension, animal health services and monitoring could not be maintained; • “Dependency syndrome” and attitude of the people expecting handouts also affected sustainability of interventions promoted.
Coherence	3	<ul style="list-style-type: none"> • Finland policy of poverty reduction aligns with that of Kenya; • During the period when LDP was being implemented there was no JAS in place but bilateral agreements which both governments adhered to.
Compliance	3	<ul style="list-style-type: none"> • Interventions to a great extent comply with Finnish development policies and local needs.

Evaluation Criteria	Score (1–4)	Observations
Cross cutting issues	2.5	<ul style="list-style-type: none"> Gender issues, environment to a great extent fully addressed. However, governance issues need more emphasis to ensure sustainability of supported interventions. HIV/AIDS needs to be mainstreamed in all interventions.
Value added	3	<ul style="list-style-type: none"> Marketing of milk through cooperatives; Skills and Knowledge of the Technical Assistance. However, with regard to technology inadequate attention was paid to local conditions when transferring technologies and approaches successful in Finland to the different context in Kenya.
Multilateral cooperation complementarity	3	<ul style="list-style-type: none"> The LDP programme complimented the GOK and donor assisted efforts towards intensified dairy farming on small holder farms. The activities of donors such as the Netherlands in the National Dairy Development Project, DANIDA in milk marketing, SIDA in Extension services and AI etc.; LDP cooperated with the Kenya Smallholder Dairy Project (KSDP) which was implemented by the Ministry of Livestock Development, Kenya Agricultural Research Institute (KARI) and International Livestock Research Institute (ILRI) between 1997 and 2005.

7.2 Recommendations for the Way Forward

Taking into account the achievements, and impact of the Finnish development cooperation in Kenya, the lessons learned and the changing policy environment it is recommended that the MFA in its future development cooperation in the agriculture sector in Kenya should take into account the following:

Agriculture and livelihoods:

- Enabling farmers to increase production and incomes by focusing on high value crop enterprises with high potential for commercialization (for example, grain amaranth, groundnuts, horticultural crops like onions); small scale community bee keeping and local poultry enterprises and dairy (dairy goats especially for persons living with HIV/AIDS);
- Capacity building to increase production is required in the technical aspects of production, post harvest handling and storage, and in marketing of the selected high

value crop and livestock enterprises. This can for instance be done through Farmer Life School approach, an analogue of Farmer Field School approach;

- Diversification through adding value to primary products by processing or semi-processing offers a good potential for increasing farmers income;
- Adapting a full agro-value chain approach in agricultural development including input supply, production, various stages of trading and marketing, consumption of the products and the associated institutional linkages.

Programme design:

- Considering the role of gender in agriculture and the impact of HIV/AIDS in agricultural sector (labour productivity, food security and nutrition), it is important to mainstream gender and HIV/AIDS in all agricultural projects;
- Noting the current debate on climate change and its likely negative impact in agriculture it is important to factor in mitigating factors in project designs and implementation;
- Include clear indicators for Monitoring and Evaluation;
- Action plans should have “Results oriented budgeting” to enhance transparency and accountability cost effectiveness;
- Project/programme duration should take into consideration the type of intervention and prevailing conditions (biophysical and socio-economic conditions; technology; and area of coverage for impact). For example projects involving livestock improvement and breeding should always be long-term if substantial and sustained impact is to be achieved;
- There should be a clear exit strategy for sustainability right at the start of any project/programme;
- Include capacity development and institutional strengthening for effective development planning, implementation and monitoring and evaluation.

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ANNEXES

ANNEX 1: BRIEF DESCRIPTION OF FINNISH DEVELOPMENT COOPERATION IN KENYA

Finland's development cooperation with Kenya started in 1960s when Finland joined the Nordic cooperative programme, which continued up to early 1990s.

The main sectors of Finnish development cooperation with Kenya in 1990s have been livestock, forestry and water. In 1979 Finland supported a rural Dairy Development Programme (RDDP), which came to a close at the end of 1989. However, co-operation continued and during the 1990s Finland implemented a Livestock Development Programme (LDP) that grew to cover the whole of Western and Nyanza Provinces and two Districts of Rift Valley Province. The LDP was divided into three successive phases (phase I-1991 – 1994 with a focus on intensification of dairy farming and strengthening of milk marketing activities through cooperatives, phase II 1995 – June 1998 continuation of activities of phase I, and phase III July 1998 – 2001) and the phasing out phase (2001 to 2003). During the period 1991 to 1992 the Finnish Government supported construction of Moi's Bridge Grain Silo (see Textbox 3). As part of RDDP two milk processing plants were supported: Meru Dairy Cooperative Union (see Textbox 1) and Kitinda Dairy Cooperative Society (KDCS) in Bungoma (see Textbox 2).

Textbox 1: Case study of Meru Central Dairy Cooperative Union Ltd

Historical Perspectives

The first dairy cooperative union was formed in 1967 by three primary cooperative societies: Katheri Dairy Farmers Cooperative Society, Naari Dairy Farmers Cooperative Society and Buuri Dairy Farmers Co-operative Society. These societies merged together primarily to pull their resources together to transport their raw milk to the nearest processing plant owned by Kenya Cooperative Creameries (KCC) in Kiganjo which is about 100km away.

In that period there was a strong union for coffee primary societies known as Meru African Coffee Cooperative Union (MACCU). In 1972, a directive was issued by the Ministry of Cooperative Development that there can be only cooperative union in any administrative district. Thus, the Dairy Union merged with the Coffee Union (MACCU) to form the then giant Meru Central Farmers Co-operative Union (MCFCU). Following the merger all dairy activities were run as a department of the newly created Farmers Union. The main preoccupation of the dairy section was sale of raw milk to main urban centres and delivering of the surplus milk to Kiganjo KCC.

A semi manual chilling and packaging system was installed in 1978. This made an immediate impact in revenue generation for the dairy section and the management of the Union started looking at this development in a different angle.

In late 70s to early 80s the Fennida, under the auspices of the Rural Dairy Development Programme (RDDP) commissioned a feasibility study with the broad objective of initiating small scale milk processing plants in areas which were not adequately served by the then KCC. The study concluded that there was a big potential in Meru and Bungoma Districts. The two districts were chosen as pilot projects to undertake milk processing activities to promote dairy farming in the potential districts not adequately served by KCC.

The first milk processing plant was installed in 1982 with a grant from the Government of Finland at a cost of KES15,75 million. The plant had a capacity of processing 20 000 litres of milk into only one production line of UHT milk in polythene satchets. The economic impact to dairy farming was tremendous. Whereas the feasibility study had indicated that it would take about eight years before the full capacity of the plant is realized it took only three years to exceed the installed capacity.

In 1986, the Union was not able to handle the surplus milk and therefore approached KCC to offload the surplus milk. KCC declined to accept the surplus milk and indeed a lot of milk was wasted. Between 1987 and 1990 a mode of expanding the plant was initiated. A feasibility study was carried out which led to installation of the new factory at KES 230 million of which the Union had to pay 15% of the contract price. The factory has a capacity of processing 50 000 litres in the following products: pasteurized one-day fresh milk; two weeks shelf life milk; cream; fermented milk (mala and yorghut); Ghee; butter and icecream.

In 1997/98 the El Niño rains tremendously caused a decline in milk production. From the year 2000 the Union started experiencing challenges and the dairy union was heavily indebted to its key financiers (Cooperative Bank as well as other suppliers of goods and services). The Union had become too big coupled with mismanagement and politics. In 2003 the Ministry of Cooperative Development intervened and formed a commission of inquiry which led to dissolution of the Management Board which was in Office. The Commission also recommended that the Union should be restructured in four independent business entities, namely (i) Coffee Union, (ii) Dairy Union (iii) Multipurpose society and (iv) SACCO.

The Meru Central Dairy Cooperative Union was thus formed in May 2005 with its own business plan. It is formed by 20 affiliated societies of which 15 are active and five inactive and 16 self help groups.

Challenges

The challenges facing the Union are as follows:

- Challenges with the equipment: When the equipment was given to the Union the prevailing local conditions were not taken into account in the technology

choice. The machine uses electrical power to heat the coils that heat up the milk. Due to power fluctuations (particularly between 6.30 and 9.00 pm) no work is done.

- There are frequent break downs which needs to ensure that there is appropriate technical support for trouble shooting.
- Availability of spare parts and costs.
- When the machine was given all the production materials were from Finland (even to-day). There is need for a company with local support.

The secret of success of the dairy Union is perseverance to take any eventuality by the Management and diversification. The Union has installed a long lifeline to take care of failing systems and forming partnership with other processors.

Issues of attention

- Machines installed in 1982 are still working but urgently require replacement to minimize wastage and reduce manpower handling the equipment – technological update.

Performance of the Union since it was restructured is shown in the table below:

Year/Item	2006	2007	2008
Milk intake (Kg)	7 678 010	9 539 991	6 769 645
Turnover (KES)	251 120 813	324 224 532	267 832 749
Payment to supplier (KES)	138 149 545	177 122 001	141 496 691
Spare parts and maintenance costs (KES)	6 387 150	5 644 040	7 955 340

Source: Meru Central Dairy Cooperative Union, 2009

Textbox 2: The Kitinda Dairy Cooperative Society

The Kitinda Dairy Cooperative Society (KDCS) in Bungoma was a beneficiary of the Rural Dairy Development Programme as it was identified as having potential for milk processing together with Meru Central Dairy Cooperative Union. KDCS received a grant of KES 13,7 million from the Government of Finland in 1986 for establishment of the processing plant. The capacity of the plant was 16 000 liters per day. The milk intake rose to 10 000 liters. From available reports KDCS was faced with serious management problems which led to

disbandment of the Management Committee in 1990 and a commission took over under the Chairmanship of the District Commissioner. The commission was also faced with problems of payment of farmers and creditors. By 1992 farmers ceased to deliver milk and subsequently the commission had to hand over the project to farmers. By the time the farmers took over the plant began with problems of maintenance. The operations continued up to 1996 and the gates were closed.

In 1999 the plant was leased to a private entrepreneur who did more damage to the plant because he could not access the right spare parts. As a result he started doing some modifications. The Elecster company that supplied the equipment did not have a back up service in Kenya. The entrepreneur could only operate for two years (up to 2000) and the gates were closed.

