

PLANNING AND EVALUATION IN AID ORGANIZATIONS

Kim Forss

Planning and Evaluation in Aid Organizations

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LIST OF ABBREVIATIONS

AATP	Arusha Appropriate Technology Project
ADB	African Development Bank
AIB	Allmänna Ingenjörssbyrån (also SEC, see below)
CAMARTEC	Centre for Agricultural Mechanization and Rural Technology
CCM	Chama Cha Mapinduzi (The Revolutionary Party)
CFW	Common Facilities Workshop
CPMP	Country Programme Management Plan
CTI	Consultants for Trade and Industry
DAC	Development Assistance Committee (of OECD)
DANIDA	Danish International Development Authority
EIU	The Economist's Intelligence Unit
FAO	Food and Agriculture Organization
FFYP	First Five Year Plan
IBRD	International Bank for Reconstruction and Development
IPF	Indicate Planning Figure
KARATASI	Tanzania Karatasi Associated Industries
KfW	Kreditanstalt für Wiederaufbau
MEIDA	Metal and Engineering Industries Development Association
NBC	National Bank of Commerce
NDC	National Development Corporation
NORAD	The Royal Norwegian Ministry of Development Cooperation
OECD	Organization for Economic Cooperation and Development
SAREC	Swedish Agency for Research Cooperation with Developing Countries
SARUJI	Tanzania Saruji Associated Industries
SEC	Swedish Engineering Consultants
SFYP	Second Five Year Plan
SIDA	Swedish International Development Authority
SIDO	Small Industries Development Organization
STAMICO	State Mining Corporation
TANU	Tanganyika African National Union
TBS	Tanzania Bureau of Standards
TEXCO	National Textile Corporation

TFYP	Third Five Year Plan
TIB	Tanzania Investment Bank
TIRDO	Tanzania Industrial Research and Development Organization
TISCO	Tanzania Industrial Studies and Consulting Organization
TKAI	Tanzanian Karatasi Associated Industries
TLAI	Tanzania Leather Associated Industries
TPCC	Tanganyika Portland Cement Company
TPDC	Tanzania Petroleum Development Corporation
TRDB	Tanzania Rural Development Bank
TWICO	Tanzania Wood Industries Corporation
UN	United Nations
UNDP	United Nations Development Programme
UNFPA	United Nations Fund for Population Activities
UNIDO	United Nations Industrial Development Organization
UNOTC	United Nations Office for Technical Cooperation
WFP	World Food Programme
WHO	World Health Organization

CURRENCIES

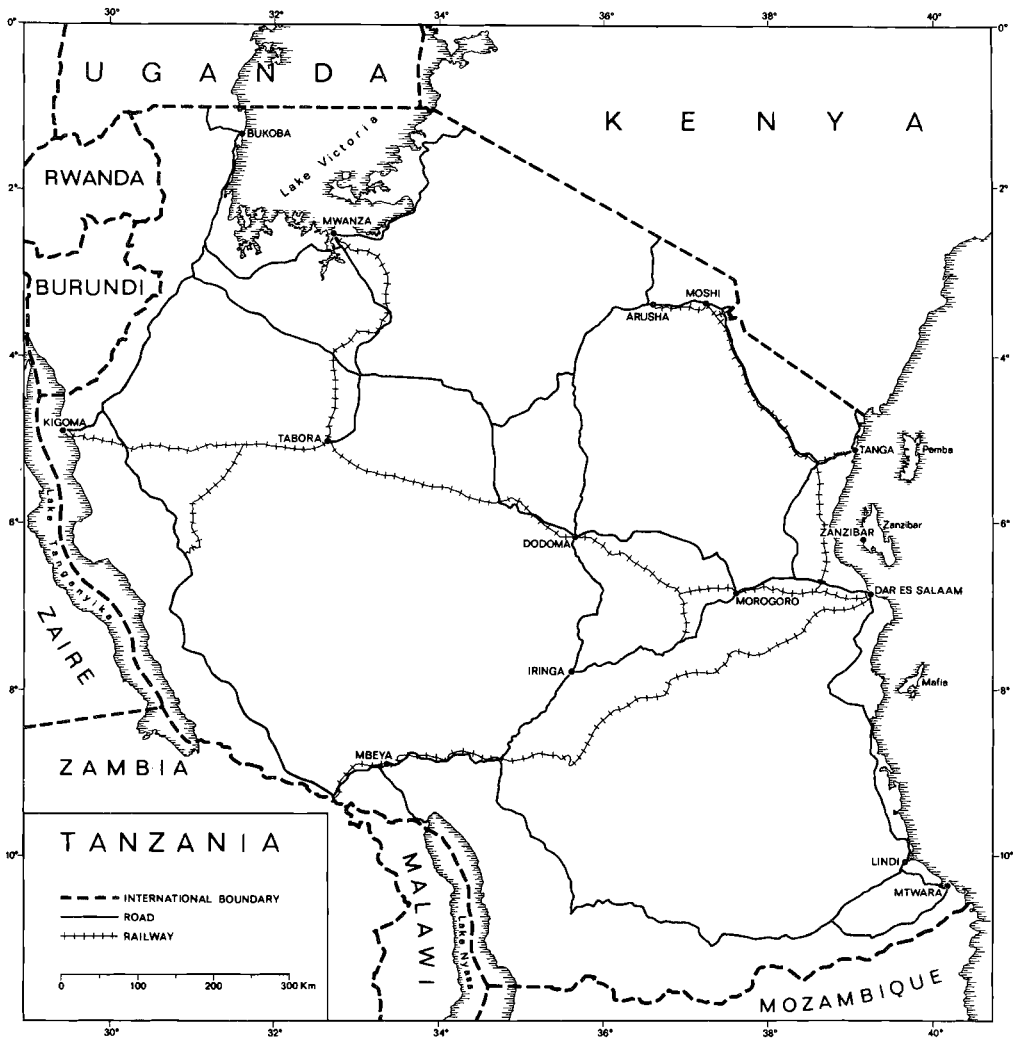
Abbreviations used in the text

GBP	British Pound
SEK	Swedish Crowns
TSH	Tanzanian Shillings
USD	U.S. Dollars

Exchange Rates

1982	100 TSH =	80 SEK
1983	100 TSH =	79 SEK
1984	100 TSH =	65 SEK
1985	100 TSH =	52 SEK

MAP OF TANZANIA



1. INTRODUCTION

1.1 DEVELOPMENT AID

The financial problems of the developing countries are generally acknowledged to be one of the most critical policy challenges facing the international community. There has been a striking evolution of the volume of aid between 1970 and 1982 the net resource receipts of developing countries grew from USD 20 billion to USD 93 billion. Official Development Assistance increased by nearly 70 per cent in real terms, a significant increase despite fiscal constraints. Multilateral aid increased sharply during the early 1970's, but bilateral aid became the dynamic element in the evolution of financial flows during the latter half of the decade. The number of agencies administering development assistance also expanded quickly.

The USA, France and Germany are the largest aid contributors in terms of overall volume, but the Netherlands, Sweden, Norway and Denmark are the only countries that have reached and exceeded OECD's target of 0.7 per cent of the Gross National Product in development assistance. OECD (1983) forecasts a growth of official development assistance in real terms, in spite of the economic and budgetary difficulties of most donors. OECD estimates that growth will be of the order of 2 to 3 per cent per annum during the next few years. The largest increases are likely to come from other countries than those that have hitherto dominated. Austria, Canada, Finland, Italy and Japan are expected to reach the 0.7 per cent target during the 1980's.

The objectives of official development assistance are to promote economic growth and welfare in the recipient countries. Indeed, the definition of "aid" or "assistance" used by OECD and most countries is: "grants or loans, undertaken by the official sector, with promotion of economic development and welfare as the main objectives, at concessional financial terms". The mandate of the aid organizations is normally specified by governing boards, by parliament or some other political body that expresses public opinion. The Swedish aid organization should promote; (a) economic growth, (b) equality in the distribution of resources, (c) political democracy, and (d) independence. As another example, the United Nations Development Program assigns priority to aid that promotes; (a) integration of disadvantaged groups into the development process, (b) preservation or improvement of environmental conditions, (c) technical cooperation among developing countries. Other aid organizations qualify the economic growth objective in different ways, but growth remains the primary consideration.

Bilateral aid policies are part of foreign policy, and, to an increasing extent, of trade policy. Looking at the total financial flows moving to the developing countries, official assistance on concessional terms accounts for a declining share. Instead, official support through non-concessional flows has been growing. There has been a progressive intertwining of the roles of the private and official sectors through the expansion of guaranteed export credits and co-financing arrangements.

The progressive intertwining of the roles of private and public sectors can be seen both as a reason for, and a result of, the criticism of aid organizations. The various forms of subsidies for trade and direct investments reflect domestic trade and employment objectives, but they are not necessarily complementary to the objectives of economic development and welfare of the recipient countries. Even if the possibilities of synergetic effects exist, it is seldom explained how they will be realized. When different stakeholder objectives are made explicit, this is done in general terms that make a calculation of the trade-offs between the rates of achievement of different objectives a futile effort.

Ambiguous objectives and uncertainty about effectiveness is a strong contributing factor to the scepticism about development aid. Those who argue for aid on the terms of the recipients perceive the links with commercial flows as a deterioration in the quality of aid. On the other hand, there is a clearly visible benefit from the intertwining of objectives, at least to companies that expand their sales.

In those countries that have exceeded the 0.7 per cent target, there is now a trend towards consolidation of the aid programs. This is not only due to economic constraints, but because a growing realization that quality of aid does not follow quantity. The administrative capacity of aid organizations has nowhere expanded as fast as the size of their programs, in fact most aid administrations have been cut back while the volume of aid has increased. There is thus some cause for public concern that aid is not always used well.

In its annual review of development cooperation, OECD (1983) notes that there are several demands on the administrative capacities of aid agencies, as for example:

- (a) more active involvement by aid agencies in project preparation, design, implementation and monitoring,
- (b) more effective evaluation,
- (c) more effective and sustained presence of donor representatives in recipient countries,
- (d) more effective participation in policy dialogue.

The OECD review also emphasises that development assistance "... is concerned not only with the effective selection and implementation of individual projects but also with the coherence of broader sectoral and macro-economic policies and supporting services" (OECD, 1983, p. 73).

1.2 THE ROLE OF PLANNING AND EVALUATION

Against this background, the tasks of planning and evaluation can be seen to have three major functions. The role of planning is to direct the resources towards the aid objectives. The role of evaluation is to provide information on the use of resources - such information enables the decision-maker to tell whether one solution to a development problem is superior to another. This information may refer to projects that will be implemented, that are under implementation or that have been completed. It is also possible to distinguish two different usages of such information: usages that have a distinct bearing on its content. Primarily, evaluation is an input for the planning process. By generating knowledge on the effectiveness or efficiency of different courses of actions, the decision-maker will be in a better position to make correct choices. The evaluation is a means of improving the effectiveness of the aid organization, it provides better information about what actually happens on projects, what are the impacts of certain interventions in a developing country, et cetera.

However, the effective operations of the aid organization are only one objective of evaluations. Indeed, effectiveness often appears to be of secondary importance. Evaluations are also the source of legitimacy of aid organization. By proving that the resources are used for worthwhile projects, and that they lead to desired results, the aid organizations may argue for budget increases. Aid organizations need to sustain the funding public's trust and goodwill. Using evaluation results achieves this credibility. The organizations are, and should be, subject to critical inquiry from the press, from political parties and lobbying groups. Well conceived projects, in accordance with objectives, and verifiable results, are the only guarantees of continued public interest in development cooperation.

