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## Investing in rural people in the **United Republic of Tanzania**

The United Republic of Tanzania has made great strides in economic and structural reforms and this has helped achieve average annual economic growth of 7 per cent over the last decade (World Bank 2015). But most people living in rural areas remain extremely poor, and improvements in the overall level of human development have been only marginal.

Tanzania ranked 151 out of 182 countries in the 2015 United Nations Development Programme's Human Development Index. The World Bank ranks it 134th out of 185 countries for business environment and 135th out of 212 countries for government effectiveness. Agriculture meets 90 per cent of food needs, but productivity is low, there is a lack of primary processing, and market access is weak.

The economy largely depends on agriculture, which accounts for about one quarter of GDP, provides 85 per cent of exports and employs about three quarters of the workforce. About 80 per cent of production comes from subsistence farmers relying on hand hoe and rainfed agriculture. To date, production gains have been achieved by expanding the area cultivated rather than by yield increases, and this has driven deforestation and land degradation. Smallholder agriculture is labour-intensive, with little application of modern technologies and inputs, and is highly vulnerable to weather shocks. Agriculture is a sector where significant productivity achievements can be made, while making production climate-resilient. The country imports significant volumes of cereals and pulses, which could be produced nationally.



## Eradicating rural poverty in the United Republic of Tanzania

Beginning in the mid-1980s, Tanzania undertook market-oriented economic reforms, including trade liberalization and privatization. By the end of the 1990s, it had moved in the direction of poverty-reduction strategies. Tanzania has mainstreamed the United Nations' Sustainable Development Goals (SDGs) into its national policy frameworks, including its national development plan. The Development Vision 2025 sees agriculture becoming a semi-industrialized system in which irrigation and modern technology generate production to support manufacturing activities.

The country is part of the African Union's Comprehensive Africa Agriculture Development Programme (CAADP) and has formulated its investment plan – the Tanzania Agriculture and Food Security Investment Plan. With the help of various other strategies, including the "Big Results Now" initiatives and the Tanzania Agriculture Climate Resilience Plan, Tanzania envisions that by 2025 it will have ensured food security and food self-sufficiency and increased farm incomes through viable and sustainable internal and international trade.

## IFAD's strategy in the United Republic of Tanzania

IFAD's Executive Board approved its first loan to the United Republic of Tanzania in 1978 – the second loan ever approved by the board. Since then, IFAD has approved and financed 15 projects with investments of US\$360 million, or some 48 per cent of project costs. Tanzania has the second-largest IFAD portfolio (in terms of volume of lending) in the East and Southern Africa region, after Ethiopia. The government has provided cofinancing of US\$72 million to IFAD-supported projects, or about 10 per cent of total portfolio costs. The other major cofinanciers have been the World Bank (1.5 per cent) and the African Development Bank (11.4 per cent).

IFAD's current results-based country strategic opportunities programme (COSOP) in Tanzania is aligned with the country's Development Vision 2025. It aims to help Tanzania's agricultural sector – crops, livestock and fisheries – achieve higher and more sustainable productivity, profitability and commercialization, increase smallholder farmer incomes for improved livelihoods, food security and nutrition, and boost the resilience of communities to shocks and stresses. This will be achieved through four complementary strategic objectives (SOs), which will also address key cross-cutting themes – gender, nutrition and food security, partnerships, resilience and governance. The objectives, with emphasis on IFAD's target groups, are:

- **SO1:** Institutional performance, coordination and accountability to IFAD target groups and their organizations at central and local levels will be improved, enabling greater effectiveness and transparency in policy formulation, greater collaboration and partnership, and enhanced programme implementation and results.
- **SO2:** Value chains of priority commodities will become more inclusive and resilient, driven by expanded and sustainable access to markets and financial services and by a more inclusive private sector.
- **SO3:** Climate-resilient, productivity-increasing technologies in priority crop-livestock-fishery commodities are being improved and their adoption scaled up based on more effective agricultural support services reaching IFAD target groups.
- **SO4:** Land governance is being strengthened to enable more inclusive agricultural public and private investments, based on more equitable access to land and effective mechanisms to address land/natural resource conflicts arising from competition between farmers and pastoralists.

About **80 per cent** of agricultural production in Tanzania is generated by subsistence farmers

To achieve these objectives, IFAD will use three complementary instruments:

(i) a programme-based approach to provide strategic support to the Agricultural Sector Development Strategy (ASDS)/Agricultural Sector Development Programme II (ASDP II) and the Agricultural Transformation Initiative to scale up innovations, enhance capacities at various levels and promote sustainability; (ii) project-based support as a vehicle for testing innovations and new approaches, enabling better targeting and implementing new policies; and (iii) a non-lending programme to generate evidenced-based knowledge to support policy engagement and strengthen partnerships. The SOs will contribute to meeting SDGs 1, 2, 3, 5, 13, 14, 15 and 16.