When NARC government took over in 2003 the Minister for Cooperative Development visited Kitinda and said that it should be opened. In January 2004 the gates were re-opened. The management invited Elecster to come and carry out a Technical Audit of the Dairy plant. The Audit concluded that the technology had changed and recommended a total overhaul of the plant at a cost of KES 48 million. Since 2004 the plant is non functional. The dairy is now dealing with fermented milk products (mara, and yoghurt). The three satellite milk coolers at Naitiri, Tongaleni and Kaptama are all operational. At Naitiri 4 000 litres of milk are collected by KCC, 3 000 litres at Tongaleni are collected by Brookside while 1 000 liters at Kaptama are collected by KCC. The KDCS has no transport and milk is transported using bicycles. The Dairy has a Business Plan which has been prepared showing the Way Forward.

Source: Management of KDCS, 2009 (Personal communication)

Textbox 3: Moi's Bridge Grain Silo

The other Finland supported rural development project in Kenya was the construction of a Grain Silo with a capacity of 50 000 tons (550 000 bags) at Moi's Bridge in the Rift Valley Province. The silo was completed in March 1992. The actual cost of the project was equivalent to EUR 14,4 million (Finnish contribution only).

The objective was to improve the food security and minimize post harvest losses through increased capacity of grain storage in the country, from both small-scale and large scale farmers.

The grain silo caters for five districts: Uasin Gishu, Trans Nzoia (East and West), Lugali, Marakwet and Keiyo. The facility is busy throughout the year. Since its construction the GoK has added a roof on top of the silos to prevent rainwater from entering.

The challenge being faced is high maintenance costs and need for update of technology. Over the years 1995/96, 1996/97 and 1997/98 about 2 million bags of grain has been purchased.

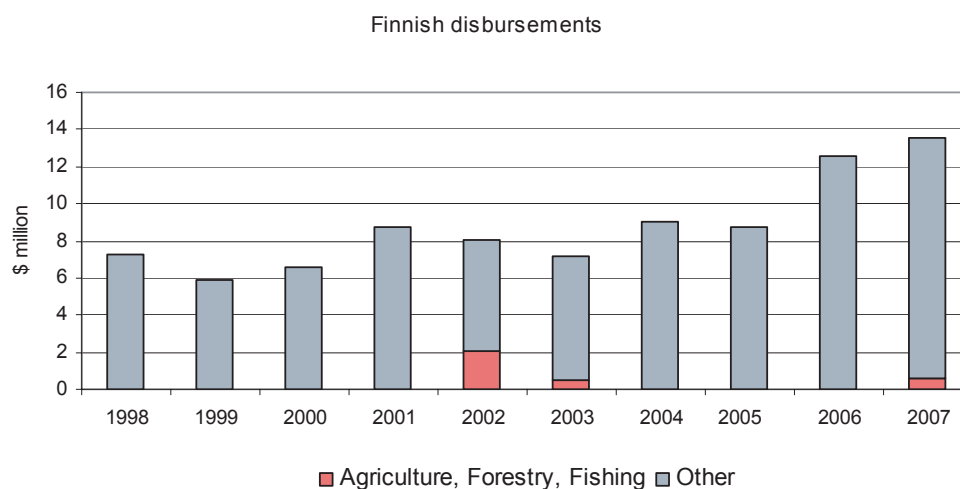
According to available information it is still being in use for the intended purpose. The capacity utilization rate has varied in line with the supply and demand of grain.

Source: Silo Manager, Moi's Bridge Grain Silo, 2009

During the last ten years (1998–2007) the total commitment of development aid of Finland to Kenya was USD 122,09 million (see Table 1.1 below).

The Finnish Bilateral assistance to Kenya (disbursements) in the last ten years is shown in Fig1:

Figure 1: Finnish bilateral assistance to Kenya (disbursement) 1998–007



Source: OECD – DAC database www.oecd.org

ANNEX 2: BRIEF DESCRIPTION OF FINLAND'S PROJECTS / PROGRAMMES INVOLVED IN AGRICULTURAL SECTOR IN KENYA

After the Nordic Cooperative Development Project which continued from sixties to eighties Finland concentrated to a large extent on dairy production, marketing and processing. This support continued from 1979 to 2003 through two interventions:

Rural Dairy Development Project: RDDP (1979 To 1989)

In the early seventies Finland had supported the development of artificial insemination services through provision of Ayrshire dairy breed semen. This cooperation was expanded in late seventies to a multi-component RDDP. It was implemented in four phases in cooperation with the Ministry of Livestock Development (MOLD) and Ministry of Cooperative Development (MOCD). The project covered 12 districts in five provinces mostly in Western and Central Kenya. The total Finnish contribution was eight million euro.

The immediate objectives of the project were:

- Promotion of milk production at farm level through extension services and incentives; and
- Improvement in milk marketing systems at cooperative level through provision of milk collection, cooling and processing facilities and strengthening the management of cooperative societies.

The major achievements: During its implementation period the RDDP:

- trained over 10,000 small scale dairy farmers;
- provided material (mainly milk cooling and transport facilities) and managerial assistance to 55 cooperative societies; and
- supported the establishment of two cooperative dairy plants (the Meru Dairy in Meru town and the Kitinda Dairy in Bungoma Town).

The project produced a number of positive results. These included mainly:

- The large number of farmers trained in dairy production which for part of the project area was a new activity;
- A number of members and staff of cooperatives were trained;
- Agricultural extension staff was trained.

On the negative side were mostly the hardware investments:

- The provision of coolers was a clear failure for a number of reasons:
 - 1) The placement of coolers at primary cooperatives was done without a clear criteria and full knowledge of the position of benefiting societies. Most societies did not have sufficient milk intake to reach the break even point for the cooler and consequently suffered losses;
 - 2) Some coolers were placed on locations with no electricity. Generators were procured later, but even, if the coolers would have been filled daily, it would

- have not been possible to reach the break even point due to high cost of running the coolers with a generator;
- 3) The coolers would have been needed to cool the milk collected in the evening, but mostly the evening milk was consumed on farm or sold to the neighbours;
 - 4) Consequently a number of coolers were never used – in fact, several were never installed;
 - 5) There would have been societies which would have been able to utilize the coolers better. An attempt was made to relocate some of the coolers during the LDP, but it proved impossible due to resistance by the initial beneficiaries. This could have been avoided by having a proper contract with them with a clause of relocation in case of non use.
- The transport facilities distributed by the project were not efficiently used – mainly because of insufficient volume of milk collected by the beneficiary societies. Due to the lack of proper maintenance, their lifetime also remained short;
 - The Meru Cooperative Union (see Textbox 1 above) reported in late eighties that the dairy was their only department which run at a loss. This was a result of the low volume. A contributing factor to this was that the school milk programme which was to be a large customer did not take off as planned. This, in turn, was partly caused by the fact that the packing material (plastic) imported from Finland was difficult to handle, while the UHT milk got spoilt in a couple of days due to the microscopic holes in the material. All in all the dependence on the packing material imported from Finland was considered as a problem. Another problem was the site of the dairy which was next to an unpaved bus station and the milk processing was affected by dust;
 - The Kitinda Dairy in Bungoma (see Text box 2 above) became never economically feasible. This was basically due to the fact that it was set up in a milk deficit area. As a result it never reached a breakeven point. Moreover, bulk of the available milk had to be collected from a considerable distance (Mount Elgon) which increased the transport costs. This became even a bigger problem during the tribal clashes which pitted the Mt. Elgon and Bungoma people against each other. To make the matters worse, the KCC which had never operated in the area opened its depot in Bungoma town in direct competition with Kitinda. The society also had management problems. It had several care taking management committees manned with civil servants. Finally, the society leased the dairy to a private business man, who also failed to run the plant profitably. In the end the plant was vandalized and came to an end. There has recently been proposals for reviving the Kitinda dairy.

Kenya-Finland Livestock Development Programme (LDP) (1991–2003)

The LDP was prepared in a close cooperation with the Kenyan side. At the same time it was designed very much in line with the ideas of 1990 agricultural strategy as it was being designed at the same time as the strategy was prepared. Also the lessons learnt from the Rural Dairy Development Project described above were taken into consideration in the project design.

The LDP was categorized by the Kenyan government as core project as it was considered of high importance. This meant that it had a priority in allocation of local funds. Consequently it was each year actually allocated the funds in accordance with the annual work plans. In fact, sometimes it got even more than the amount specified in the programme document.

The programme covered a large geographic area: the entire Nyanza and Western Provinces plus two districts (Baringo and Koibatek) in the Rift Valley Province. In the end it operated in 23 districts. This area had a total of 1 154 558 farm households. The size of the implementation are placed special demands on the implementation organization. According to the various evaluations and reviews the programme managed to cope with the task successfully. The main focus of the programme was on improving the living conditions of small scale farming community – with special emphasis on female farmers – through expanding milk production and intensified marketing of the surpluses produced. The area was a milk deficit area with no tradition in dairy farming, as commercial dairy production had been reserved by the colonial administration as exclusive domain of settlers in the Rift Valley. Most of the cattle stock was traditional zebu, while dairy animals (pure breed or crosses) formed only about 10% of the total herd. The average production of milk per annum per capita was 58 litres in the programme area, while in one of the districts it was only 3 litres per annum per capita. There were also cultural obstacles to ownership of cattle and land by women.

The implementing ministries were Ministry of Agriculture and Livestock Development (MOALD), later Ministry of Livestock Development (MOLD), and Ministry for Cooperative Development (MOCD). The competent authority on behalf of the Kenyan Government (GOK) was Ministry of Finance. All these ministries were represented in the Supervisory Board and National Coordinating Committee. The two implementing ministries were also members of provincial Monitoring Team and District Livestock Committees.

The primary target groups of the programme were small scale farmers and female farmers, while the cooperatives and extension staff (both livestock and cooperatives), were considered as an “instrumental target group” to support the primary target groups. The funding of various phases was as below:

Phase I (199 –1994)	FIM	23,9 million
Phase II (1995–1998)	FIM	20,6 million
Phase III (1998–2001)	FIM	31,3 million
Phasing out Phase (01–03)	FIM	10,2 million

Thus the total Finnish contribution (excluding the costs occurred during June 2003) was about FIM 86 million. During the phase I the number of Finnish TA personnel was three, while during the rest of the programme implementation period it was two. The TA costs during the entire period were 17% of the total. The total funding from the Ministry of Agriculture and Livestock Development (later Ministry of Livestock Development) from phase II to the end of the implementation period was KES 59,9

million. During the same period the Ministry for Cooperative Development (MOCD) contributed KES 32,5 million. During phase one Kenyan Government contributed KES 23,6 million. Thus the total GOK contribution during the entire period was KES 116 million.