It is obviously of fundamental importance for aid organizations to gather and publicize evaluation results for internal and external use. Internally it is part of an up-grading of operations; externally

evaluation is intended to spread information and generate positive attitudes to development assistance. However, it has frequently been mentioned that the evaluation of aid organizations is not as effective as might be desired. By using the term effective, it is assumed that the outcome could be compared to an expected result, and the results are twofold: (a) increased effectiveness of the aid programmes, improving the operations of the organization, and (b) influencing public opinion. Though the distinction is obvious, it clarifies the interpretation of what are termed evaluations in different organizations.

1.3 PROJECTS: THE COG-WHEEL IN THE DEVELOPMENT PROCESS

What is it then that is being evaluated? What is it that is planned? What is the subject matter of development assistance? In this study projects form the basic unit of analysis. Projects are a concept for organizing and channelling resource flows. A project organizes productive activities and creates the physical and social infrastructure necessary to link markets and organizations. Projects are a critical means of achieving development. This study is basically concerned with how projects are conceived, identified, defined, and directed towards objectives.

But projects occur in a wider framework, and this wider framework is also an interlinked series of activities for achieving certain objectives, just as the project itself is. In some organizations the framework is called a country program or sector support. Aid to industry is often a framework for analyzing different projects with industrial development as a common denominator. Sometimes, however, it is desirable to view industrial projects within a framework of support to small-scale industries, industrial institutions, or some other boundary that may distinguish one group of projects from another.

The project is a necessary unit of analysis, not least because all actors in aid administration think of their activities in terms of projects. But like all good concepts, it is also ambiguous. The

ambiguity stems from the difficulty of identifying the appropriate boundary of activities, inputs and objectives that we call a project, and the activities, inputs and objectives in the environment. When a researcher approaches a phenomenon with fuzzy boundaries, it is often wise to choose a research strategy that lets him explore the boundary. This is something I will return to in Chapter 3 when I discuss the methods used in this study. For the time being, let us simply note that projects form the unit of analysis here but will be treated in the context of sectoral assistance and country programs.

1.4 SOURCES OF PROJECT IDEAS

The discussion above (p. 2) noted how aid organizations in general manage activities to reach certain objectives, among them economic growth. Thus, one would expect projects to be designed in accordance with these objectives, but this is obviously not always the case. Instead, projects may be started for a number of different reasons that contradict, complement and overlap with the explicit, rational objectives of the aid organizations. Rondinelli (1976) has, for example, distinguished between regime supporting projects, projects that are a reaction to external pressure and projects arising out of emergency conditions.

Projects are often generated by national policies to build legitimacy and create stability for an incumbent political regime (Rondinelli, 1976). Such projects can be of basically two different kinds: there are prestigious, status-building investments used as symbols of national progress, development and modernization and there are investments to calm the opposition and reduce potentially rebellious groups, for example, through food distribution, public works or rural development programs.

As an example, the UNDP funded a study to "prevent a probable bloody revolution" in the Philippines in the early 1970's. The so-called Ranis Mission (named after its head, the development economist Gustav Ranis) criticized the unbalanced growth and capital intensive

industries, suggesting new and redesigned infrastructure projects. Land reform, flood control, irrigation and rural development programs were proposed to promote political and social stability among regions and ethnic groups within the country.

In most developing countries, projects are initiated by the public sector, and it is also the public sector that has contacts with international assistance. In reality, international aid will benefit the regime in power as long as a successful project contributes to government policies. If the project has an impact, the government gets the credit for having initiated and implemented it. But even if the project contributes in this way to achieving political stability, it would be far-fetched to lay too much emphasis on the political implications. Creating some benefit is the "raison d'etre" of a development project, and obviously the person or institution who initiated the project will be appreciated by those who gain. Such are the rules of development assistance everywhere, but that does not mean that projects are primarily designed to divert opposition to a government. Whether development or diversion of opposition are the most important objectives often remains hidden in the minds of the highest national planning authority. Maybe motivation does not matter too much, as long as there are visible signs of progress on the non-political criteria as well? Although some regime-supporting projects may be "white elephants" (of the first type), others may serve a variety of development purposes if they are well defined and effectively executed.

National catastrophes often trigger the search for projects to relieve immediate burdens and to prevent future crises. The floods in Bangladesh and India in recent decades led to the identification of a series of projects to prevent flooding, to construct embankments, to excavate new rivers and canal networks, to improve weather forecasting, et cetera. The drought and famine in Africa 1973 also gave rise to a variety of project proposals to prevent desertification and to improve livestock keeping, water supplies, et cetera. The energy crisis in 1974 saw a similar increase of efforts to find alternative sources of energy, to diversify supplies and reduce consumption.

In the initial stage of the economic crisis in Tanzania the Government launched a "Program for National Economic Survival" in 1980. "Rehabilitation" was the key word and in the following years all institutions in the country tried to get rehabilitation projects. New projects were often called "rehabilitations" as soon as they involved some institution that already existed or whenever they built on existing resources. International aid organizations contributed, and within a few years most projects were "rehabilitation projects". Frequently, the resources of aid organizations are used to alleviate the impact of catastrophes, but this may distract them from long-term objectives. There is a balance to keep between the need for flexibility and response to environmental change on the one hand, and stability on the other.

A number of projects are also proposed in an attempt to respond to the policy pressures of foreign nations or international assistance institutions. Assistance funds have been used by both bilateral and multilateral aid organizations to prod recipient governments into accepting specific projects. Bilateral agencies have their well-known "areas of concern", both in respect of development objectives and in respect of national policies (e.g. export promotion). The specialized agencies of the United Nations are also persistent in "selling" their projects or their perception of problems. Gordenker (1976) notes that: "UNDP representatives have in some cases substantially influenced development activities without reference to national priorities". The resulting distortions may have serious consequences, not only because they divert aid funds in precious foreign currency from more important areas, but also because they demand scarce resources in the form of administrative capacity, planning and supervision. They can lead to an important loss of opportunity in the utilization of internal resources.

1.5 PLANNING AND EVALUATION IN PRACTICE

As we have seen, planning and evaluation are activities that have to take into account the diverse objectives of national governments, program officers, project personnel and other interests. But even though these may contradict the "rational" objectives of aid, planning and evaluation must be the instrument through which the aid organizations fight to fulfil the role a general public expects of them. When the OECD notes that aid organizations need to improve project preparation, design, implementation, monitoring and evaluation, this is certainly with reference to the rational objectives of project assistance. Similarly, the Jackson report (1969) and the subsequent reports by the UN Joint Inspection Unit recommended a strengthening of UNDP in project planning and evaluation. A series of public inquiries in Sweden have noted the same in respect of SIDA (SOU 1977:13, SOU 1977:77 and Ds UD 1984:1). As this study is primarily concerned with SIDA and UNDP, let us look more closely at what has been said about their planning and evaluation systems.

During 1980, UNDP spent USD 678 million on a total of 5211 projects. The total cost for this development assistance has been calculated at USD 1,544 million. In the context of development assistance, these amounts are relatively insignificant as they do not add up to more than 4 per cent of total aid from the DAC countries during that year. In fact, UNDP's expenditures on development assistance are of about the same magnitude as SIDA's budget.

The magnitudes apart, UNDP's activities form a complex mosaic which is quite different from any bilateral aid organization. First of all, its projects are spread over more than 150 developing countries. Second, it covers all conceivable aspects of development. Third, the projects are commonly implemented in some complex tripartite cooperation between the UNDP, the recipient country and an executive agency (usually one of the 27 UN organizations). Such conditions contribute to a commonly held opinion of UNDP as a rather

bureaucratic organization, one where the international administration has come to overshadow the central activity - development aid. However, there is also a more positive view of UNDP; it is the only aid organization that is not linked to any national political or commercial interests on behalf of the donor. It is the only organization where the developing countries themselves have an impact on policy.

Evaluation has been an issue in UNDP since its foundation in 1966, when the EPTA and the UN special funds were merged. There was a widespread concern over the effectiveness of development assistance, and in 1968 the Governing Council appointed a capacity study of the UNDP, which came to be known as the Jackson report after its main author, R.G.A. Jackson. The Jackson report is a review of the first 25 years of development assistance within the UN and it delivered a serious criticism of the character, content, administration and financial system of the UNDP. Among other things, the report noted that:

- (1) The planning procedures did not reflect the priorities of the developing countries. There was no integrated view of the unique development problems facing each country. Often projects were the result of "sales efforts" by the specialized agencies.
- (2) In spite of the large number of evaluation studies they resulted in little qualitative change. There was no coordination of evaluation activities, and the organization lacked professionals capable of undertaking evaluation studies.
- (3) However, the weakest area of UNDP was found to be the monitoring and follow-up of project activities.

The proposals in the Jackson report laid the foundation of the "Policies and Procedures Manual", of which we will see more in Chapter 5. The Country Programming Procedure was gradually introduced during the early 1970's, and so was the UN system of monitoring and

evaluation. The reforms strengthened UNDP's role vis-à-vis the executive organizations, particularly as regards establishment of Country Programmes and project monitoring. Both planning and evaluation were centralized and standardized, following more or less the same format in all recipient countries. Adaptation to local conditions had received second priority, and in many cases the local governments play a very minor role in project selection and planning.

But the systems of planning and evaluation are continuously subject to review within UNDP. At central levels the Bureau for Programme Policy and Evaluation (BPPE) conduct thematic evaluations in cooperation with the executive agencies. The BPPE has also undertaken separate country studies, reviewing total UNDP assistance. A total of six such country studies have been conducted since 1969. Within the UN family, the Joint Inspection Unit (JIU) supervises the adherence of the organizations to their mandates and it also reviews their effectiveness. JIU has often had occasion to note that UNDP, in spite of good intentions, has had difficulties in translating its policies and procedures into action. In a report from 1977, the JIU points out that although the UN system was devoting significant resources to planning, programming and reporting processes, there was little real evaluation as a result of this work.

The picture emerging from organizational studies of SIDA is similar. The Swedish National Audit Bureau investigates the activities of national governmental organizations. The Bureau has had occasion to comment on SIDA's planning and evaluation several times, and although both offer scope for improvement, the desired direction of change varies. In general, SIDA has not, according to the Bureau, had enough information on the effects of its assistance program. However, in a study in 1974, the Bureau recommends that SIDA integrates its evaluative effort more closely with what is common practice in the recipient country. In the 1980's, however, the emphasis has shifted to the internal documentation, fulfilling Swedish expectations of accountability.

In general, aid organizations are primarily concerned with developing their own internal planning and evaluation systems. For their part, recipient governments have found it difficult to reconcile varying administrative requirements, concepts and donor procedures. Aid organizations tend to focus narrowly on "their" part of national development, using their own evaluation staff or external consultants. Officials in the recipient country may have to spend time on such evaluations quite out of proportion to the small contribution that foreign assistance makes to the national development effort. The stream of appraisals, reviews and evaluation missions from New York, Geneva, Stockholm, et cetera, has contributed to the negative attitude towards evaluation that often surfaces in countries receiving development aid. But the situation is never one-sided. During the latter half of the 1970's there has been a genuine desire for a truly cooperative approach to evaluation, at least in some developing countries (Stiernborg, 1983).

Planning and evaluation have often been discussed as if they were neutral and objective, with no moral or value connotations. But social scientists and administrators are all too human and the tools used are part of a social system and a culture. The questions we ask in evaluation studies, the course we follow in drawing inferences and organizing our findings, are not determined by facts and logic alone (Myrdal, 1968). The different methods used for data collection and analysis are based on premises which can be traced to different value perspectives, and even more significant, the formulation of questions and conceptualization of problems is in itself highly subjective.