## Ongoing operations

### Marketing Infrastructure, Value Addition and Rural Finance Support Programme (2010-2018)

The Marketing Infrastructure, Value Addition and Rural Finance Support Programme (MIVARF) is implemented in all 26 regions of the mainland and Zanzibar. It aims to enhance the incomes and food security of the target group sustainably through increased access to financial services and markets. The programme, which will cost US\$169.5 million, is expected to benefit about 500,000 rural households. IFAD is providing a loan of US\$90.6 million. The programme is cofinanced by: African Development Bank (US\$62.9 million); the Alliance for a Green Revolution in Africa (AGRA) (US\$6.9 million); Swedish complementary funding (US\$1.0 million); and US\$5.4 million from a source still to be determined.

The programme aims at increasing the access of poor rural people both to a wider range of financial services and to sustainable agricultural input and output markets and opportunities for rural enterprise. MIVARF is also building synergies with other IFAD-supported interventions in value addition, producers' empowerment and market linkage in the same district.

### Agricultural Sector Development Programme – Livestock: Support for Pastoral and Agro-Pastoral Development (2005-2017)

The ASDP-L targets the poorest members of herder and agro-pastoralist groups who depend mainly on livestock for their livelihoods, particularly women, young people and marginalized groups, and some Zanzibar fishing households. The programme focuses on improving food security and increasing incomes for 624,700 households within these communities. It aims to improve livelihoods for the target groups by:

- Helping farmers identify and manage their development needs

IFAD's strategy is aimed at **increasing the productivity and climate resilience** of Tanzania's crops, livestock and fisheries





- Improving livestock production through research and technology
- Improving marketing systems and infrastructure for livestock products
- Strengthening national and local government institutions to improve services to livestock farmers
- Promoting a participatory approach to natural resource management within local administrations
- Investing in improved health care and water management

The total cost of the programme is US\$32.8 million; IFAD is providing a loan of US\$24.3 million and the former Belgian Survival Fund cofinancing of US\$4.8 million.

## Rural Micro, Small and Medium Enterprise Support Programme (2006-2017)

The programme, also known by its Swahili acronym, MUVI, helps improve rural employment opportunities in six regions – Iringa, Manyara, Mwanza, Pwani, Ruvuma and Tanga. These regions show a potential for entrepreneurial activity, with a higher than average percentage of the rural population already engaged in some form of self-employed activity.

The programme, which will directly benefit 100,000 households, provides selected medium- and small-scale rural entrepreneurs with improved skills training, knowledge and access to markets to help increase productivity, profitability and off-farm incomes. The target group includes smallholder farmers and fishers who could profitably link up with processors and sell their produce to them. Women, young people, the elderly and other disadvantaged groups, including people living in remote areas and people living with HIV/AIDS, are particularly encouraged to participate.

The programme aims to build rural entrepreneurs' awareness of market opportunities and how these can be exploited through improved communication and training. It also seeks to create or reinforce linkages in value chains to improve coordination and cohesion. The programme will also strengthen public- and private-sector institutions providing support to rural enterprises.

The total cost of the project is US\$25.3 million. IFAD is providing a US\$19.5 million loan and a grant for US\$0.5 million. IrishAid is providing cofinancing of US\$0.9 million.

IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided US\$18.4 billion in grants and low-interest loans to projects that have reached about 464 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome – the UN's food and agriculture hub.

### Contacts:

Francisco Pichon  
Country Director  
c/o UNDP 182 Mzinga Way  
(Off Msasani Road),  
Oysterbay, P.O. BOX 9182,  
Dar es Salaam, Tanzania  
E-mail: f.pichon@ifad.org

Mwatima Juma  
Senior Country Programme Officer  
c/o UNDP 182 Mzinga Way  
(Off Msasani Road),  
Oysterbay, P.O. BOX 9182,  
Dar es Salaam, Tanzania  
Tel: +255 22 2664564  
E-mail: m.juma@ifad.org

Marzia Perilli  
Associate Programme Officer  
c/o UNDP 182 Mzinga Way  
(Off Msasani Road),  
Oysterbay, P.O. BOX 9182,  
Dar es Salaam, Tanzania  
E-mail: m.perilli@ifad.org

For further information on rural poverty in the United Republic of Tanzania, visit the Rural Poverty Portal:  
<http://www.ruralpovertyportal.org>



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International Fund for Agricultural Development  
Via Paolo di Dono, 44 - 00142 Rome, Italy  
Tel: +39 06 54591 - Fax: +39 06 5043463  
E-mail: ifad@ifad.org

[www.ifad.org](http://www.ifad.org)

[www.ruralpovertyportal.org](http://www.ruralpovertyportal.org)

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