The long term objective of improving the nutritional status and standard of living of the main target group was to be achieved through intensified dairy farming through upgraded dairy cattle, better disease control, improved fodder production and access to milk market outlets. The more specific development objectives included:

- Creation of awareness of dairy farming among the farmers and encouraging more producers to become involved in dairy farming;
- Intensification of dairy management practices, particularly, zero-grazing, on small scale farms;
- Creation of income generating activities and raising the income level in rural areas through more effective use of available land;
- Ensuring an efficient milk marketing system through viable cooperative societies;
- Creation of rural employment and thereby strengthening the rural/urban balance;
- Increasing milk yields and achieving regional self-sufficiency;
- Improving the food safety through hygienic handling of milk;
- Improving socio-economic position of women in the farming community; and
- Taking into account the environmental impact of mixed farming to achieve an ecologically sustainable land-use pattern.

The programme was an integrated package of mutually dependent and reinforcing activities promoting milk production, animal health and marketing. Practically all the activities were run by producers on their own farms supported by extension staff seconded to the programme. One important aspect of the strategy was that nothing was provided free of charge. All the support given had a cost sharing element either in cash or kind. It had three main components and a number of sub-components:

1. Livestock Component

- Upgrading of Cattle (mainly through support to bull schemes, but also to A.I. schemes, where feasible);
- Disease Control (rehabilitation of dips, distribution of spray pumps, training and supporting Community Maintained Animal Health Assistants, bull screening for breeding diseases, distribution of tse tse traps);
- Contact Farmers (establishment of demonstration plot on farms in various aspects of dairy production, including zero-grazing, calf rearing, fodder production, pasture, agro-forestry and fodder conservation);
- Fodder Production/conservation (maintenance of bulking plots, silage making, hay making, distribution of planting material);
- Training of Farmers (field days, on farm demos, workshops, courses, study tours); and
- Support to MOLD (staff training, extension material and equipment).

2. Cooperative Component

- Cow-from-Cow Rotation Scheme (CFCRS) (training for women groups in livestock activities, distribution of cows to set up the rotation, support through extension services);
- Beneficiary Preparation (training the female farmers involved in the above scheme; assisting the beneficiaries to set up the required facilities);
- Training for women groups (training the groups involved in above scheme to manage their affairs);
- Work Load Easing (provision of spray pumps, wheel barrows, bicycles, etc. in order to alleviate the workload of women involved in the above scheme);
- Training for Cooperatives (training the staff, committees and members of selected societies involved in dairy marketing through the ICMAP (Intensive Management Assistance Programme) programme designed by the LDP; training for societies not in the ICMAP, but either being involved in or planning to start dairy activities);
- Material Assistance to Cooperatives (distribution of milk cans, bicycles, lactometers, assisting in construction of some collection centres, etc.); and
- Support to MOCD (staff training, preparation and distribution of training material).

3. Monitoring

The data collection and monitoring was considered as a third main component in the programme due to the importance it was given. It focused both on the monitoring of implementation and impact. Another aspect was the financial monitoring consisting of budget monitoring, reporting and internal audit. The output was used as an input in planning, management and reporting.

The main features of the programme strategy were:

- As it was obvious that the GOK did not have the resources to continue the programme implementation after the withdrawal of Finnish support, the sustainability depended on two factors;
- The farmers and cooperatives had to be brought to the level of know-how where they were able to continue the dairy production and marketing on their own; and
- A critical mass (size of herd which would provide an economically viable market for private services in areas like animal health and marketing) was to be achieved in the programme area;
- The provision of materials, farmer training etc. was based on cost sharing basis. This was linked with the policy of procuring affordable equipment and materials in order to allow replication by those who embarked on dairy farming without the direct support from LDP;
- The main partners in the programme implementation were the farmers and their organizations, particularly women groups and cooperatives;
- The programme was working only with groups and cooperatives which had shown genuine interest in dairy, taken themselves the initial step to contact the programme and had existed before the LDP had started;

- All the support given to the farmers was for the purpose of demonstration. The results came mainly through demonstration effect. All the farmers the programme worked with were considered as extension agents (farmer to farmer extension);
- Strong emphasis was placed on empowering women, but the entry point was the family. This was meant to enlist the men's support;
- The LDP had a strong poverty alleviation orientation which made the strict adoption of cost sharing principle somewhat problematic. Therefore most of the transactions were not in form of cash, but could be provided in kind (local materials and labour). In CFCRS the cost sharing was paid in the form of giving the first off-spring, in case it was a heifer, when it was eight months pregnant, to the next beneficiary in the group;
- All the activities were based on participatory approach. For instance, the women groups decided themselves on rotation order. Also the districts did most of the planning, implementation and monitoring on their own through the Livestock Development Committees. The programme coordination unit had a facilitating role.

The LDP succeeded in achieving its implementation targets in both main components. The most important quantitative achievements during the entire life of the programme are shown below:

1 Livestock Component

• Number of bull schemes established	- 988
• Number of services by bull schemes	- 138 064
• Number of off-spring from bull schemes	- 84 074
• A.I. Schemes established with LDP support	- 22
• out of which operating in June 2003	- 22
• Services by A.I. schemes	- 12 448
• Dips rehabilitated/constructed	- 106 out of which 102 operating
• CMAHAs established	- 108 out of which operating 87
• Spray pumps distributed	- 1 087
• Contact farmers recruited	- 5 910
• Demonstration Zero grazing units established	- 870
• Calf pen demo units established	- 767
• Fodder crop demo sites established	- 1 117
• Agro-forestry nurseries established	- 966
• Fodder tree seedlings distributed	- 1 158 000
• Fodder bulking plots established	- 442
• Number of farmers who received Napier	- 10 757
• Field days/demos organized	- 1 705 (excludes phase I)
• Total training events for farmers organized	- 4 443 (excludes phase I)
• Participants in all farmer training events	- 191 613 (women 55,686)

• Training events for MOLD staff	-	504
• Participations in MOLD staff training events	-	7 522

2 Cooperative Component

• Beneficiaries prepared for CFCRS	-	2 186
• Training events for women groups for above	-	1 340
• Participants in above training	-	32 762
• Milk cans distributed	-	2 575
• CFCRS: women groups recruited	-	2 203
• CFCRS: Cows procured	-	1 727
• CFCRS: Cows rotated	-	961
• CFCRS: birth of off-springs	-	1 830
• CFCRS: women group bull schemes established	-	17 out of which operating 63
• CFCRS: women with bank accounts	-	2 165
• Training events for women groups (general)	-	2 054
• Number of groups involved in above training	-	4 083
• Number of participations in above training	-	58 844
• ICMAP: societies involved in the end	-	32
• ICMAP: total training events	-	2 087
• ICMAP: total participations in above training	-	110 277
• ICMAP: on the job training visits	-	8 087
• ICMAP: meetings with management committees	-	5 650
• ICMAP: societies with up-to-date trial balances	-	74%
• ICMAP: societies with daily intake of over 300lts	-	59%
• Training events for non-ICMAP societies	-	1 130
• Participants in above training	-	31 213
• Training events for MOCD staff	-	314
• Participations in above training	-	3 243

The monitoring of the impact proved to be more difficult than that of the implementation. This was done partly through the programme's regular monitoring system and partly through special field surveys. A big problem connected to the measuring of impact of a specific programme is how to evaluate it separately from other factors and changes in the environment. Still it is obvious that LDP made an impact. For instance the dairy production became a considerable business in Western Kenya, where most of the previously important economic activities (fishing, cotton, coffee etc.) were on decline. Several "follower" farmers took up dairy production as a result of the demonstration effect. It was estimated that one cow given to the women's group prompted an average of 15 farmers to take up dairy production. It was also found out that zero grazing provided jobs in average for 1,5 hired workers. The nutritional status of the population improved, as milk started becoming available in areas where hardly any was previously consumed. The milk market was previously served almost entirely by hawkers whose milk often was a health hazard. Through training and provision of testing equipment the cooperatives were able to offer safe milk to the customers.

The cultural limitations on the scope of activities women could get involved started changing, when women got involved in dairy production. Keeping larger animals than rabbits had been men's business previously. Similarly rural women having bank accounts was hardly heard of. The veterinary and breeding services started covering expanded areas. Although most of the milk was still consumed by farming families and sold to their neighbours, also the volumes handled by many cooperative societies increased and their economic feasibility improved. This generated jobs. Interestingly the cooperatives started hiring often female staff, because they were thought to be more honest, while they were also more likely to stay in the village after the training. The support to establishment and training of CMAHA's improved the access to basic veterinary services and created employment. Similarly the training activities, both through organized events and on-the-job training, improved the standard of management and accounting in the cooperatives and women groups. All the seconded personnel (altogether over 50) from the two ministries returned to ministerial positions, while a good number of them were promoted to key position within the two implementing ministries as a consequence of training and experience they received during the programme.

It has been reported that, for instance, most of the women groups still continue the rotation of cows. However, there were also some problems. One of them was the fact that the programme went through several phases. Sometimes just a couple of the months before the end of the phase it was not known, if there would be a continuation. This made the long term planning difficult. As was pointed out above, the cornerstone of the sustainability was the concept of critical mass. With the exception of two districts the livestock development was started more or less from the scratch in the area. In a number of districts the critical mass had been reached, in some others not. In the latter especially the availability of veterinary services was limited. Similarly the production of milk in some areas was still too low to provide a basis for economically viable cooperative societies. Therefore the access to markets, which in the longer run is a pre-condition for development of any productive sector, was limited. For these reasons the GOK requested for a short extension of the LDP. This, however, was not granted.

After the completion of the LDP in 2003 Finland has not supported agricultural/rural development interventions as per the definition given for this evaluation (Ministry for Foreign Affairs 2009).

Moi's Bridge Grain Silo Project 1991–1992

The other rural development project implemented in Kenya was the Construction of a Grain Silo with a capacity of 50,000 tons at Moi's Bridge in the Rift Valley Province (see Textbox 3). The silo was completed in March 1992. The actual cost of project amounted in the end to equivalent of EUR 14.4 million (Finnish contribution only). The objective was to improve the food security and minimize post harvest losses through increased capacity of grain storage in the country. According to available information it is still being in use for the intended purpose. The capacity utilization rate has varied in line with the supply and demand of grain.