The discussion of value perspectives appears to have had little impact on planning and evaluation studies. There is a danger of arriving at complete relativism and perhaps the practitioners are so overwhelmed with the very real and down-to-earth problems that they have little patience with such speculations. It is one thing to admit that value judgements enter into the picture at different levels, quite another to do something about it.

To summarize, the nature of planning and evaluation remains problematical in spite of several decades of improvement of aid administration. During this process the organizations have learnt a great deal, but there is also evidence of dysfunctional growth of planning and evaluation systems. One of the major areas of concern is how to link planning and evaluation, that is, how to integrate them in a management process. Bachrach (1980) concluded that the principal constraint on evaluation was the initial design of a project. The evaluation cannot be better conceptualized than the project itself. However, this seems to contradict the experiences of most aid organizations. There is widespread evidence of projects that are well conceived, but where the evaluations contribute little or nothing to their future development. On the other hand, we may witness successful evaluations that play a key role in improving projects with preparation deficiencies. Imboden (1978) similarly argued that advanced administrative systems should be set up and that all projects should have an experimental design as the only means of achieving meaningful feedback. As such administrative systems are value laden and part of foreign social systems, they may have little application in a development context, perhaps even sharpening the divergent interests of aid organizations and local governments.

But do planning and evaluation necessarily involve a centralized and standardized administrative apparatus, or is it possible to conceive of systems that are more flexible and more sensitive to local values? These are some of the questions illustrated below and which have led to the formulation of a research purpose.

1.6 RESEARCH PURPOSE

The problems that this study will attempt to solve are two; first, how the planning system in an aid organization should be organized, and second, how to generate and make use of evaluation results.

These problems are of importance because, even though the theoretical development of the subjects evaluation and planning has advanced

considerably these advances have had little impact in the field of aid administration. The focus of interest here is on how to improve the quality of aid administration through the provision of feedback information. The answers remain tentative but will pinpoint critical assumptions behind the design and use of planning and evaluation systems. The area is unusually complex because of the high number of stakeholders involved, different stakeholder objectives and objectives that are only implicitly stated, if at all. Therefore, it is necessary to specify and clarify an operational research purpose, which is:

- (1) To describe the logic, the design and the functioning of planning systems in aid organizations.
- (2) To describe the logic, the design and the functioning of evaluation systems in aid organizations.
- (3) To identify structures and processes in the planning and evaluation systems that tend to facilitate:
 - (a) identification of good projects,
 - (b) generation of relevant feedback information,
 - (c) change and modification of projects and programs in accordance with evaluation results.

The terms above need to be clarified further to explain the purpose. The logic of the planning and evaluation systems means that set of assumptions about the nature of social systems that determine structures and processes. The design of the planning system involves the directives in the organization as to how to identify and appraise projects and how to coordinate the projects into a wider framework of assistance over a longer period of time. The design of evaluation systems can be defined as the directives as to how to collect, assess and utilize evaluation results (a more precise definition of the categories of evaluation follows on page 41 and following). The term functioning of planning and evaluation systems, however, refers to the actual performance of these tasks, which differs from the ideal image of manuals, handbooks and other directives.

The structures and processes of planning and evaluation are the subject-matter of the inquiry. In other words, I am not addressing the question of whether a particular project has desirable or undesirable effects. This is a question for the planning and evaluation systems. This study is instead concerned with the problem of how the question is actually answered and how the process of answering could be improved.

An effective planning and evaluation system would obviously be one that continuously identifies good projects and brings them to successful completion, irrespective of intervening variables. It is equally obvious that it is impossible to determine the final criteria of what are good and bad projects. Even if this were possible, it could not be proved that the planning and evaluation system was the only cause of the outcome. Nevertheless, the inquiry cannot proceed without any notion of what makes a project good or bad, as so much of the evaluation and planning deals with this issue. As the study will lead into a discussion of the quality of evaluation, it is impossible not to mention the value of the end result. For the time being, and for the purpose of this study, when evaluative terms like good, successful or effective are used, this should be interpreted as meaning that the project has achieved its goals in terms of the explicit objectives of aid organizations and of the stakeholders concerned, without direct and obvious undesirable side effects.

The term relevant feedback information (research purpose 3b) refers to the quality and quantity of evaluation information. It is relevant if it provides information that may influence the outcome of a project, as desired by the stakeholders. The relevance is thus an inherent quality in the information and it may, or may not, be utilized by the decision-maker.

Both research purpose 1 and 2 are descriptive, but the description leads to a comparison and analysis of planning and evaluation systems. The logic of the systems will be deduced from the observations and interpreted within the theoretical framework in

Chapter 2. The description of formal and informal structures and processes forms the basis for research purpose 3. This may be termed causal, but the method does not allow a rigorous use of the term.

1.7 THE STRUCTURE OF THE BOOK

The remainder of this book contains seven chapters. The purpose and content of each chapter is briefly summarized below.

Chapter 2 reviews the theoretical background of this study. The chapter summarizes earlier research contributions and discusses their relevance for the planning and evaluation systems. The theoretical framework is composed of research in three different fields; the theory of planning, the behavioural theory of decision-making and evaluation research. The theory of planning classifies approaches to long-range planning and reviews their assumptions and consequences. These categories are used in later chapters when the planning systems of UNDP and SIDA are described. The behavioural theory of decision-making provides a framework for describing the implementation of the plan and the use of evaluation data. The theory is used in the analyses of the cases and in the concluding comparison. Evaluation research defines the content of evaluation. Though there are several different approaches, I choose one to define the systems, and the logic of my choice is described in Chapter 2.

Chapter 3 presents the design of this inquiry. The purpose is to describe the motives behind my study of planning and evaluation, how it was conducted and thus, what trust we can place in its conclusions. First, I discuss the choice of the case-study method and the selection of research objects. Second, I discuss the generation of data, what sources I used and what type of information could be obtained from them. In this connection, there is also a discussion of the problems with this type of data collection and of how these problems were solved. Finally, I have included some notes on meta-evaluation, that is, how could one evaluate my evaluation of evaluation systems.

Chapter 4 has the title: A Review of Industrialization and Development Policy in Tanzania. The purpose is to provide the reader who is not familiar with Tanzania with some general knowledge of that country's industrialization. Such background knowledge enables the reader to realize the limits and the opportunities for generalization of the principles established in this inquiry. The cases that follow must also be understood in the context of Tanzania's development. Many of the critical issues in project evaluation refer to an identification of the project's macro-economic linkages and the text contains many such references; in fact, central arguments are constructed around environmental events. Chapter 4 should enable the reader to assess the validity and reliability of my interpretations more accurately.

Chapter 5 describes the logic, the design and the functioning of UNDP's planning and evaluation system. The chapter starts with a description of the design of the planning system, from which the logic is inferred. The functioning of the planning system is described through an in-depth review of the preparation of the Five Year Plan of 1976-1981, and a short review of the preparation of the Plan for 1982-1986. Similarly, the design and logic of the evaluation system are described, and the function is analysed against a background of the industrial development projects from 1976 to 1984 (though some case reviews go back to the start of the projects even earlier).

Chapter 6 describes the logic, the design and the functioning of SIDA's planning and evaluation system. The outline of the chapter is similar to Chapter 5. The planning system is first described and analysed and then the evaluation system follows with a review of the different projects.

Chapter 7 draws the conclusions from the operations of the two organizations. The chapter first compares structures and processes in the planning and evaluation systems, and secondly, the theoretical framework is used to explain the design variables. The analysis leads

to an identification of factors that facilitate project identification, project generation and the use of evaluation data that are effective in the Tanzanian context.

Chapter 8 contains a summary of the book, with a focus on the major research results and conclusions that can be drawn. It indicates fields of research that can be based on, extend or complement, this inquiry.

2. TOWARDS A THEORETICAL FRAMEWORK FOR STUDYING PLANNING AND EVALUATION

2.1 INTRODUCTION

The immediate challenge facing an inquiry into the management of development projects is one of organizing the research task. The objects of study - aid organizations - are complex systems and so are the objects of their operations - the development projects. The complexity stems from size and diversity, but, first and foremost, from interdependencies with other organizations. They are, in terms of general systems theory, open systems and as such can only be understood with reference to their context. The purpose of this chapter is to construct a framework for the study of planning and evaluation systems. The words "construct" and "framework" are used deliberately; there is no coherent and organized body of knowledge, but by assembling bits and pieces of concepts and empirical knowledge, I intend to develop a framework that permits me to describe the subject. The framework is consequently eclectic in nature, but considering the descriptive nature of the research purpose and the generation of empirical data, I found this approach necessary.

Three partly overlapping currents of research have been utilized, but these are interpreted within the more general framework of systems theory. The first current is found in the literature on planning, particularly in the procedural theory of planning. It is utilized to understand the logic of solutions to planning problems and it

provides a language to describe these solutions. Furthermore, procedural theories are often normative and as such they can be related to the empirical evidence in this study.

The second research current relates to evaluation research. Many of the methodological problems normally treated in studies on evaluation go beyond the scope of this inquiry, but I use the theory to argue for a concept of evaluation that permits a comparison. The review of evaluation research sets this concept in its proper perspective and reflects the debate on what evaluations are and should be.

The third current of research is the behavioural theory of rational choice and decision making. This incorporates a wide body of knowledge from sociological, psychological and organizational studies. Basically, it assumes that decision making is limited by bounded rationality and psychological/sociological processes. When we study human beings in organizations we must take into account irrational behaviour, conflict, learning, search, uncertainty, etc. Structures and processes in organizations are often not what they first appear to be, but behavioural theory offers interpretations that help to understand the dynamics of planning and evaluation.

It should be noted that these research currents are used as instruments only, they provide the framework to analyse sections of the study. Just as planning and evaluation belong together, so do these research currents relate to a more general field of inquiry; systems theory. I will now turn to a review of what a perspective based on systems theory implies in terms of an understanding of aid organizations.

2.2 THE SYSTEMS PERSPECTIVE

2.2.1 Applications of systems theory

General systems theory emerged out of a need for a body of systematic theoretical constructs to discuss the general relationships of the

empirical world. It is an attempt at theoretical model building which lies somewhere between the highly generalized constructions of pure mathematics and the specific theories of the specialized disciplines. Since its introduction and gradual acceptance in the 1950's, general systems theory has developed along two different paths. The first approach is to point out similarities between phenomena studied in different disciplines and to develop more general theoretical models relevant to these. Growth processes are an example of such phenomena of universal significance; they are an area of concern in most disciplines as, for example, in nuclear physics, medicine, genetical engineering, history, economics and sociology. General systems theory has contributed to the study of growth by developing principles and concepts that illuminate the phenomena at different levels and that reveal structural problems and interrelationships. Another such interdisciplinary field is information and communication, where systems theory has contributed to the development of more general models. Learning and feedback processes are other examples with relevance for this study.

The second approach in general systems theory has been to link empirical theories into a "spectrum" to construct "a system of systems". It has involved an attempt to "... arrange empirical fields in a hierarchy of complexity of organization of their basic "individual" or unit of behaviour, and to try to develop a level of abstraction appropriate to each ..." (Boulding, 1956.) Boulding suggested such a hierarchy, roughly corresponding to the complexity of individuals at each level. It is, regrettably, beyond the scope of my work to discuss Boulding's "system of systems", but I would like to note what he has to say about the level of social organizations.

"At this level we must concern ourselves with the content and meaning of messages, the nature of dimensions of value systems, the transcription of images into a historical record, the subtle symbolizations of art, music, poetry, and the complex gamut of human emotion. The empirical universe here is human life and society in all its complexity and richness."

What, then, does it mean in practical terms that a systems perspective is applied to the study of planning and evaluation. First of all it means that I will use the theoretical models of guidance and control that were developed in general systems theory. The problems of planning, guidance, learning, feedback and control are common to many disciplines and have been the subject of generalized theoretical modelling by, for example, von Bertalanffy (1962), Wiener (1954), Hall and Fagen (1956), Ashby (1956), Buckley (1967) and Katz and Kahn (1966). A summary of the implications of these models follows below (2.2.2). Secondly, the systems perspective implies that I recognize the level of complexity of social systems in terms of Boulding's system of systems. The theoretical models of planning and control derive from the empirical studies of systems at "lower" levels, that is, the level of cybernetic systems (again referring to Boulding, 1956). But when developing the analytical framework and its empirical application, the analysis will take into account symbolic images, roles and interrelations that form an altogether more complex reality. A system is composed of parts, but what makes it a system is the notion of synergetic effects; the system is more than the sum of its parts. Even if the system of aid administration is analysed here in terms of parts, that is, planning and evaluation systems, it should not be forgotten that these "parts" should be related to the "whole" of the aid organizations and their environment.

2.2.2 The concepts "feedback" and "open systems"

Figure 2:1 represents the elementary prototype of feedback; naturally organizations are based on feedback arrangements that are far more complicated. Feedback is represented as an order of processes based upon fixed arrangements and representing linear causal connections. But the basic model has to be complemented by the notion of open systems which takes into account dynamic interaction within multivariable systems. In the open system, matter, energy, information are introduced from the outside, it undergoes reactions which partly may yield components of a higher complexity, or it is transformed and eventually leave the system. The open system strives

to attain a steady state in which its composition remains constant, but constancy is maintained in a continuous exchange and flow of component material. Some open systems also show thermodynamic characteristics which are paradoxical, that is, they can maintain themselves and evolve towards an increase of order and complexity.

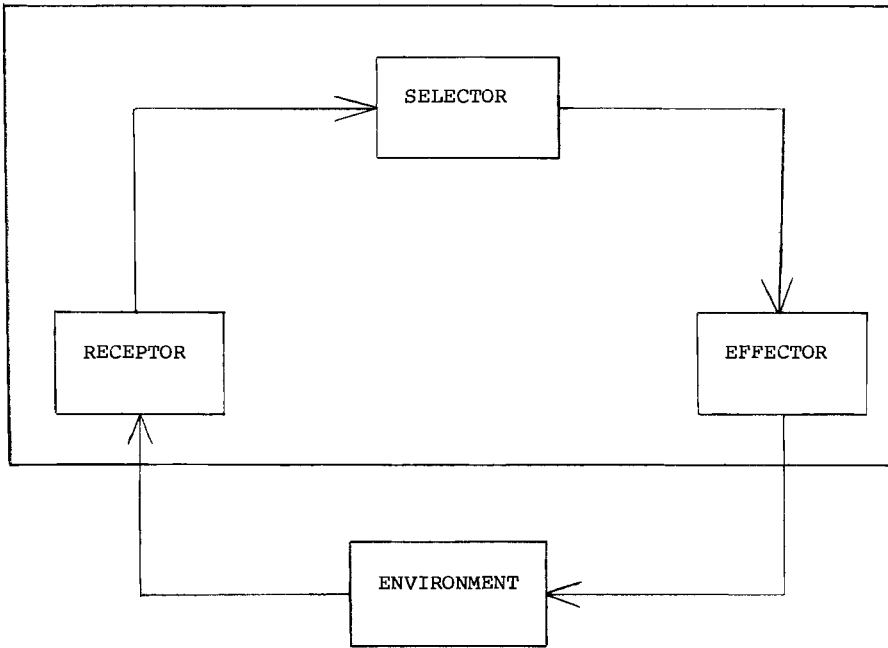


Figure 2.1: MODEL OF A CONTROLLED FEEDBACK SYSTEM

The notion of feedback is closely related to that of control. The system must possess some type of sensors which perform the function of tell-tales or monitors that indicate the difference between actual and expected performance. It is the function of these mechanisms to control any tendency toward disorganization; in other words to produce a temporary and local reversal of the normal direction of entropy (Wiener, 1954). However, the feedback system itself is susceptible to the entropic process and may have to be checked by

further controlling mechanisms. Ashby (1956) relates the degree of control through feedback mechanisms to the amount of information entering the system, and more specifically to its capacity to handle variety. The system must contain a receptor of communication that responds to the environment. Furthermore, the quantity of regulation that can be achieved is bounded by the quantity of information that can be transmitted.

The basic idea of these models of guidance and control is that small amounts of energy, in the form of information flows, guide larger processes which can be analyzed and manipulated. These information flows follow similar patterns in social systems at all levels, from individual organs to human beings, simple social organizations as well as vast socio-technical systems. The understanding of planning and evaluation which underlies this is that of a learning system belonging to the family of controlled feedback systems. In particular, models of learning systems incorporate something vital for the exploration of human action, a memory. This memory contains something which is essential to any purposive operation including planning and evaluation. It incorporates a reflective image of the system itself; it enables the system to change, not only its ends, but also its organization. In the case of aid organizations, these may be internal control organizations like UNDP's Bureau for Programme Planning and Evaluation, or external organizations as the UN Joint Inspection Unit or in the Swedish case, the National Audit Board. The reason why this higher-order feedback is so important is that, drawing on notions developed by Deutsch (1966), Buckley (1967) and Etzioni (1968), such a feedback loop signifies the existence of consciousness.

The theoretical model for understanding organizations as open systems is that of an input-output system in which the return from the output reactivates the system. Katz and Kahn (1966) argue for two criteria for identifying a social system; (1) tracing the pattern of energy exchange or activities of people as it results in some output and (2) ascertaining how the output is translated into energy which

reactivates the pattern (for example, how evaluation information is really put to use). Rather than accepting the stated purpose and activities from actors in the system, this implies an open-minded inquiry into its operations. The researcher must recognize that the actors in a system fulfil roles but also bring to the roles ambitions, conflicts and modes of working which influence the operational role fulfilment. Similarly, the researcher should be concerned with problems of relationships of structure and of interdependence rather than with constant attributes of objects. In terms of planning and evaluation systems, an approach based on the concept of open systems would ask the question: what are the energetic input flows that guide operations and what do the feedback processes consist of? People in organizations might have differing views of what their activities in this respect are, and what impact they have. But the researcher cannot take these propositions for granted. Instead, he should look for the real structures and processes in the organization that fulfil the roles of effector, receptor and selector. Perhaps intangible phenomena like the "organization culture" reveal more about the actual evaluation than does the evaluation manuals. Without an "open systems" approach it is not likely that an inquiry would reveal such connections.

Katz and Kahn (1966) note that while structure is observed directly in physical arrangements, in social systems it "... is to be found in an interrelated set of events which return upon themselves to complete and renew a cycle of activities. It is events rather than things which are structured, so that social structure is a dynamic rather than a static concept." The evaluation system should consequently be studied as a cycle of activities, a cycle of feedback events. The structure of the system is found in the way certain activities recur as much as in the static properties of the system. Similarly, a planning system is also a dynamic concept and to understand it the researcher should uncover the events occurring under its aegis, he should seek the reasons for the events as well as the static properties of the system.

2.3 A FRAMEWORK FOR ANALYZING PLANNING

2.3.1 Introduction

A discussion of planning could be concerned either with the subject matter of what planners face in their day to day work or with the activity of planning itself. There is a distinction between what have been termed substantive theories and procedural theories (Hightower, 1969); a distinction is made, on the one hand, between theories involving the phenomena with which planning is concerned and, on the other hand, theories of the planning process. This study is, for example, concerned with planning in aid organizations, not with the actual changes that take place in developing countries as a result of planning; consequently it builds on procedural theories and the conclusions of this study belong to the procedural field of research.

The issues of procedural theories of planning are more basic, and at the same time more general, than those of substantive theories. They are more basic in the sense that, lacking an understanding of the planning process itself, the problems planners address will remain unresolved, no matter how refined the substantive theories are. The knowledge of, for example, how to eradicate epidemic goitre may prove of little practical value if the decision-making organizations do not have the administrative skills to act on this information. Procedural theories are also more general in the sense that they concern planning in all areas of life; they apply equally to effecting changes in a suburban environment as to illiteracy campaigns or industrial project planning. Seers (1972) says that the fundamental questions to understand in economic development planning are:

"... who meets whom - and why do they bother to? Are there personal conversations between the chief planner and the President or Prime Minister? Does the cabinet committee discuss development strategy? If so, how often? Who attends? Who proposes the agenda? And who prepares the papers?..."

Needless to say, the two aspects of theory must both be present, procedural understanding without substantive competence would be as ineffectual as the reverse.

Planning, like the devil, appears in many different shapes. Much of procedural theory has been concerned with creating typologies for different observable ways of planning, and consequently to construct ideals of how to plan. Faludi (1973) discusses three dimensions of planning, each dimension being characterized by the observable modes of planning at its end points. Friedman (1966) introduces a conceptual model to categorize planning behaviour, discussing opposing modes at each stage in the planning cycle, from the decision on ends to evaluation of system performance (which, however, largely overlaps Faludi's framework).

The following review of planning theory will focus on the dimensions of planning introduced by Faludi; other planning theories are reflected and discussed in relation to these dimensions. The reason for so doing are practical; firstly, Faludi's framework is, if not exhaustive, at least comprehensive enough to cover the activities of development planning that I explore. Secondly, it goes to the core of the assumptions underlying modes of planning and, thirdly, it enables me to deduce the underlying logic of observable planning behaviour.

2.3.2 Dimensions of planning

"Arbitrary" is a word that sounds menacing, particularly in a research context. Nevertheless, it comes to mind when categorizing behaviour. There are many ways to slice an orange and each reveals a different structure of the interior. Similarly, each categorization of planning reveals a different structure of reality. Usefulness and simplicity will be my criteria for a choice of which categorization to use. Faludi's framework results from a synthesis of the current planning literature; as much of the issues refer to opposite extremes he found that they can be paired together in bipolar "dimensions". Each dimension is thus characterized by two extreme types of planning, which Faludi terms "modes of planning". Faludi identifies three dimensions:

1. Blueprint versus Process mode of planning
2. Rational-comprehensive versus Disjointed-incrementalist mode of planning
3. Normative versus Functional mode of planning

Each dimension reflects a basic issue concerning the nature of planning, the nature of social systems and the connection between the two. The first dimension refers to "... the extent to which planning should (and could) get away from the inflexible approach inherited from its engineering tradition" (Faludi, 1973, p 128), that is, the feasibility of control. The second dimension refers to the possibility and desirability of rational action on behalf of the planning organization. The third refers to the scope of planning: should the area of rational choice include both ends and means? I will now turn to a closer review of each dimension, largely following Faludi's discussion (Faludi, 1973, pp 127-203).

2.3.2.1 The blueprint versus the process mode of planning

The blueprint mode of planning derives from the traditions of civil engineering where technical standards, regulation and master plans were successful in solving many of the problems faced by communities after the industrial revolution (as in urban planning, sanitation systems, et cetera). The key role of the planner is to produce a plan. The plan itself consists of one or more goal statements, a set of outcomes that constitute measurement of goal fulfilment, a list of activities to produce the outcomes and a budget specifying investment needs, resources and financial arrangements. The planning document is of major importance - it is the outstanding result of the planning process. After the plan has been produced, implementation follows. The planners withdraw to formulate new plans or perhaps the planning team is dissolved. When the activities have been completed, the organization starts a new cycle of planning and implementation. "In this extreme form, blueprint planning means a focusing of attention on the production of glossy plans and a subsequent unswerving execution of the proposals they contain." (Faludi, 1973.)