ANNEX 3: ITINERARY OF FIELD VISITS – KENYA

Friday 4th September 2009

Discussions at the Finnish Embassy, Nairobi
Discussion with key informant in Nairobi

Tuesday 8th September 2009

Discussions at the Ministry of Livestock Development, Nairobi
Discussions with key informant in Nairobi

Wednesday 9th September 2009

Travel to Meru to visit the Meru Dairy

Thursday 10th September 2009

Discussion with the General Manager, Meru Central Dairy Cooperative Union

Wednesday 23rd September

Travel to Eldoret to visit Silo and Kitinda in Bungoma

Thursday 24th September 2009

Visit Moi's Bridge grain Silo

Friday 25th September 2009

Return to Nairobi and preparation of the Aide Memoire

Wednesday 30th September 2009

Debriefing at the Finnish Embassy Nairobi

ANNEX 4: PERSONS CONTACTED

Friday 4th September 2009

Her Excellency Heli Sirve
Theresa Zitting
Marja Simojoki
Dr Anu Eskonheimo
Dr. David Mutunga Kimenye

Ambassador Embassy of Finland
Counsellor, Deputy Head of Mission
Senior Programme Officer
Counsellor, Rural Development
Agriculture and Livestock Specialist

Tuesday 8th September 2009

Joseph O. Egessa

Andrew Akeye

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ANNEX 10

**EVALUATION OF AGRICULTURE IN THE FINNISH
DEVELOPMENT COOPERATION**

AIDE MEMOIRE TANZANIA

FINAL

Evaluation report 2010:6

MINISTRY FOR FOREIGN AFFAIRS OF FINLAND

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ACRONYMS

ADB	Africa Development Bank
AfDF	Africa Development Fund
ASDP	Agricultural Sector Development Programme
ASDS	Agricultural Sector Development Strategy
ASLM	Agricultural Sector Lead Ministry
ASMP	Agricultural Sector Management Project
ASSP	Agricultural Services Support Programme
CBO	Community Based Organisation
DADP	District Agricultural Development Plan
DANIDA	Danish International Development Agency
DASIP	District Agricultural Sector Investment Project
DDP	District Development Plan
DESEMP	District Economic and Social Empowerment Programme
FAO	Food and Agriculture Organisation
GDP	Gross Domestic Product
GoT	Government of Tanzania
IFAD	International Fund for Agricultural Development
JICA	Japan International Cooperation Agency
LGAs	Local Government Authorities
LGRP	Local Government Reform Programme
MAFS	Ministry of Agriculture and Food Security
MCM	Ministry of Cooperatives and Marketing
MFA	Ministry for Foreign Affairs of Finland
MWLD	Ministry of Water and Livestock Development
NGO	Non-Governmental Organisation
NSGRP	National Strategy for Growth and Reduction of Poverty
ODA	Overseas Development Agency
OECD	Overseas Economic Cooperation & Development
PADEP	Participatory Agricultural Development and Empowerment Project
PADEP	Participatory Agricultural Development and Empowerment Project
PRA	Participatory Rural Appraisal
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
RDS	Rural Development Strategy
RIPS	Rural Integrated Project Support Programme
SWAp	Sector Wide Approach
TAS	Tanzania Assistance Strategy
TDV	Tanzania Development Vision
UAC	Uyole Agricultural Centre
UK	United Kingdom
WB	World Bank

Other acronyms and abbreviations mentioned in the text are explained as they appear.

1. INTRODUCTION

As part of an overall thematic evaluation of agriculture in the Finnish Development Cooperation, a short field study on Tanzania was undertaken by Dr. Fred Muchena (Team member) and Mr. Oziniel Kibwana (Local Consultant) during the period August–September 2009.

The team covered two projects that were once supported by Finland in Tanzania, namely the Rural Integrated Project Support (RIPS) in Mtwara and Lindi, and the Support to the Uyole Agricultural Centre. To assess the sustainability and impact of the Finnish development aid in agriculture – being part of the thematic study – these two projects were of particular interest because they have been completed some time ago. In the study the team focused very much on the RIPS as it had become the largest and best known Finnish development initiative in Tanzania. As a continuation of RIPS, the team also looked at the Preparatory Phase of the District Economic and Social Empowerment Programme (DESEMP) in the southern regions of Mtwara and Lindi.

The field study started with a review and analysis of available documents on the above projects/programmes in Tanzania (project proposals, progress reports, evaluation and appraisal reports), national agricultural policies, main development programmes and main donors (development partners) in agriculture, their policies and aid modalities.

After the review of documents, a programme for field visits was made and executed from 14th to 19th September 2009. During the field visits (limited to Dar es Salaam only) focused discussions and interviews were carried out with: 1) officials of the agricultural sector ministries (Ministry of Agriculture, Food Security and Cooperatives, Agriculture Sector Development Secretariat and other government agencies); 2) officials of the Finnish Embassy in Dar es Salaam and to collect additional information and documents; 3) representatives of research institutions and projects in Dar es Salaam; and 4) persons involved in the implementation of Finland's supported projects/programmes in the past.

A limitation of this evaluation was, as this was not within the scope of this short study, that the areas where the projects/programmes were carried out could not be visited by the team to validate issues like impact and sustainability of the projects.

2. ANALYSIS OF NATIONAL AGRICULTURAL DEVELOPMENT POLICIES AND MAIN DEVELOPMENT PROGRAMMES

2.1 *National Policies*

Agriculture is the mainstay of the economy of Tanzania and accounts for over half of the Gross Domestic Product (GDP) and export earnings. Over 80 percent of the

poor are living in rural areas and their livelihood depends on agriculture. The agricultural sector has maintained a steady growth rate of over three per cent per annum over the last decade.

Since mid-1980s the Government of Tanzania (GoT) has instituted economic adjustment and structural reform programmes supported by development partners. Despite some impressive macroeconomic achievements resulting from the reform programmes, agricultural growth and rural poverty reduction continue to present daunting challenges. In response to these the GoT adopted the Tanzania Development Vision 2025 (TDV) to provide broad guidance on strategic goals of social and economic development in the country. It envisages raising the general standard of living of Tanzanians to the level of a typical medium-income developing country in terms of human development. It identifies three priority goals: ensuring basic food security, improving income levels and increasing export earnings. Agriculture is one of the priority sectors for achieving these goals.

Subsequent to Vision 2025, GoT has initiated strategic policy frameworks aimed at achieving the set goals. These include the Poverty Reduction Strategy Paper (PRSP) of October 2000, the Rural Development Strategy (RDS) of 2001 and the Agricultural Sector Development Strategy (ASDS) of 2001. These reforms as well as those being supported under the Poverty Reduction and Growth Facility (PRGF), and the Programmatic Structural Adjustment Credit and PRSP II (National Strategy for Growth and Reduction of Poverty-NSGRP), are expected to have a significant impact on the welfare of the rural poor in general and small crop and livestock producers in particular. These policies together with the Local Government Reform Programme (LGRP) offer an enabling environment for agricultural development. However, these reforms have created new challenges especially in accountability and governance. Skills and knowledge to manage these changes have not developed concurrently. Trained staffs are still scarce especially in financial accounting. The accounting systems are still manual and power has not been completely devolved to the local government institutions.

The ASDS identified five strategic areas of intervention in the agricultural sector, namely:

- Strengthening the institutional framework;
- Creating a favourable environment for commercial activities;
- Public and private sector roles in improving supporting services;
- Strengthening marketing efficiency for inputs and outputs; and
- Mainstreaming planning for agricultural development in other sectors.

At the heart of ASDS is a sector-wide approach to changing the function of central government from an executive role to a normative one, to empowering local government and communities to reassume control of their planning processes, and to establishing an enabling environment which attracts and encourages private sector investment in agriculture.

After finalisation of ASDS the then Agricultural Sector Lead Ministries (ASLMs- Ministry of Agriculture and Food Security (MAFS), Ministry of Cooperatives and Marketing (MCM) and Ministry of Water and Livestock Development (MWLD) formulated the Agricultural Sector Development Programme (ASDP) as an implementation mechanism for ASDS. However, the ASDP turned out to be mainly a Framework and Process Document for formulating interventions that would be in line with ASDS. Actual implementation is done at the district level through the District Agricultural Development Plans DADPs), which are the integral parts of the District Development Plans (DDPs).

The GoT recognizes the importance of agricultural productivity gains and identifies agricultural research and extension as one of the key priority expenditure areas in its poverty reduction strategy. The ASDS and its operational Agricultural Sector Development Programme (ASDP) identify agricultural services as a key intervention area. The ASDS advocates participatory planning and implementation using the framework of the District Agricultural Development Plans (DADPs), which are part of the District Development Plans.

In 2002 the GoT introduced the Tanzania Assistance Strategy (TAS), which was a three-year programme to promote Government leadership and ownership, to improve aid effectiveness, harmonisation and alignment, to strengthen development partnership and reduce transaction costs. TAS has achieved promising results so far, but the macro-level policies introduced and measures taken have not yet had significant influence on the way sectors are planned and managed.

Under the auspices of ASDP the ASLMs appointed a multi-stakeholder Task Force to focus on designing interventions to reorganize and strengthen agricultural services, including research, extension, training, information and communication and technical services. The Task force after an extensive consultation with stakeholders recommended that reforms and future operations be based on a unified strategy encompassing both agriculture and livestock services, while ensuring integration of the various elements of agricultural services, in particular research, extension, information and communication as well as training.

Subsequently as a follow-up of the above recommendation the Government jointly with Development Partners (Development Cooperation Ireland, IFAD, FAO and the World Bank) agreed to the design of the Agricultural Services Support Programme (ASSP). The proposed reforms under ASSP and ASDP envisage a significant change in approach to agricultural services that would ensure that service provision has greater relevance to the needs of farmers as a result of measures to empower them to articulate these needs and to influence the way services are provided. It would also improve efficiency of resource use by mobilising both public and private sources of funding, and by reducing transaction costs through, for example, concentrating on assisting empowered farmer groups rather than individuals.

2.2 Agriculture Performance

Agriculture, mainly based on low-technology smallholder systems, accounts for some two-thirds of employment and 50% of Gross Domestic Product (GDP) and 24% of export earnings. Tanzania has potential for growth, having relatively rich natural resource environment, no shortage of land, and peace, stability and democracy.