The basic assumption behind the blueprint mode is that it is possible to design a program to achieve its objectives with certainty. Planners presume that the content of the plan will be the best solution and they do not anticipate any changes or modifications during implementation. In essence, the feedback loops between planning and implementation are cut off. In circumstances where the complexity of intervening variables is low and the rate of system change is slow, blueprint planning may of course be eminently successful. Examples might be complex engineering works such as the construction of dams, large-scale factories and irrigation works. But the success of the approach and its appearance of decisiveness, control and elegance do not guarantee suitability under other conditions; witness the widespread belief in five-year plans on the national level that reflect the basic assumptions of the blueprint mode.

The process mode of planning, on the other hand, is designed to generate feedback to impinge directly on action; flexibility is the dominant concern. The planning document itself becomes far less significant and may not even exist at all. The role of the planners is to set long-term goals and to indicate ways of achieving them, but the details of implementation are not decided beforehand. As it cannot yet be known which course of action that will be most effective in respect of a certain objective, it is better not to take any decision until the information exists. The plan will never be complete but is built up along the way, adjusted to changing circumstances, new threats or opportunities. The tenet of the process mode of planning is to "... proceed with due caution where knowledge is insufficient, and to react flexibly to challenges ..." (Faludi, 1973.)

The desire for flexibility is thus the basic difference between the modes of this dimension, but the case must not be oversimplified. The benefits of process planning do not materialize so easily and there is always an appeal in the exercise of control inherent in the blueprint mode. The core assumptions that affect the choice of

planning mode along this dimension are threefold: (1) the nature of the objectives of planning, (2) the degree of environmental control that can possibly be attained, and (3) the internal and external time lags that affect the feedback process. Blueprint planning presumes a firm idea of what the world will look like when the plan has been executed - it will confirm to the blueprint. This is complemented by an equally firm opinion on the causal connections relating to the end state of affairs. Uncertainty in these respects would, on the other hand, imply caution and the need for flexibility. The original objectives may even change as new information is obtained. In many areas of life planning affects contradictory values of the end states, values unknown beforehand but where a social system needs to strike a new balance as it makes progress towards one goal. To use a simple example, environmental health is more highly valued when economic growth rates are increasing. Secondly, advocates of process planning argue that a planning agency never has the complete control over an implementation process in order to effectuate a blueprint plan. Things must go wrong, or at least change, and thus flexibility is a prerequisite for success. Thirdly, the time lags may be discussed in relation to both the internal operations of the planning agency and to its external operations. Short time lags to react to environmental change and to activate a response system are a precondition for successful process planning. If the time lags are long, then process planning in fact drifts towards the blueprint mode. On the other hand, in an environment where time lags are long (or when the planners presume they are long), the blueprint mode may reflect real constraints better.

2.3.2.2 The rational-comprehensive versus the disjointed-incrementalist mode of planning

The rational-comprehensive mode of planning builds on the assumption that the planning agency is omniscient and that it can, and should, find comprehensive, final answers to the problems under investigation. The rational comprehensive mode assumes that the planning agency is rational in this process, that is, rational in the

sense that the utility of planning is optimized. This implies that the planning agency identifies all possible courses of action, identifies all desirable and undesirable effects of these, and makes the correct choice of action for the community.

Rational-comprehensive planning is therefore the approach "... whereby the programmes put forward for evaluation cover the available action space and where the action space has itself been derived from an exhaustive definition of the problem to be solved" (Faludi, 1973, p 155). Planning should not be subjected to short sighted and amateurish problem-solving, but should rest on a holistic investigation of policy alternatives and their consequences, it should rest on sound, rational principles of management. The foundation of the rational comprehensive mode are firstly that experiences from engineering-oriented systems analysis form the starting point for planning in any circumstances rather than experience-based routines, habits and traditions; secondly that the review of alternatives and their effects is comprehensive (Wittrock and Lindström, 1984).

Lindblom was first and foremost in attacking the rational-comprehensive mode (Lindblom, 1959; Braybrooke and Lindblom, 1963; Lindblom, 1965; Lindblom, 1979). Faludi (1973) summarized Lindblom's criticism of the rational-comprehensive mode with the following propositions:

1. It is not adapted to man's limited intellectual capacities.
2. It is not adapted to inadequacy of information.
3. Nor is it adapted to the costliness of analysis.
4. It is not adapted to failure, which must be anticipated in many circumstances.
5. It is not adapted to the closeness of observed relationship between fact and value in policy-making.
6. It is not adapted to the openness of systems of variables with which it must contend.
7. Lastly, it is not adapted to the diverse forms in which policy problems actually arise.

The point of Lindblom's argument is that rational-comprehensive planning is simply not feasible; it is too distant an ideal ever to be reached. But the attempt to act according to the ideal distracts planners from more feasible approaches, such as strategies of simplifying decision problems. Lindblom argues that planning should proceed in a piecemeal fashion, the planners should focus on increments by which alternatives differ from the status quo; that is, on an assessment of marginal differences. This is so because it lies within the reach of human competence, information is likely to be available and the cost of analysis is low; also, non-incremental alternatives are often politically unfeasible because of the need for compromise. Rather than striving for a comprehensive evaluation of alternatives, planners should limit courses of action to those for which adequate information is available. Furthermore, the planner should eliminate consequences that are of no interest to him, and also those that are remote, imponderable, intangible and poorly understood. Planning should be undertaken with regard to a few, well understood ends.

Lindblom's normative prescriptions are based on observations of how planning is usually performed, and it should not come as any surprise that actual life consists more of "muddling-through" than of clean, rational planning and decision-making. However, Lindblom has been much criticized for his pessimism regarding the opportunity for more rationality in decision-making. It cannot be wrong to try, even if the goal is set high? But Lindblom's position rests on more fundamental arguments than that of the unfeasibility of the rational-comprehensive mode; even if it was feasible it would not be desirable. Rational-comprehensive planning, by definition, requires large, centralized resources as well as centralized decision-making, whereas disjointed-incrementalist planning takes place at several, disconnected levels of society and at many different points; thus it cannot introduce large-scale changes.

Lindblom argues that in a democratic society, analysis and evaluation of policies should be undertaken at a large number of points.

Planners should not have the authority to start large-scale change programmes over the heads of people, the future of a social system is best guided by the "invisible hand" based on incremental changes by several autonomous agents. A democratic society should be pluralist, individuals and interest groups should be allowed to compete in the political as well as the economic area. There should not be any "macro decision-makers" making fundamental choices.

The disjointed-incrementalist mode of planning thus builds on an entirely different view of society than the rational-comprehensive mode; the difference is ideological and concerns both the nature of social systems and the desirability of governance. Lindblom was attacked for the inherent conservatism of his position (Etzioni, 1967) as he seems to refute the need for social change. Today his conservatism is less radical. Popular movements have come to question "big government". His views are not necessarily connected to an advocacy of the already strong and powerful.

The dimension of rational-comprehensive versus disjointed-incrementalist modes of planning has a wide relevance for the formulation of policies at all levels of society. It could be argued that some of these issues are far removed from the "nitty gritty" details of planning in aid organizations, but the question of the scope and comprehensiveness versus simplifying procedures is real here too, as will be seen in Chapters 5 and 6.

2.3.2.3 The functional versus the normative mode of planning

The third dimension as well concerns the concept of rationality. In sociological literature rationality has been alternatively conceived of as the root of all evil or the most brilliant invention of civilization (and sometimes both). Karl Mannheim and Max Weber inquired into the rise of totalitarian ideologies and developed theories to explain how some cultures, or some patterns of thinking, seemed to lead to a manipulation of values. Both saw the increasing

rationalism of industrialized societies as the chief menace. Weber (1947) distinguishes between two types of rationality; "formal" and "value" rationality. Formal rationality refers to the efficiency in attaining discrete individual ends; it is an efficient direction of activities towards short-term goals. Value rationality, on the other hand, is concerned with the basic considerations of human purpose. Mannheim (1940) used the terms functional and substantial rationality to make the same distinction. Both were concerned with the disappearance of substantial rationality in modern societies. Increasing complexity of society in combination with fragmentation and specialization encourage functional rationality in their view, while intelligent insight into the overall values of human existence disappears. They argued that functional rationality has an implicit threat of substantial irrationality.

Friedmann (1966/67) developed the concepts of functional and normative planning from Mannheim and Weber's discussion of rationality. There is, along this dimension, a basic difference in the extent to which planners accept ends as given. Functional planning is the mode in which "... the planner assumes the goals to be given in the situation and is rational with respect to the means only ..." (Friedman, 1966/67). Normative planning, on the other hand, is equally concerned with ends and means and submits both to constant scrutiny. In the functional mode, the planner does not question the ends, whether they are set by a higher authority, by democratic processes, or simply postulated by himself. Mannheim and Weber saw this as an aspect of the mentality which permits bureaucrats to faithfully serve barbarian ends set by a totalitarian leadership. In the less extreme case, planning literature is rich in examples of suboptimization resulting from a lack of insight into what the real ends of planning are. Faludi (1973) notes that planners are often accused of manipulating their environment, but what is seen as evil-minded conspiracies may simply be the unintended consequences of well intentioned planning where the action space is conceived too narrowly.

2.3.3 Summary

In the discussion above, I focused on the modes of planning as characterized by the endpoints of each dimension. Real life planning will rarely be found at the endpoints, but is likely to fall somewhere in between on each dimension. Nevertheless, the dimensions describe the central characteristics of planning systems, and are useful tools to describe their logic. Consider the dimensions in Figure 2:2; by superimposing observable behaviour in two organizations, there is rich basis for a comparison of the systems.

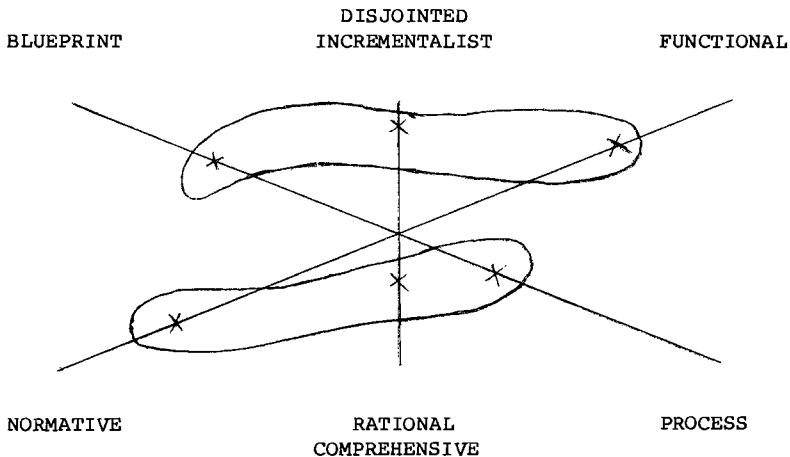


Figure 2.3: MAP OF THE DIMENSIONS OF PLANNING WITH TWO FICTIONAL PLANNING SYSTEMS "CLASSIFIED AND MAPPED" ON THE DIMENSIONS

The framework of these dimensions relates to the research purpose in that it structures the logic of the observed design of planning systems. Frequently the assumptions of the design are only implicit, but they are always more or less consistent with the environment and the task at hand. When the planning system breaks down and fails to provide guidance, as was intended, the real reason may rather be sought in the dissonance between assumptions about reality and real

life. An effective planning system will naturally rest on assumptions that are true, as far as can be discerned by the human mind. A comparison of planning systems, particularly the logic of the systems, is intended to reveal such assumptions and demonstrate why they are effective (or why not).