Considering the recent economic performance of Tanzania in the context of the Poverty Recovery Strategy Paper (PRSP) three salient points emerge: First although the pace of economic activity in the pro-poor sectors is improving, stronger efforts are needed to ensure further acceleration in the rate of economic growth and a perceptible decline in the incidence of poverty. Secondly recent declines in export and producer prices for traditional cash crops reflects the conditions in the international markets and domestic policy gaps mirrored in relatively poor quality of Tanzania's export crops, shortage of credit, poor infrastructure, the absence of market information and some irregularities in the marketing of crops.

The main development programmes in the agriculture sector are shown in Table 1.

Table 1 Main development programmes in agriculture sector in Tanzania

Name of project	Funding Source	Comments/Remarks
Agriculture Sector Development Programme (ASDP)	Basket Funding by WB, IFAD, Irish Aid, JICA and ADB	From July 2006 to 2012/13 Overall programme responsible for agriculture in the country
Participatory Agricultural Development and Empowerment Project (PADEP)	World Bank	From August 2003 to End of June 2008. Extended up to June 2010 Focuses on demand-driven interventions for increased agricultural production
District Agricultural Sector Investment Project (DASIP)	ADB	From 2006 to 2012. Focuses on investments in agriculture-inputs and farm implements.
Agricultural Sector Management Project (ASMP)	World Bank	From July 1993 to June 2009? Focuses on strengthening the capacity of the relevant Departments of the Ministry of Agriculture to coordinate and monitor Projects and Parastatal performance.

Name of project	Funding Source	Comments/Remarks
Agricultural Sector Programme Support (ASPS)	DANIDA	From 2003 to 2008?
District Economic and Social Empowerment Programme (DESEMP)	Finland	Appraisal Phase 2009

3. ANALYSIS OF MAIN DONOR POLICIES AND PROGRAMMES IN THE AGRICULTURAL SECTOR

3.1 Main Donors in the Agriculture Sector

During the period 1998–2007 the total Official Development Assistance (ODA) for Tanzania was US\$ 19,3 billion of which agriculture, forestry and fishing was allocated only 4,7% of the total (See Table 2).

Table 2 Total ODA Commitments 1998–2007 by sector, constant 2007 prices

Main sector	Mln US\$	%
Agriculture, forestry and fishing (311–313)	902	4,7%
Social, infrastructures and services (110–140/160)	5314	27,5%
Commodity aid, emergency assistance and reconstruction (500–700)	8377	43,4%
Transport, communications and energy (210–230)	2039	10,6%
Multisector/cross-cutting (incl. rural development)	608	3,1%
Government and civil society incl. land mine clearance & demobilization (150)	1313	6,8%
All other (240/250/321–332/900)	755	3,9%
GRAND TOTAL	19306	100,0%

Source: OECD, CRS database.

Of the bilateral donors, the largest donor is the UK, closely followed by Japan during the period 1998–2007. Finland was the smallest of the bilateral donors at US\$ 341 million. The total inflow of ODA from the bilateral donors was US\$ 13,4 billion or almost 70% of total ODA during that period. Of the non-EU member countries, Japan is the largest donor at a total of US\$ 1,8 billion. After the UK, the World Bank is the largest donor in Tanzania according to the OECD/ODA statistics (Table 3).

To date, the main donors in the agricultural sector in Tanzania are: the World Bank, IFAD, JICA, Irish Aid and African Development Bank (ADB).

Table 3 Total ODA Commitments 1998–2007 by Donor

Donor Name	Amount (US\$ million, constant 2007 prices)	% share	ranking
UK	2 655,1	13,8%	1
Germany	809,8	4,2%	10
Netherlands	1 224,4	6,3%	4
Finland	3 41,4	1,8%	13
Sweden	1 052,8	5,5%	8
Denmark	1 103,3	5,7%	6
Others	1 475,9	7,60%	
Total EU member countries	8 662,6	44,9%	
Norway	1 088,1	5,6%	7
United States	1 051,2	5,4%	9
Japan	1 790,3	9,3%	3
Others	727,3	3,80%	
Total non-EC bilateral	4 656,8	24,1%	
IDA	2 417,7	12,5%	2
AfDF	1 149,5	6,0%	5
<i>Total Multilateral</i>	5 987,0	31,0%	
GRANDTOTAL	19 306	100,0%	

Source: OECD – DAC database www.oecd.org.

The Government of Finland produced a new Strategy on Rural Development in 2003 and a new Development Policy in 2004. According to the main official policy documents (MFA, 1998 and 2001) the overall aim of the Finnish development cooperation is to strengthen global peace and security. The basic principles and objectives are:

(i) reduction of poverty, (ii) promotion of democracy, social and gender equality, and human rights; (iii) good governance and (iv) environmental protection.

3.2 Aid Modalities

The main aid modalities used by donors to support agricultural sector development in Tanzania are: Bilateral approach (Project based); Basket Funding; General/Direct Budget Support. Finland mostly uses the following Aid modalities: Bilateral (project/programme support; Direct Budget Support; SWAp (Forestry and Environment); Basket Funding (Support to Local Government Reforms); Local Cooperation Fund (For Local NGO support); Institutional Cooperation Instrument (Forestry College Collaboration).

Finnish aid in agricultural sector to Tanzania is mainly bilateral. Exceptions are the support to the Nordic Cooperative Development Project, which was implemented jointly with the other Nordic countries. Support to the Uyole Agricultural Centre started as a joint Nordic initiative, but later turned into Finnish–Tanzania bilateral project. The RIPS and subsequent collaboration between Finland and Tanzania is bilateral. Presently Finland is not contributing to the Basket Fund supporting the Agriculture sector in Tanzania.

3.3 Harmonisation with Other Donors

In Tanzania there has been a move towards increased harmonisation and alignment to government strategies, processes and accountability structures in order to ensure that the external support to the agricultural sector is delivered in a fashion that promotes domestic ownership and reduces aid fragmentation. This is consistent with the international commitments made by both Tanzania and Finland in Rome (2003) and Paris (2005) declarations on harmonisation and aid effectiveness. It is also consistent with the national commitments made in the Tanzania Assistance Strategy and the focus on the Joint Assistance Strategy (JAS).

4. RELEVANCE: COHESION AND COHERENCE

Over 80 percent of the Tanzania population live in rural areas. They depend on agriculture for their own livelihoods and the sector contributes 50 percent of the Gross domestic product (GDP) and 54 percent of the nation's foreign exchange earnings. Notwithstanding this significant contribution to the nation's economy, the vast majority of Tanzanians living below the poverty line are in the rural areas, that is, those subsisting on peasant agriculture. The projects supported by Finland are all located in rural geographical areas where poverty is a critical issue.

For Tanzania then, agricultural development is crucial to both national economic development, as well as poverty reduction among the majority of the people who happen to live in the rural areas. It is however recognised that agricultural development is

influenced by other factors, such as good policies, availability of resources, as well as a favourable political environment. All these could only flourish when there is good governance.

In pursuit of this, Tanzania has developed several policies and strategies for economic development in general and agricultural development in particular. These include the following: Tanzania Development Vision 2025, (TVD); Poverty Reduction Strategy; Rural Development Strategy; Agricultural Sector Development Strategy and lately, “Agriculture First” (in Kiswahili, KILIMO KWANZA), which aims at creating “a green revolution”. With regard to good governance, the government has formulated the Local Government Reform Programme.

An assessment of the past Finnish supported projects in Tanzania (Uyole Agricultural Centre and RIPS) and the new programme “District Economic and Social Empowerment Programme (DESEMP)”, which has been implemented for 18 months (since February 2007) in Mutwara and Lindi regions, reveals that they are compatible with the Government of Tanzania’s national policies mentioned above and with a focus on poverty reduction and economic development.

The main policy framework for DESEMP is the National Strategy for Growth and Reduction of Poverty (NSGRP), which targets the achievement of the Millennium Development Goals (MDGs) and to realizing the national aspirations as enshrined in the Tanzania Development Vision 2025 (TDV 2025) to achieve “high and shared growth, high quality livelihoods, peace, stability and unity, good governance, high quality education and international competitiveness”. This policy is coherent with the Finland Development Policies on poverty reduction through economic growth and improved food production without jeopardizing the natural resources and the environment. Because it is a recognised fact that higher production levels will not guarantee equal, or fair distribution, Finnish development policy recognises that it is important to also invest in good governance, democracy and anti-corruption measures (MFA, 2001, 2004 and 2007).

Considering that both RIPS and DESEMP are located in the rural areas of the two regions in Tanzania with high poverty levels, and where the majority of the people depend on agriculture for their livelihood, the Finnish project support is considered relevant and responding to the local needs and priorities in the two regions.

The DESEMP programme is also relevant for the Joint Assistance Strategy for Tanzania, which is a national medium-term framework for managing development cooperation between the Government of the Tanzania and the Development Partners in order to achieve national development and poverty reduction goals.

5. EFFICIENCY, EFFECTIVENESS, IMPACT AND SUSTAINABILITY

5.1 Background and Context

Finnish development cooperation with Tanzania started in 1962, soon after the end of British colonial rule in December 1961. The first intervention was the Kisarawe Project, followed by support to the Mbeya Milk Plant; the Uyole Agricultural Centre (Annex 2) and Finnish participation in the Nordic Cooperative Development Project.

Finnish support to the south eastern regions of Lindi and Mtwara started with the Lindi-Mtwara water project in 1972. From 1988 up to 2005, Finland supported the Rural Integrated Project Support (RIPS), which during its three phases grew to become the largest and best known Finnish development initiative in Tanzania (Annex 2). After the RIPS ended, Finland supported a preparatory phase of DESEMP which was carried out between February 2007 and July 2008. During the preparatory phase a Programme Document was prepared for the new Finnish support in the same regions where RIPS was implemented. This programme document has been appraised during the period 8th June to 4th July 2009 (Sandini, Sangu and Starcman 2009).

5.2 Strategies and Approaches Used

The objectives and activities of RIPS were to be based on priorities of the beneficiary group. This required the use of a participatory approach in planning, implementation, and monitoring. The implementation was to start on a small scale while studying the needs of the people. The idea was also to link Finnish NGOs to activities in the RIPS operation area, and support them by the provision of resources for planning, implementation and monitoring. It was anticipated that the experiences and lessons learned would feed into the planning of subsequent phases.

During the first phase of RIPS, the main objective was to improve income generation by the beneficiary group, the rural population in the two regions with special emphasis on small scale farmers. The programme then consisted of various components related to rural development. These included livestock (animal production); agriculture (agricultural mechanisation, agricultural extension and beekeeping); fisheries (support to Mikindani fish landing) and education, which had the most sub components (support to agriculture education in primary schools, vocational training, sanitation and health education, support to English language teaching). A mid-term review pointed out that as a traditional integrated rural development programme, the operational approach was basically top down. Therefore when the first phase ended in 1993, it was decided to develop a participatory approach for subsequent phases.

Phase two ushered in two new dimensions. One, during the interim or bridging phase, the participatory approach which was alluded to during the first phase, was adopted in practice. The project team went directly to the village for participatory planning

and the implementation of village projects that were mostly small scale. The second dimension, derived from the first one, was that the small projects approach was seen to have worked so well that the project team decided to adopt it and upscale it for the second phase. The beneficiary villages were to initiate activities, and the programme was to act as a facilitator.

This approach was criticised by the midterm review of Phase II. Two critical areas identified were the lack of an organised management and poor communication between the different activities; and the lack of transparency, communication and coordination between the programme and the Government of Tanzania. Apparently the programme had sidelined the district level. This was felt to be a threat to future sustainability of project activities and benefits. These criticisms were taken on board when formulating the third phase.

During the third phase the participatory rural appraisal (PRA) training was expanded to include the district level officials. However, this proved to be challenging, as it was not easy for the district officials to immediately change from giving orders, to listening and respecting ideas from the grassroots.

The overall approach to the long-term DESEMP strategy is a market systems approach for local economic development, structured around the following three pillars: pro-poor value chain development; creating a conducive business environment; and changing mind sets to seize business opportunities.

5.3 Efficiency

From the various evaluations it is apparent that the efficiency of utilisation of resources towards achievement of the set programme objectives was not optimal. The Mid-Term Review of RIPS (Karttunen et al. 2002) noted that RIPS had initiated many projects and activities which were not all sustainable or transferable to local stakeholders.

The reviewers also noted that the administrative structures with the many committees, was inefficient and required a substantial amount of financial and human resources. Other factors leading to inefficiency were: Inadequate capacity by the districts to utilize support funds; and poor quality of some of the community projects.

5.4 Effectiveness

According to the Programme Evaluation in 1998 of Phase II of RIPS, the programme was “highly effective in strengthening local institutions and seemed to have accomplished all this with a relatively modest budget” The Evaluation mission also reported strong compatibility with the goals of Finland’s development policy; especially the promotion of democracy and good governance, the reduction of poverty, and the protection of the environment. However, it is difficult to ascertain the effectiveness of the various phases of the RIPS programme. This has to do with the fact

that the activities undertaken are not in line with the project objectives as written in the project documents (Mid-term evaluation 2002 p 31).

According to the Appraisal Mission (Saindini, Sangu and Starcman 2009) and the DESEMP programme document, one of the achievements of the preparatory phase was a comprehensive baseline survey on poverty and vulnerability covering the two regions of Lindi and Mtwara. The baseline study is to provide: 1) background information on the social and economic situation of the population upon which to develop the DESEMP long-term strategy and implementation plan; and 2) to develop key indicators for poverty and vulnerability as benchmarks for DESEMP monitoring and impact evaluation. This is a step in the right direction since RIPS was implemented during the entire period without baseline data and benchmarks for measuring effect and impact.

5.5 impact

It is difficult to measure the direct impact of RIPS to agriculture because it was not directly targeted to the agricultural sector. But the impact it had especially in participatory planning and good governance may have had an indirect impact on agricultural development.

From reports and discussions with various stakeholders the specific impact of the Finland's support through RIPS has been the following:

- The evolution of an operational model for the facilitation of organizational development and capacity building;
- Strengthening the capacity of Local Government in Lindi and Mtwara regions to respond to community priorities in development and poverty reduction;
- Increased interaction between local government and civil society;
- Widespread use of participatory planning within Local Government Authorities (LGAs) and the raising of awareness among stakeholders at village level about their rights, roles and responsibilities. These two aspects are highly associated with RIPS among all stakeholders within the two regions (RIPS Evaluation Draft Report 19th August 2005);
- Increased peoples ownership of the development process; and
- *Improved agricultural production*: improvement in various agricultural husbandry methods and practices which led to significant increases in crop and animal production. Examples include: The Goat Loan Project, aimed at improving Goat husbandry and ownership, specifically to female farmers; and Cashew nut processing, aimed at encouraging farmers to sell processed cashew nuts rather than raw ones so as to generate value added. The programme trained the farmers on goat management and husbandry, and provided goats which were loaned out to individuals or groups. When the goats kidded, the first two female offsprings were given to other farmers. The programme brought in trainers from Kibaha (Coast region) to train farmers in Mtwara on cashew nut processing.

The Finnish support to Uyole Agricultural Centre (UAC) during 70s to 80s has over time produced many experts in Agricultural Research and Extension. Some of the products of this cooperation are scientists who are now in charge of the various projects and programmes in the Ministry of Agriculture, Food and Cooperatives (For example the Coordinator of the Participatory Agricultural Development and Empowerment Programme (PADEP), and a number of Principal Research Scientists and extension officers are products of the capacity building support).

The support to research has also contributed to the successful development of high yielding varieties of crops, especially maize and beans (Annex 2). To facilitate the dissemination of research findings to farmers, UAC employed a sociologist to join the research team. The role of the Sociologist was to initiate and conduct studies on social-cultural factors influencing technology adoption.

5.6 Sustainability

Uyole: After the end of external support, the sustainability of Uyole Agricultural Centre was affected by inadequate resources. The main reason for this was the lack of exit strategy during the development support. However, while lack of funds led to the deterioration of the physical facilities and low output in research and training, the human resources it produced with Finnish support continue to contribute to agricultural development in Tanzania. In the ongoing ASDP, funds are allocated for agricultural research and training and Uyole is a beneficiary of these funds.

RIPS: The investment in the software aspects of development (awareness raising, capacity building, participatory planning and good governance) is a cornerstone to sustainability. However, the size and cost of the mechanisms put in place by RIPS in support of this investment in software, may be too heavy for the local government and communities to sustain. As a field trip to Lindi and Mtwara was beyond the scope of the mission, the current situation could not be ascertained.

6. CROSS CUTTING ISSUES

Gender

While there is no clear evidence of a clearly defined gender policy, in the RIPS programme the position of women has been addressed to some extent. In the first place the PRA approach pays special attention to marginalised groups in the community, and secondly, there were some activities which specifically targeted women. The Goat and Cashew nut processing projects specifically targeted and benefited women. This enabled the women to have own independent (from their husbands) sources of income. They used this income to acquire own properties and contribute to the household budget. At the strategic level, women gained self confidence and recognition and respect in the community. They stood for and gained political leadership positions at the village, ward, and even district levels.

People with physical disabilities are another vulnerable group. Through the PRAs, people with physical disabilities were encouraged to re-assess their status, as the majority of them had thought that the only avenue for getting an income is through begging. In collaboration with the local chapter of CHAWATA, the national umbrella association of people with physical disabilities, it was possible to wean off some of the affected from begging to running self-sustaining income-generating activities.

The Programme Document of DESEMP takes into account the lessons learnt during the implementation of RIPS and stresses mainstreaming gender into the programme to promote gender equality and women's empowerment. However, the mainstreaming of gender is not well embedded in the DESEMP Logical Framework in the Project document.

Good governance and human rights

The improvement in the status of women and people with physical disabilities, both economically and socially, is an integral part of Good Governance. The programme's efforts towards good governance were facilitated by the Government's own efforts as spelled out in the Local Government Reform Programme (LGRP).

The purpose of LGRP is to decentralise governance and budget responsibility to lower levels; that is district as well as villages. But these lower levels did not have the capacity to function well. The training in Participatory Planning offered by the programme went a long way to meet this need. Apparently the results are more positive at the village level where the ordinary villagers take active part in the planning process at that level. At the district level it appears that the officials are still locked in their old planning traditions.

HIV/AIDS

In the Programme document and Logframe for RIPS Phase III there is no mention of HIV/AIDS although it is an important issue that has a serious consequent on development. This aspect should be captured during the conduct of PRAs.

Environment

In order to integrate concern with natural resource preservation in all RIPS activities, training in participatory approaches regularly included methods and tools focused on the analysis of environmental issues in various sectors. An environmental criterion is included in the proposal ranking criteria used to analyse proposals submitted to RIPS for funding.

The DESEMP programme document proposes to mainstream environmental concerns by implementing programmes at sub-district level to mitigate the risks of accelerating environmental damage by engaging in responsible natural resources management practices in agriculture and forestry programmes.

7. CONCLUSIONS AND RECOMMENDATIONS FOR THE WAY FORWARD

7.1 Conclusions

From the above discussions the main conclusions according to the evaluation criteria are summarised in Table 4.

Table 4 Performance of the Finnish Development Support to agriculture in Tanzania using the Evaluation Criteria

Evaluation Criteria	Score (1–4)	Observations
Relevance	3	<ul style="list-style-type: none"> • Policy/strategies in line with the priorities of both the government of Tanzania and Finland (poverty reduction, food security, people participation, livelihoods and good governance); • RIPS strategies are relevant to the needs of its recipients both at community and government levels.
Efficiency	2.5	<ul style="list-style-type: none"> • Weak institutional structures. Particularly human resource.
Effectiveness	2.5	<ul style="list-style-type: none"> • The RIPS has been effective in strengthening local institutions and seems to have accomplished this with a relatively modest budget; • Strong compatibility with the goals of Finland's development policy (promotion of democracy and good governance, reduction of poverty and protection of the environment). However, poverty levels in the intervention area are still high.
Impact	2.5	<ul style="list-style-type: none"> • Progress in changing both attitudes and behaviours i.e in getting people to actually practice, advocate and attempt to institutionalize participatory methods (RIPS); • Local institutions like village governments and school committees are learning to plan, finance and maintain their schools and improve school management; • RIPS has provided practical, workable methods for achieving the major objective of the local government reform programme. However, how this will translate to improvement of agricultural production is not clear.