2.4 A FRAMEWORK FOR ANALYZING EVALUATION SYSTEMS

2.4.1 What is an evaluation system?

The term evaluation is used to describe a wide range of phenomena during the project cycle. Different aid organizations have their own terminology and whereas some use the words "evaluate" and "evaluations" for activities before the project starts, others use the same words to name activities in the later stages of the project cycle. Other verbs such as "monitor", "appraise" and "assess" have related meanings, and nouns like "cost-benefit analyses" or "feasibility study" are only arbitrarily distinguished from evaluations. For the purpose of this study, it is necessary to provide an operational definition of the concept of evaluation. I will argue that a definition of evaluation, and the determination of what constitutes an evaluation system must be seen in the context of its use. Without consideration of the user and his purposes, such a definition is not very fruitful. I shall first look at the etymological and lexical meanings of the word "evaluate" and then discuss how the term has been used by researchers and practitioners. When I have completed this exercise, a framework for identifying and studying an evaluation system will have been developed. The Oxford Concise dictionary gives the following information on "evaluate":

"e.val.u.ate, i.valyu.at, v.t., -at.ed, -at.ing. To determine the value of; to appraise carefully.
-e.val.u.a.tion, n. -e.val.u.a.tor, n."

The word evaluate stems from the root word "value", in the singular. In economics, "value" is used in two senses: a narrow one, equivalent to "price", and a broad one, equivalent to "utility" (Bannock et al., 1972). Price is measurable but utility can only be measured ordinally, that is as a preference for one thing over another. As such, it has non-economic roots; it is essentially a psychological "thing". To evaluate means to determine the "price", or "utility" of an object or an activity. Considering the root of the word, it is clearly seen that many different types of evaluation activities can be imagined. If the word "price" is taken as the starting point, rigorous mathematical methods would be required to assess a project. The evaluation would thus probably focus on the internal activities or on the immediate environment where quantitative methods are applicable. This is seen, for example, when the word evaluation is used as a synonym for "cost-benefit analysis" or "feasibility study". However, the etymological background of the word also justifies a more vague, holistic and qualitative use. The different approaches to evaluation thus reflect the far-ranging debate on the concept "utility" in economics.

Evaluation is a basic property of a self-regulating system. Man has always been an evaluating animal, even before he started making tools. Similarly, the predator perfecting hunting can be seen to evaluate skills and techniques. Nevertheless, research on evaluation is commonly held to have originated in the Second World War, like so many other concepts in the administrative sciences. Although the activity as such dates back to prehistoric times, the concept, and its further development and refinement, is young.

2.4.2 The theoretical development of evaluation studies

The idea of evaluation, as it is commonly seen today, implies that there is some type of intervention in a social system - and that the cost and utility of this intervention can be legitimately questioned. Evaluations therefore go back to the start of large-scale public programs to improve literacy, public health and to reduce poverty.

These, in turn, have their origin in the growth of liberal and socialist political movements, in the development of the welfare state and public policies to improve standards of living. As early as the 1930's there were examples of the use of social science research methods to assess the efficiency and effectiveness of various programmes (Freeman, 1977).

During World War II, there were several large-scale applied research programmes studying various aspects of the war. Among those of most interest for the social sciences were the contributions by Lewin, Stouffer and their associates on the conditions of personnel; the soldier's effectiveness in varying circumstances, the conduct of training and the problems of re-entry into society after the war. Large sums of money were poured into these projects, and they had a huge impact on the methodological developments that followed. The years after the war saw the start of international commitments and cooperation in family planning, health and nutrition, and rural development. At first such efforts were channelled via the new UN system, but bilateral aid soon increased. Somewhat later the utility of these programs was questioned. Many of the aid projects in nutrition and health care in Latin America, family planning in Asia, and others had built in evaluation components.

The "Great Society" programs of Lyndon Johnson's administration in the 1960's gave the impetus to a rapid development of evaluation as a field of applied social research. These programs were subjected to large-scale quantitative evaluations; in 1970 alone, Bernstein and Freeman (1975) identified 382 evaluation research studies of federal programs. Some examples of methodological advances are the evaluation of Head Start (a program to improve school performance of children from deprived environments) by Cicirelli et al. (1969), the evaluation of elementary and secondary education by McLaughlin (1975) and the evaluation of the Negative Income Tax Experiment by Kershaw and Fair (1976), and Rossi and Lyall (1976). Whereas the 1960's was a period of planned reform in social policies, the answer of the 1970's was a guarded scepticism which favoured evaluation. The references

exemplified above are just some of the more important contributions. These examples illustrate developments in the USA, where much of the evaluation debate has taken place - the major text books, professional journals and associations of evaluation research are to be found in the United States. The cultural bias of much evaluation literature may render it less applicable in foreign contexts and it is also noticeable how much of the critical debate on evaluation has originated in Europe. It should of course not be forgotten that European governments have had their own, often institutionalized, approaches to assessing the effectiveness of social reform (Lind, 1979).

The tools for evaluation developed rapidly as more funds were allocated for large scale evaluations, and evaluation components were often built into reform programs. The UNDP and USAID were the first aid organizations to integrate evaluation into the project administration activities, and others soon followed. Evaluation research itself underwent evaluation (for example, see Cronbach et al., 1980; Wholey, 1979; Elzinga, 1981), and controversies developed about issues such as the political bias of evaluation approaches, the proper role of evaluation in decision-making, and the objectivity/subjectivity of evaluators. The concepts of evaluation and evaluation research have also been transformed, as many authors have seen a need for operational definition in accordance with their own purposes.

The first comprehensive textbook on evaluation was written by Edward A. Suchman (1967). His definition of what constitutes an evaluation is rather wide, as it can be interpreted to include ex-ante, ongoing, or ex-post determinations of the cost, or utility, of a project. Suchman's definition is as follows:

"For the present, we may simply indicate the range of variation by defining evaluation as the determination (whether based on opinions, records, subjective or objective data) of the results (whether desirable or undesirable, transient or permanent, immediate or delayed) attained by some activity (whether a program, or part of a program, a drug or a therapy, an ongoing or a one-shot approach) designed to accomplish some valued goal or objective (whether ultimate, intermediate or immediate, effort of performance, long or short-range)... The scientific method with its accompanying research techniques then provides the most promising means for "determining" the relationship of the 'stimulus' to the 'objective' in terms of measurable 'criteria'." (Suchman, 1967, pp. 31-32)

The qualifications of the key words (results, activity, goal or objective) permit the reader to include any generation of feedback information as evaluation. The only restriction is that it is based on scientific method, with its associated research techniques. The qualifications are vague. Since evaluation is conducted in the field, it is often not possible to use sophisticated research techniques. Evaluation, on the whole, is characterized by its pragmatic use of techniques and the evaluator uses whatever data he can find. What would Suchman consider "scientific" in the use of subjective data to identify the transient results of an ongoing activity in the long-run? The question is rhetoric, but points to a basic contradiction between the use of a scientific approach and some of the activities that it is desirable to call evaluations.

Nilstun et al. (1982) distinguish between evaluation and evaluation research, considering that the latter is scientific, but the former would correspond to the lexical meaning of the word. Evaluation would be any determination of the value of an object, or an activity, by any means (common sense, intuition, etc). The same distinction was made by Wholey et al.: "... evaluation ... relies on the principles of research design to distinguish a program's effect from those other forces working in a situation ..." (Wholey et al., 1970, p. 23). By including Rossi and Wright (1977) it should be clear that there is a consensus between many of the leading figures on this distinction:

"The crucial distinction between evaluation research and other ways of judging the utility of public policy and other associated programs is that it draws upon the research techniques of the social sciences." (Rossi and Wright, 1977)

Since Suchman's first textbook (1967) there has also been a discussion on the timing of evaluation activities. Weiss (1972) argues that it is an ex-post activity. "The purpose of evaluation research is to measure the effects of a program against the goals it sets out to accomplish." The same assumption is present, explicitly or implicitly, in such evaluation literature as Wiener (1979), Isaac and Michael (1971), Taylor Fitz-Gibbon and Lyons Morris (1978), Brilon (1978), Hackler (1978), Hennesy (1979), Marsh (1978), to mention a few good examples in the field. Aid organizations have also generally used evaluation in the sense of ex-post studies of project impact, apart from the multilateral organizations under the UN umbrella. The UN have, in contrast, used evaluation in the sense of an ex-ante activity (United Nations, 1977; UNIDO, 1978).

2.4.3 Towards a systematic approach to evaluation

Irrespective of these differences, the objective of evaluation is to determine the cost or utility of some phenomena. This may be done for two reasons: to improve operations or to inform stakeholder groups (an internal or external usage). Again, there may be several reasons to do so: to improve planning and set policies, to decide on expansion or curtailment of activities, to choose between one program or another, to test scientific hypotheses or professional practices. But in order to use the term evaluation to encompass the different activities that are undertaken in its name, there is a need to provide a comprehensive, operational definition. One such definition is proposed by Rossi, Freeman and Wright (1979) in their textbook "Evaluation: A Systematic Approach". Their starting point is that "evaluation" does cover several specific types of activities, but it is useful to distinguish among four important classes of evaluation research: research for program planning, program monitoring, impact assessment, and research on project efficiency. Another distinction

is added: "A comprehensive evaluation of a program would involve at least monitoring, impact assessment, and efficiency calculations, and in the case of new programs and major modifications of long-standing programs, should also include research for planning". (Rossi, Freeman and Wright, 1979, p. 32)

These types of evaluation activities are in their turn related to four sets of questions:

"1. Program Planning Questions:

- What is the extent and distribution of the target population?
- Is the program designed in conformity with its intended goals, and are chances of successful implementation maximized?

2. Program Monitoring Questions:

- Is the program reaching the persons, households, or other target units to which it is addressed?
- Is the program providing the resources, services, or other benefits that were intended in the project design?

3. Impact Assessment Questions:

- Is the program effective in achieving its intended goals?
- Can the results of the program be explained by some alternative process that does not include the program?
- Is the program having some effects that were not intended?

4. Economic Efficiency Questions:

- What are the costs to deliver services and benefits to program participants?
- Is the program an efficient use of resources compared with alternative uses of the resources?"

(Rossi, Freeman and Wright, 1979, p. 33)

The advantage of this approach is that it takes the purpose as a starting point; the activities that lead to the purpose are subsequently part of the "evaluation system" as long as they are based on scientific theory. The authors elevate the level of the previous debate and provide a synthesis of the many different types of evaluation. They provide an operational definition that takes cognizance of historic and current usage. The definition is operational in terms of the meaning of operational defining: "... in general, we mean by any concept nothing more than a set of operations: the concept is synonymous with the corresponding set of operations". (Bridgman, 1927)

The set of operations in this case answer the stipulated questions, provided that the operations are based on the methodology of the social sciences. But a reference to the methodology of the social sciences is not an unambiguous borderline between what constitutes an evaluation system and what does not. The conduct of inquiries is often applied research and as such it is subject to compromises between the rigour of scientific method and the inevitable practical constraints in terms of time, money, nature of the data and so on. In practice, the observer will soon notice that most evaluation activities exist on the boundary of what is scientifically controlled research, while a fairly large proportion are undertaken without any methodological consideration, and a small fraction are, beyond doubt, scientific in character.

The definition by Rossi et al. will thus provide the starting point for my analysis of evaluation systems. The evaluation systems consist of the activities that are undertaken to answer the program planning, program monitoring, impact assessment and economic efficiency questions. During the lifetime of any single project, it is a priori assumed that someone, somewhere in an organization, will form an opinion on how the project is doing in terms of these questions. Sometimes that activity will be based on scientific methods, at other times not, but it still influences the perception of the value of the project. The timing of these activities, the policies for who initiates them, undertakes them and how they are to be used, form the design variables of the evaluation system. Most organizations have a set of activities that they label "evaluation system", but it should be emphasized once again that these do not necessarily correspond to the set of activities investigated here. I have chosen to use an a priori definition of what constitutes an evaluation system, and subsequently base the study on those activities that are observed under each category of the evaluation system. My approach is based on an interpretation and categorization of the activities under observation that may, or may not, confirm to the understanding of practitioners.