Evaluation Criteria	Score (1–4)	Observations
Sustainability	1.5	<ul style="list-style-type: none"> • Inadequate resources at end of project; • Investments in software and hardware may be too heavy for local government and communities to sustain.
Coherence	3	<ul style="list-style-type: none"> • Policies of the Finnish development cooperation are compatible with those of Tanzania. They focus on poverty reduction while enhancing democratic principles of participation and decision-making.
Compliance	3	<ul style="list-style-type: none"> • Interventions to a great extent comply with Finnish development policies.
Cross cutting issues	2.5	<ul style="list-style-type: none"> • Gender, Human rights, governance and environment issues addressed. However, HIV/AIDS not addressed.
Value added	3	<ul style="list-style-type: none"> • Research-training -extension linkage; • Participatory planning process through PRAs.
Multilateral cooperation complementarity	2.5	<ul style="list-style-type: none"> • While Finland does not contribute to the basket fund for agriculture, it collaborates and consults with other donors in other forums. They take the lead in the Forestry sub-sector.

7.2 Recommendations for the Way Forward

- For Tanzania the Finnish Development Cooperation should maintain its focus on agriculture sector development because of the country's agricultural potential and the contribution of agriculture to the economy of the country;
- Value for money in terms of economic benefits versus aid money invested can be attained by supporting agricultural sector to increase productivity, enhancing marketing opportunities for agricultural products through value addition and market linkages;
- Taking into consideration the achievements of RIPS, its impact and the lessons learned during its implementation, it is important to pay attention to the programme design for future agricultural sector development if specific impacts could be attributed to specific interventions. The project/programme design should also mainstream cross-cutting issues such as HIV/AIDS, environment and gender and have clear indicators for monitoring effect and impact of the interventions. The programme design should also have a clear exit strategy for sustainability;
- Notwithstanding the fact that RIPS spent a lot of resources in capacity building, it is reported that the human resource capacity in its area of intervention

(Lindi and Mtwara Regions) is still weak. Therefore future interventions should focus on capacity development and institutional strengthening for aid effectiveness;

- There is potential for value-chain development as proposed in DESEMP but this should start with an in-depth understanding of the whole production, marketing and consumption chain for both crops and livestock;
- The effectiveness and impact of any development intervention depends on a well designed monitoring and evaluation plan which is well embedded in the programme/project document. This calls for clear benchmark indicators at the start of project/programme implementation. Hence the need for baseline surveys during project preparation stages as has been done for DESEMP;
- Decentralisation of financial management of project funds to lower levels where activities are being carried out, for example at village level as demonstrated by RIPS is a good approach of empowering people at grassroots level and enhancing ownership of the development interventions;
- Results-oriented activity budgeting should be encouraged for all projects and programmes in order to enhance transparency and accountability.

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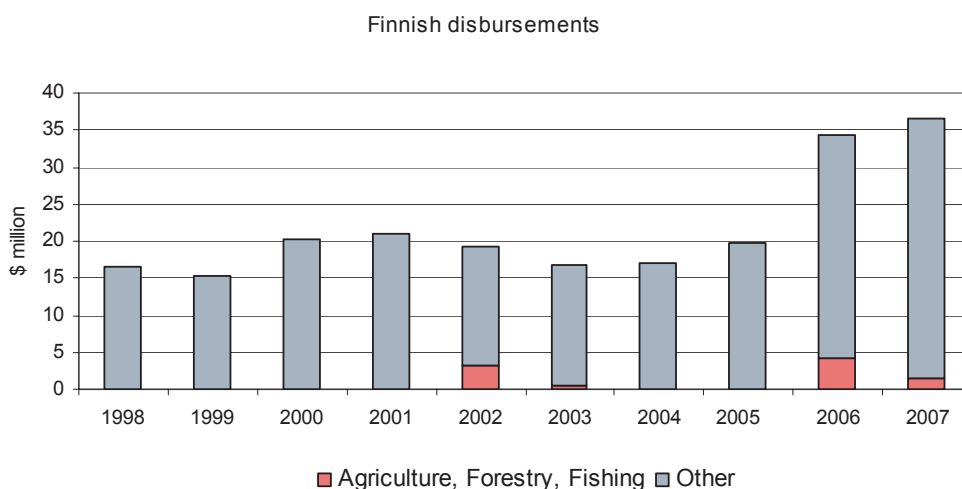
ANNEX 1: DESCRIPTION OF FINNISH DEVELOPMENT COOPERATION IN TANZANIA

Finland and Tanzania have been involved in development cooperation since the 1970s. From 1999 to 2005 Finland supported the Rural Integrated Project Support (RIPS) in Mutwara and Lindi Regions. Today, Finland supports the implementation of Tanzania's poverty reduction programme through budget support and programme and project support, as well as through civil society. The most important cooperation sectors are education, forestry, the environment and good governance.

In the sphere of forestry cooperation, Finland moved away in 2006 from individual projects to financing the entire development programme for the forestry sector, and additional expert support has been given by Finland to implement it. Developing forestry will make it possible to increase the income of the rural population and the State's tax revenue. Finland is also trying to prevent the loss of Tanzania's forests.

Since 2005, Finland has been the largest financier of the co-financed reforms to Tanzania's local government and one of the main supporters of the system of central government transfers to local government. The reforms have clearly strengthened the ability of municipalities to operate and governance. As a result of the support directed towards the reforms to local government and rural development, people now have better opportunities to influence the issues that concern them in planning and decision-making at the local level. The reform programmes are also significant in the work against corruption. Citizens' knowledge of corruption has increased and governance has improved. Local cooperation and development cooperation by Finnish NGOs in Tanzania have improved the position of women and people at risk of exclusion, the rights of the disabled, and environmental protection. 20–40 local organisations have

Figure 1 Finnish bilateral assistance to Tanzania (disbursement) 1998–2007



Source: OECD – DAC database www.oecd.org.

received support every year from appropriations for local cooperation, and over 50 projects of Finnish NGOs are implemented in Tanzania every year. In 2006, Finland's bilateral project- and programme-specific aid to Tanzania was approximately EUR 20,44 million.

ANNEX 2: BRIEF DESCRIPTION OF FINLAND'S PROJECTS/ PROGRAMMES INVOLVED IN THE AGRICULTURAL SECTOR IN TANZANIA

Currently Agriculture is not among the priority sectors for Finnish support in Tanzania. For the purposes of this evaluation, two programmes were assessed.

2.1 Support to Uyole Agricultural Centre, (UAC)

Support to UAC started in 1971 as a Nordic initiative under Finland's supervision. Based on 1984 evaluation, the Nordic governments recommended that Finland should assume sole responsibility for the project on a bilateral basis after expiry of the Nordic phase on June 30 1985.

2.1.1 Development objective

The main purpose was to promote agricultural development in Tanzania by strengthening agricultural research, training and practical field demonstration activities. The geographical coverage was the Southern Highlands of Tanzania. The target group were the small scale farmers in the four regions of Mbeya, Iringa, Rukwa and Ruvuma. The overall development objective was to increase agricultural production, income levels and income security of the small scale farmers, thereby increasing their nutritional status and standard of living.

2.1.2 Immediate objective

The specific and immediate objectives were, among others:

- Increase the capacity at Uyole to be adaptive, aim at resource efficient farming;
- Improve the linkage between research and extension; and research and training;
- Increase technical/professional competence of research and training staff;
- Increase the capability and capacity of researchers in the centre to take up teaching tasks in the training institute and vice versa;
- Support training institute in implementing field oriented activities, (student practical, village outreach programmes and short courses for Village extension workers and Farmers); and
- Maintenance of scientific standards.

2.1.3 Programme implementation strategy and Components

The programme implementation strategy was to support and strengthen activities and facilities already in place that could positively contribute to the achievement of its objectives.

The programme components consisted of:

- Applied research and support to extension, (on-farm adaptive research and research extension linkage);
- Support to training, (routine training activities; extension staff and farmer training);
- Other support activities, (rehabilitation; vehicles and other equipment; technical assistance).

2.1.4 Performance Indicators

The achievement of the specific objectives was to be measured through the following indicators:

- An improvement in the farming methods and increased output of agricultural production;
- The 800 extension workers in the regions having had training in relevant fields;
- 50 reports prepared by students during field practicals utilized in research planning;
- An increased number of research plans that include extension linkage considerations.

2.1.5 Results/Achievements

The mission did not have the opportunity of visiting either Uyole or any other location where field activities were conducted. However, on top of the few documents on Uyole still at the Finnish Embassy in Dar es Salaam, the mission had very insightful discussions with staff at the Ministry of Agriculture who were associated with Uyole during the period of Finnish support. The tables below show some of the achievements extracted from Documents at the Embassy, which were confirmed in the discussions held with the former Uyole based staff in the Ministry of agriculture.

Table 2.1 Crop Varieties released by UAC during the support programme years

s/n	Crop	Variety	Year released	Yield achieved
1	Maize	TMV-2	1987	7 tons/ha
		TMV-1	1987	6 tons/ha
		EH 8508	Yet to be released (at that time)	8 tons/ha
2	Beans	Uyole 84	1984	1474 kg/ha
		Uyole 90	1990	1450 kg/ha
		Ilomba	1990	1302 kg/ha
3	Potato	Kikondo	1987	30 tons/ha
		Bulongwa	1987	35 tons/ha
		Subira	1987	20 tons/ha
		Tana	1987	20 tons/ha
4	Tomato	Moneymaker	1987/89	Over 50 tons/ha
		Monprecoss	1987/89	Over 50 tons/ha
5	Wheat	Juhudi	1987	-
		T.Viri	1987	3.5 tons/ha
6	Barley	Makette	1987	2.5–3.0 tons/ha
7	Rice	Katrin	1988/89	3 tons/ha

Source: Finnish Support to the Uyole Agricultural Centre in Tanzania 1989–1992.
Handing- over Document; December 1992.

Table 2.2 Comparative yield data for selected crops for which UAC developed improvement technologies

s/n	Crop	Farmers' Yields (with local varieties)	Uyole Yields (with Uyole developed improved varieties)
1	Maize	1.5 tons/ha	7–8 tons/ha
2	Beans	400 kg/ha	1.8 tons/ha
3	Potato	5–7 tons/ha	30 tons/ha
4	Tomato	7.5 tons/ha	Over 50 tons/ha
5	Wheat	1.5 tons/ha	4.5–5 tons/ha
6	Barley	1.5–2.0 tons/ha	3.0 tons/ha
7	Rice	1.0 tons/ha	2.5–3.0 tons/ha

Source: Finnish Support to the Uyole Agricultural Centre in Tanzania 1989–1992.
Handing- over Document; December 1992.