Figure 2.3 explains the outline of how the instrument of analysis is designed. Based on Rossi's et al. definition of the evaluation system, the processes and procedures of the aid organizations are observed. There are formal and informal activities that together form a pattern filling the space between the two axes. That particular pattern is what I term the evaluation systems of the organization. The first task is to describe that pattern, to fill the empty space between the coordinates.

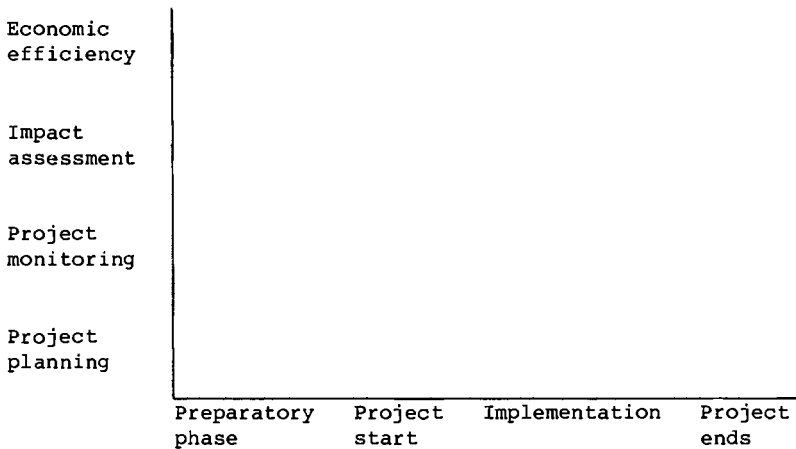


Figure 2.3: THE EVALUATION SYSTEM DURING THE LIFETIME OF A PROJECT

2.5 NOTES ON THE BEHAVIOURAL THEORY OF DECISION-MAKING

Both traditional economic theory and the theories and models of the administrative sciences are founded on an image of human beings as economic and rational. They postulate that "economic man" has knowledge of the relevant aspects of environment, that he has a well organized and stable system of preferences and that he has the logical capacity to choose and implement some course of action that serves his rational purpose. Although the main current of economic thinking has built on the models of "economic man", other economists have called attention to a discrepancy between theory and reality

(e.g. Veblen, Schumpeter, among the classical economists). In the theory of the business firm some economists have also raised doubts whether the model of "economic man" can be used to develop theories of how firms actually behave, or how they should behave.

The central concept in the discussion of models of man is "rationality", and thus the following discussion is in one sense a continuation and elaboration of the dimensions of planning above. "In a broad sense, rationality denotes a style of behaviour (A) that is appropriate to the achievement of given goals, (B) within the limits imposed by given conditions and constraints." (A Dictionary of the Social Sciences, 1964.) The crux of the matter is the more exact specifications that are given to (A) and (B), and an unambiguous use of the term requires the user to specify what assumptions he is making about goals and conditions. The goal may be assumed to take the form of maximizing the expected value of a utility function (e.g. the entrepreneur who maximizes expected profit), or the goals may be satisfied in an all-or-none way. The goals may be goals of the choosing actor, goals of a social system to which he belongs, or goals imputed by the observer. The conditions and constraints may be the objective characteristics of the environment, or they may be perceived characteristics, or some characteristic of the actor himself that he takes as fixed and outside his control.

The Dictionary of the Social Sciences relates the modern usage of rationality to Aristotle's concept of calculative or deliberative intellectual virtue. In this sense, the rationality of an action means that it is derived by logical processes from valid premises. Sometimes rationality refers to processes of choice that employ the intellective faculty, in contrast to affective mechanisms such as emotion, drive, instincts and impulses. But rationality is also used to denote the results of the choices, which is the common usage in economic theory. "An action is rational to the extent that it is correctly designed to maximize goal achievement, given the goal in question and the world as it exists" (Dahl and Lindblom, 1953). There is also a distinct usage in the administrative field that stems from

the writings of Weber and others on bureaucracy, where rationality means the conscious adaptation of the organization to goals and its operation through the impersonal application of rules, without deflection by the personal goals of the functionaries (Weber, 1947).

The critics of normative rational approaches to decision-making point out that the preconditions for rational action are very seldom present, and therefore such theories are of limited value. The aim of the critics has rather been to construct a realistic theory of decision-making that describes and explains problem-solving in organizations, but in spite of almost three decades of theoretical development, no general behavioural theory of rational choice has emerged. However, a large number of studies have confirmed the criticism of the rational approaches to decision-making. Among others Birgegård (1975), Rondinelli (1976) and Håkansson (1982) illustrate that the behavioural approach may be useful in analyzing administration of development projects. The basic tenet of the behavioural approach is stated by Simon (1957) in his explication of the principle of bounded rationality:

"The capacity of the human mind for formulating and solving complex problems is very small compared with the size of the problems whose solution is required for objectively rational behaviour in the real world - or even for a reasonable approximation to such objective rationality."

Herbert Simon (1976), among others, has illustrated through the example of a chess player how a decision-maker actually arrives at solutions to complex problems. First, they have shown how he compensates for his limited computational capacity by searching very selectively through the immense number of move possibilities. Second, they have shown how he stores in long-term memory a large collection of patterns of pieces, together with procedures for exploiting the opportunities that appear in these patterns. Third, the studies have shown how a player forms and modifies his aspirations for a position, so that he can decide when a particular move is good enough, and can end his search. In terms of a more general description of behaviour

in complex problem solving situations, the decision-makers use selective heuristics and means-end analysis to explore a small number of promising alternatives. They draw heavily upon past experience to detect the important features of the situation before them, features which are associated in memory with possibly relevant actions. They depend upon aspiration-like mechanisms to terminate search when a satisfactory alternative has been found.

The process of identification and design of development projects exemplifies the relevance of the concepts of behavioural theory of decision-making. The instruments and models of problem solving that have been designed in accordance with traditional economics (cost-benefit analysis in its many shapes, formats for project appraisal, feasibility studies) may be extensively used by aid organizations, but they neither describe nor explain how decisions on the operations, tactics and strategies of development projects are taken. Development projects are seldom chosen after an exhaustive search for solutions to a problem, but are often the result of an investigation of a limited number of alternatives. The search process is often guided by experience, rules of thumb or by the opportunity to solve other problems at the same time. Memory, experience and organizational learning may be expected to guide the decision-making as postulated by Simon (1976). Like the chess-player, the decision-maker in an aid organization may also be expected to adjust his level of aspiration and to settle for satisfactory alternatives in terms of development projects, rather than try to find optimal solutions.

The behavioural theory of decision-making has introduced an explicit treatment of uncertainty, focusing on how decision-makers cope with uncertainty, how various forecasting procedures are used and what range of actions can be deployed to reduce uncertainty. These actions are of at least four kinds (Simon, 1976):

1. Developing forecasting models and related intelligence actions to improve the data input to such models.

2. Actions to buffer the effects of forecast errors.
3. Actions to reduce the sensitivity of outcomes to the behaviour of other actors.
4. Actions to enlarge the range of alternatives whenever the perceived alternatives involve high risk.

These activities have their parallels in project administration where particularly the second set of actions have become increasingly important. As environmental turbulence increases, many projects have been transformed into self-sustaining islands, dependent on foreign resources for survival in the local economy. Patterns of risk avoidance can also be seen in the way financial packages are put together so as to minimize the "loss of face" of any particular organization in the case of project failure. Evaluation systems are of primary importance as sensors of uncertainty, to identify areas of risk and changes in its levels.

In terms of the present study, the significance of the behavioural theories of decision-making is that they provide alternative models for an explanation and description of real world problem solving. Its models may not be rigorously formulated, but they focus on a number of complex factors and motivations that influence the rationality that would be expected on the basis of classical economic theory. As such, they direct me to describe the satisficing methods in the planning and evaluation processes, the limits for consideration of opportunities, the elements of uncertainty avoidance and the influence of motivations beyond the scope of economics.

2.6 SUMMARY

Chapter 2 has established a framework for a comparative study of planning and evaluation systems. Initially, a synthesis of procedural planning theories has identified three dimensions of planning: (1) the blueprint versus the process mode, (2) the rational-comprehensive versus the disjointed-incrementalist mode, and (3) the functional versus the normative mode. The structures and processes of a planning system can be classified as pertaining to one mode or the other in each dimension.

Secondly, the concepts of evaluation and evaluation systems have been discussed, and in Section 2.4.3 I gave an operational definition of an evaluation system. Evaluations are undertaken for purposes of intelligence gathering, guidance and control; an evaluation system therefore incorporates all the activities undertaken for that purpose. An evaluation system may be defined as the activities undertaken in order to answer questions of project planning, monitoring, impact assessment and economic efficiency. Some of these activities are undertaken with the use of scientific methods, but there is a higher proportion of such activities in the borderland between quasi-experimental research and common-sense assessments.

Models of planning and evaluation are derived from the simple cybernetic systems discussed in Section 2.2.2, and the notion of feedback developed in systems theory. Planning and evaluation systems are parts of a larger whole which is more than the elements that can be analyzed by the frameworks above. Such frameworks form a starting point, but cannot incorporate generalized models of complex behaviour and interdependencies in socio-technical systems, that is, systems at a higher level than the models were designed for. The development of a behavioural theory of decision-making, together with the notion of open systems, has indicated dynamic structures that may increase an understanding of aid organizations. In the next chapter the application of the theoretical framework will be discussed as will be the empirical data and the problems of establishing causal connections between the planning and evaluation systems and the effectiveness of development assistance.

3. THE RESEARCH METHOD

3.1 BACKGROUND

The primary motives of this study refer back to the problems of the research purpose. First, by describing the operations of aid organizations I hope to provide an insight into their internal functioning. This will be valuable as some aspects are of interest to the general public who are, in the final instance, the principals. It is also valuable as an input for the ongoing discussion on organizational change in the aid organizations. Secondly, by providing tentative conclusions about how effective a number of solutions to planning and evaluation are, decision-makers in aid organizations will be in a better position to improve the internal functioning and thus, ultimately, in a better position to provide timely and well-conceived development assistance. The data material presented here and its conclusions are thus primarily of relevance to the decision-makers in aid organizations. Bearing in mind the normative purpose, I write primarily for those who in their daily work are concerned with the effectiveness of aid programmes. Nevertheless, I also have a descriptive purpose and the insight into the operations of a large number of aid projects may prove of interest to all with a concern for the scope and direction of development cooperation.

The idea of writing a comparative study on how aid organizations solve the functions of planning and evaluation originated in

Dar-es-Salaam. From 1978 to 1980, I worked as a programme officer for the United Nations Development Programme (UNDP). The duties of a programme officer included assisting in the planning, implementation and evaluation of UNDP-financed projects. As my own post was associated with the United Nations Industrial Development Organization (UNIDO), I was primarily concerned with industrial development.

The international community in a city like Dar-es-Salaam is fairly small and the evenings are often spent in conversation on development issues. Many times, when we talked about our jobs, we also discussed planning and evaluation in different organizations. The job itself is basically the same, but the means of achieving the ends varies enormously. Surely it would be possible to identify some factors which promote greater effectiveness than others? The idea was not very precise and at the time I did not think in terms of any research methodology, nor did I have any theoretical frame of reference to structure an inquiry. Nevertheless, the problem was intriguing, after my return from Tanzania, it took on a more definite substance.

The first step towards an inquiry into the problems of evaluation and planning was to translate it into a scientific subject. The word "science" has many interpretations; it takes on a new significance as new fields of research evolve and as the views on the scope of research changes. It is beyond the scope of this study to define science, but it will facilitate the understanding of my approach if some of its essential characteristics are elaborated.