Table 2.3 Students who have graduated from UAC training Institute 1989–1992 intakes

s/n	Course	Year			Total	1992 enrolment
		1989	1990	1991		
1	Certificate in Agriculture/Livestock Production	83	58	-	141	95
2	Diploma in Animal Production	58	56	41	155	110
3	Diploma in Crop Production	56	49	46	151	137
4	Diploma in Poultry Production	10	18	16	44	discontinued
5	Diploma in Food Production/Nutrition	21	29	23	73	43
	TOTAL	228	210	126	564	385

Source: Finnish Support to the Uyole Agricultural Centre in Tanzania 1989–1992.
Handing- over Document; December 1992.

Table 2.4 Acquired Information materials; 1988–1992

s/n	Type	Year					Total
		1988	1989	1990	1991	1992	
1	Books	340	408	393	223	78	1442
2	Journals	418	426	382	306	276	1808
3	Reports	28	36	52	23	34	173
4	Magazines	27	53	95	65	79	319
5	Leaflets/ Pamphlets	54	89	76	78	68	365
6	CD-ROM	-	1	1	2	-	4
7	Program Diskettes	-	2	-	5	23	30

Source: Finnish Support to the Uyole Agricultural Centre in Tanzania 1989–1992.
Handing- over Document; December 1992.

2.2 The Rural Integrated Project Support Programme, (RIPS)

The Rural Integrated Project Support Programme started in 1988. Through the years it has grown to become the biggest rural development programme in which Finland has ever engaged in terms of total budget. The RIPS, which was implemented in the Southern regions of Lindi and Mtwara, ran through three phases. While the overall goal of the programme remained “to enhance the livelihoods of the rural population in Lindi and Mtwara regions”, each phase had its own emphasis and focus in terms of approach.

2.2.1 Phase I

Phase 1 covered the period 1988–1993. The overall programme objective was to improve the living conditions of the rural populations of Lindi and Mtwara. This was to be achieved through:

- Increased agricultural production;
- Improved market access;
- Improvements in infrastructure;
- Improvements in the capacities of the institutions serving small-scale farmers.

During this phase, project staff worked closely with Regional authorities. The main emphasis of activities was on building physical infrastructure, such as roads and small water schemes.

In the mid term review of 1991, phase I was judged to be expensive and ineffective. It was criticised for its centralized planning and exclusion of local people from the projects, leading to minimal ownership of the activities. The following phase was therefore planned to emphasise the participation of the beneficiary communities.

2.2.2 Phase II

The second phase started in 1993 with a preparatory phase. A completely new participatory approach to development was adopted. Emphasis was on a participatory planning process whereby programme team went directly to the villages, and together identified small projects to be implemented by the villages with the programme assuming only a facilitating role. It was expected then, that experiences from implementing the small scale projects will lead to developing a component based project document at the end of the preparatory period. The small projects were deemed to have worked so well, the project team ended up suggesting similar types of village projects on a much larger scale to form the core of RIPS Phase II.

The overall objective of Phase II was still “to contribute to the sustainable livelihoods of the people of Lindi and Mtwara” The approach was to strengthen both the formal and informal rural institutions. Activities, which emerged from the villages, concentrated in the following key areas:

- Health and water;
- Natural resources; land use and tenure; and agriculture;
- Education;
- Rural transport and markets;
- Rural savings and credit.

Because of the wide range of scope and activities, the mid-term review of 1995 criticised RIPS Phase II for its lack of organised management and apparent lack of communication between the different activities. It was also observed that the main responsibility for project managements lay with the RIPS staff; this resulted in a lack of transparency, communication and coordination between RIPS and the Tanzanian government, in particular at district level. It was believed that such a situation will threatened the sustainability of the project.

Because the idea of participatory planning was judged to be sound, it was recommended for the next phase to make village planning a basic building block for district planning. To realise this, the decision making district-level must be committed to the use of participatory methods; and this can only happen if the training on participatory methods and good governance was expanded so as to involve the district level officials as well.

2.2.3 Phase III

By the time RIPS entered the third and final phase, it had transformed from a rural development project, (covering some aspects of the agricultural sector) into a capacity building program for local government organs. Of course it still maintained the overall objective “to improve sustainable livelihoods in the two regions of Lindi and Mtwara.

Phase II had been criticised in relation to the program design, where it was pointed out that the indicators for the programme’s development goals were poorly identified, which made it difficult to monitor progress and results. Phase III attempted to rectify this.

Programme Overall Objective

When it started in November 1999, RIPS Phase III overall objective is to “improve sustainable livelihoods in Lindi and Mtwara Regions”. After the mid-term review, the overall objective was reviewed in July, 2002 as “improved capacity and transparency of local government administration and strengthen capacity of civil society to actively and democratically participate in development of the society”.

Programme Purpose

Facilitate the Institutionalisation of participatory approaches and democratic principles among authorities and civic society to support the objectives of the Local Government Reform Programme.

Specific objectives/Key result areas

The intended impact of Phase III was mainly within two key result areas, namely:

- Enhancing Civic development;
- Strengthening the public service.

Beneficiaries/clients or key stakeholders:

Primary beneficiaries were the citizens of Lindi and Mtwara regions, and the secondary beneficiaries include the village and ward development committees; the Town and District Councils; technical staff of the Regional secretariats and members of local NGOs and CBOs.

Results achieved

As it has already been mentioned elsewhere in the report, the mission did not visit the project sites; hence it is impossible to validate the findings which are based solely on documentary review. Even then, it is difficult to clearly isolate and identify achievements in the agricultural sector because RIPS was not basically an agricultural project. The achievements described below are derived from reports by project staff.

The Goat Loan Project

Traditionally goat keeping was a domain of men only, women being excluded. The aim of the project was to improve goat husbandry at the same time open up ownership by developing a village based goat loan system.

Individual farmers were loaned, in kind, 2 female goats; Groups were loaned in kind, 4 female goats and one billy (male) goat. Recipients were required to construct improved pens, and attend training on good goat husbandry and management. Those who received goats were required to hand over to a neighbour the first 2 female offspring, based on existing traditional system.

The goat project, implemented in 331 out of 1 362 villages of Lindi and Mtwara regions had several positive results: Improved incomes; better nutritional status; technology development; and perhaps most important, women empowerment in the form of property ownership and financial independence and security.

Cashewnuts Processing

Lindi and Mtwara regions are the major Cashewnut producers in the country. However, nearly all the cashewnuts are sold raw. In 1996, RIPS invited artisans from Kibaha with Cashewnut processing skills to train 8 local people. The idea was that processing will add value to the produce and promote consumption both locally, and outside the two regions.

The cashewnuts industry has posed the following benefits to the people of Lindi and Mtwara:

- Created steady income for processors, (for example a survey conducted in 2002 revealed that the number of artisans with skills in cashewnuts processing had increased from the initial 8 trained by the trainers from Kibaha to 200);

- Given opportunity for women to own property, (cashew farms, houses, radios, etc);
- Provided exposure for women who for the first time, had the opportunity to travel outside their localities, (for exchange visits and taking part trade fairs.

Rehabilitation of Traditional Irrigation and Drainage systems

The border area between Tanzania and Mozambique, in Newala district of Mtwara region is marshland. The local people had developed traditional systems for irrigation. These were disrupted during the Mozambique war for independence.

In 2000, local farmers began rehabilitating the traditional irrigation systems without much success. They had to request for assistance. Through collaboration between the local communities, Newala District Council, the Zonal Irrigation Unit in Mtwara and RIPS, a long term initiative started as the Makondeko Traditional Irrigation Project. The aim of the project was to rehabilitate and expand the land available for irrigated agriculture by controlling the flow of spring water from the plateau as well as flood water from the Ruvuma River.

Some of the positive results of the Makondeko Traditional Irrigation Project include the following:

- By 2002, 920 hectares had been drained to provide land cultivable all year round;
- Increase in production, (one farmer claimed that his maize production had increased from 10–15 bags per acre to 25 bags per acre);
- The model has been adopted and similar activities have been started in other areas, such as Rungwa District in Lindi region.

ANNEX 3: ITINERARY OF THE FIELD VISIT – TANZANIA

Monday 14th September 2009

Travel from Nairobi to Dar (Fred Muchena) and Travel from Moshi to Dar (O.T. Kibwana). Visit to Ministry of Agriculture, Food and Cooperatives
Visit to Agriculture Sector Development Programme (ASDP) Secretariat
Visit to Agricultural Development and Empowerment Project (PADEP) to hold discussions with some of the beneficiaries of Uyole support by Finnida

Tuesday 15th September 2009

Embassy of Finland Dar es Salaam: Discussions with Embassy Staff and reviewing of documents on RIPS and other documents

Wednesday 16th September 2009

Continuation of review of documents at the Embassy of Finland, Dar and preparation of the Aide Memoire

Thursday 17th September 2009

Visit Acting Director of Research, PADEP and Former Project Officer of RIPS

Friday 18th September 2009

Finalising Draft Aide Memoire

Saturday 19th September 2009

Departure

ANNEX 4: PERSONS CONTACTED**Monday 14th September 2009**

Mr. David M. Biswalo	Principal Economist in charge of sector plans, programmes and budgets, Ministry of Agriculture, Food and Cooperatives (0755 630407)
Mr. Ramadhani S. Kapande	Director of Training, Ministry of Agriculture, Food Security and Cooperatives
Mr. Simon S. Mpaki	National Programme Officer, Agricultural Sector Development Programme (ASDP)
Ms Happiness Mlaki	Information Education Officer, ASDP
Dr. Mary C. Shetto	Principal Research Officer, Participatory Agricultural Development and Empowerment Programme (PADEP)
Dr. Shekania Bisanda	Project Coordinator, PADEP

Tuesday 15th and Wednesday 16th September 2009

Ms Merja Makela	Counsellor (Natural Resources), Embassy of Finland Dar es Salaam
Mr. Pekka Sommerberg	Attache (Consular), Embassy of Finland, Dar es Salaam

Thursday 17th September 2009

Mr. Timothy N. Kirway	Acting Director of Research and Development, Ministry of Agriculture, Food Security and Cooperatives
Mr. Alphonse T. Kyariga	Monitoring and Evaluation Manager, Rural Energy Agency. Ministry of Energy and Minerals. Previously Monitoring and Evaluation Officer with RIPS (April 2002 to November 2003)

ANNEX 5: DOCUMENTS CONSULTED

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