In common usage, science is often regarded as a body of knowledge. Science is associated with the latest results in fields like astronomy, physics, genetical engineering, archeology. This usage, however, does not reflect any operational meaning and it would soon lead to inconsistencies if it was seriously regarded as a definition. It is difficult to see that science should not include all human knowledge as there is no natural boundary to a body of knowledge.

Consequently the term itself would be meaningless. Following Ackoff (1962) it is more fruitful to consider science as "... a process of inquiry; that is, as a procedure for (a) answering questions, (b) solving problems, and (c) developing more effective procedures for answering questions and solving problems". The distinction between questions and problems lies in that problems relate to a situation where an individual wants to achieve an outcome, has unequally effective ways of attaining it, and is in doubt as to which alternative is best.

However, not all procedures for answering questions or solving problems qualify as science. There are other types of inquiry, for example, based on common sense, intuition and revelation. What distinguishes scientific from non-scientific inquiry is that the former is more likely to obtain correct answers. Scientific inquiry is more likely to obtain correct answers because it is controlled; that is, it is efficiently directed towards some desired objectives. Thomas Huxley (quoted in Ackoff, 1962, p. 3) has an illustrative analogy:

"Science is, I believe, nothing but trained and organized common sense, differing from the latter only as a veteran may differ from a raw recruit; and its methods differ from those of common sense only so far as the guardsman's cut and thrust differ from the manner in which a savage wields his club.

Not only control, but also self-reflection and self-improvement is a necessary ingredient in scientific inquiry. No matter which question or problem it is addressing, scientific research must also critically assess the methods in use to improve its own effectiveness. The remainder of this chapter will describe how the common sense approach to the problem of planning and evaluation in aid organizations, as conceived in Dar-es-Salaam, is controlled so that it can merit being called a scientific inquiry. At the same time this chapter will develop and discuss a method for evaluating planning and evaluation systems.

3.2 THE DESIGN OF THE INQUIRY

A research process is normally supposed to follow a determined path from the identification of a problem, through the selection of a research method, via observation to model-building, testing, experimentation and, alas, the concluding analysis. No more will be said about this sequencing here, but it will be sufficient to say that it is rare to find researchers who follow this process. Instead, all the steps tend to occur more or less simultaneously and, indeed, some phases are often left out completely. Many authors of chapters on research methodology are presumably faced with the dilemma of how to make chaos resemble order or, at least, how to explain the actual process of their inquiry. It is, all things considered, the order which defines the extent of control over the process and which enables anyone concerned to learn from, adapt and improve the method in use.

The activities of planning and evaluation are interwoven with many other activities. Furthermore, different persons do not have the same opinion about the importance or impact of these activities during a project. Consequently, the research method should allow a reconstruction of real change processes, taking into consideration differing viewpoints of the phenomena and complex environmental relationships. The case-study method is often chosen for such purposes; it allows the researcher to undertake a broad study without focusing in advance on a limited number of variables or relationships (Normann, 1976). The case-study method has been used frequently, but it has as many enemies as it has friends; the debate for and against has been lively (Valdelin, 1974; Miles, 1979; Yin, 1981). This is not the place to review or add to that debate; it will suffice to say that the most frequently cited advantage of case studies is that they offer the researcher a possibility to study phenomena in their context. Rather than assessing the virtues and faults of the case method in general, the reader is asked to consider the merits of this study in the search for data, the presentation of data and the conclusions.

The core of the research is a comparative case study of planning and evaluation in two aid organizations. The two organizations are the United Nations Development Programme (UNDP) and the Swedish International Development Authority (SIDA). The study covers industrial development projects in the United Republic of Tanzania between 1976 and 1984. Compared to the purpose, this is a delineation in terms of organizations, geographical area, type of project and period of time. None of these is obvious and they all have implications for the reliability and validity of the study.

When a comparative study is undertaken, there are two strategic choices to be made; selection of similar or dissimilar cases and observations in similar or dissimilar environments. The decision will depend on the purpose of the research and on the practical constraints in terms of access to data and budgets. The advantage of studying a greater number of similar cases would be that the reliability of the findings is higher. In the context of this research, it would imply selecting organizations that are relatively similar in terms of size, structures, processes, organizational culture and other variables that define the system. If similar types of organizations are studied under dissimilar environmental conditions, the validity of the findings would increase, provided of course that the conclusions are reliable.

The approach in this study is, however, to investigate two dissimilar organizations in a similar environment. When there is a theory for the phenomena under investigation, it is not always necessary to base conclusions on a large volume of data. Even if the reliability of individual cases could be increased, the cost of doing so may not justify the effort. Intensive study of some cases may provide maximum return of information for the input of scientific resources; that is, it would be the most economical research design (Hägg and Hedlund, 1977, p. 9). When the theory is, if not well established, at least in existence, a comparative study of cases representing different theories may suffice to elucidate the effectiveness of existing organizational solutions. However, this raises the question of

generalization from case studies, an area in which the general opinion among scientists tends to be cautious.

In the selection of cases, I decided to utilize UNDP and SIDA for two reasons. The first is my own background in UNDP, which provides an in-depth knowledge of the organization. Much of the important data material was available at the start of the research project and further information, where needed, could be obtained and interpreted at a low extra cost. The second reason was related; SIDA is an open organization and after preliminary inquiries I was allowed full access to their internal documentation and could conduct interviews at different levels freely. Indeed, during part of the research process I was employed by SIDA in the capacity of programme officer for industrial development projects in Tanzania. The access to data material was therefore comparable to UNDP and, in effect, unlimited.

The confinement of the research to one geographical area follows the same reasoning; that is (a) the data material was easily available, (b) external influences on the process of planning and evaluation are if not controlled, at least describable, and (c) UNDP and SIDA have a comparable history in Tanzania. The fact that SIDA and UNDP have similar experiences in Tanzania increases the reliability of the findings, as some other variables influencing the operations are controlled. By the mid 1970's both organizations had operated in the country a decade, they were among the largest and most influential donor organizations, they had a well functioning cooperation with government agencies and had built up experience of working in Tanzania. Both SIDA and UNDP had participated in a few industrial development projects since the late 1960's, but they concentrated assistance to other sectors such as agriculture, education and health. In connection with the Third Five Year Plan (TFYP), Tanzania embarked on a programme of heavy industrialization and sought support for this from external sources, primarily from UNDP and SIDA. In the negotiations that followed, both SIDA and UNDP allocated large sums for industrial assistance during the coming years. For the purpose of this inquiry, the attention can thus be focused on the structures and

processes within the organizations, as the environmental influence is comparable in both cases. This would not have been possible if other countries had been included and, consequently, the reliability of the inquiry is higher.

As only one country has been studied, the conclusions may rightly be attacked with the argument that the specific situation in Tanzania explains many of the phenomena. This argument builds on the presumption that if the planning and evaluation systems of UNDP and SIDA had been studied in a different context, the conclusions would have been different. This raises a fundamental problem, as it is indeed true that the period between 1976 and 1984 has been turbulent.

The collapse of the regional cooperation within the East African Community in 1977 caused a change in patterns of investment, production, trade and exports. The outbreak of war with Uganda in 1978 caused a strain on the entire economy. Draught and floods contributed to the shortfalls in agricultural production. Some development policies such as agricultural prices, consumer subsidies on staple crops, regulations of trade and distribution, foreign exchange policies, and others, are often held to have caused the economic recession from 1980 onwards. This is not the place to discuss the benefits or faults of Tanzanian policies, but the many interfering events focus attention on what general conclusions can be drawn from this inquiry.

In my defence, I could claim that the knowledge obtained from the data is interesting as such. The magnitude and importance of UNDP and SIDA assistance to Tanzania is such that it merits a study on its own and it is of minor importance if there are other benefits as well. This defence would, however, have the character of a quick exit via the back-door. The purpose described on page 14 does not mention either Tanzania, SIDA or UNDP, and this is deliberately so because the aspiration is to formulate generally valid principles.

However, even if it may be claimed that the intervening variables that affect the observations in this study are formidable, they are not unusual and the conclusions drawn from processes under these conditions are valid for the purpose stated. Turbulence is a fact of life and the type of external and internal shocks that have hit Tanzania's development have been common in the Third World throughout the last few decades. The nature of the shocks may vary, but I would argue that it is unusual to find a stable country unaffected by war, recession, famine, natural catastrophes and mistakes in conception and execution of policies. Indeed, it would not be a developing country, nor would it be receiving aid.

As for the planning and evaluation systems of aid organizations, they must be able to function under such circumstances. If not, they are not adjusted to the realities of the environment and should be changed to something more workable. However, there are two issues which should not be confused. The first would be the claim that the conditions of the empirical study is atypical and therefore does not represent the theory of planning and evaluation systems in use. This argument is weak as the planning and evaluation systems are designed for operations in the Third World and the environment is characterized by turbulence; there are only atypical cases. The second issue refers to the validity, that is, it refutes the possibility of generalizing from the cases. However, the emphasis is on patterns of change and there may be similarities in dynamic processes that are not reflected in the structure of phenomena under observation. As Hägg and Hedlund (1977, p. 10) pointed out, social reality is dynamic and perhaps generalities can be found only in terms of change processes. Thus, the conclusion about the dynamics of planning and evaluation of the two organizations in Tanzania has a potential relevance, even under different environmental conditions.

One of the threats to the validity of a comparative case study is the possibility that the cases are in fact non-comparable. It is true that UNDP and SIDA are two very different organizations. Whereas UNDP is a multilateral organization within the UN system, SIDA as a

bilateral aid organization is much more homogeneous. UNDP's heterogeneity is shown in its recruitment of staff and experts on its projects; they must come from all parts of the world. SIDA's staff and experts are almost exclusively recruited in Sweden, they have a similar background and share many basic values.

Consequently, it would appear "easier" to build an organizational culture in SIDA, to control and evaluate projects and to generate and make use of information. It would also seem likely that this can be done more informally and with implicit criteria. On the contrary, UNDP would generally need more explicit criteria for decision, and informal channels of communication would not appear as easily. That this is indeed so will be amply illustrated later.

However, the fact that the two organizations differ in respects like those above does not mean that their planning and evaluation systems cannot be compared. It may explain why they are as different as they are, and the fact that one organization is multilateral and the other bilateral may limit the possibilities for a change of its structures and processes. There are bilateral aid organizations with an organizational culture similar to the UNDP in spite of their homogeneity in terms of personnel recruitment as for example the ODA and USAID, the British and US aid organizations (Cracknell, 1983 and USAID, 1974). The literature on organization theory contains many illustrations of multinational organizations similar to SIDA in some respects (Ouchi, 1981 and Adler, 1980), though this is not the place to entertain a detailed discussion of the, as yet, vague and unexplored concept organizational culture. The argument here is that even if there are some natural reasons why UNDP and SIDA differ, it is not necessarily because they are multilateral and bilateral respectively. Nonetheless, the exploration of their differences and similarities could be used to elucidate theories of planning and evaluation, as long as the basis for the conclusions is comparable.

Well, are the objects that form the basis for a comparison really comparable? Could it be argued that UNDP technical assistance is

fundamentally different from SIDA's assistance, which is a mixture of technical assistance, investment and import support? Yes, it would seem so. The nature of investment assistance requires and permits a different flow of information, and import support is, to date, not subject either to evaluation or long-range planning. It should be noted that the World Bank's evaluation system would hardly be comparable to the UNDP, as the Bank is exclusively engaged in investment assistance. Therefore, this inquiry is confined to a comparison of UNDP's and SIDA's technical assistance projects. At the microlevel, the projects are thus comparable because they are identified, negotiated, assessed, implemented and evaluated, and the mode of undertaking these activities is also comparable. Nevertheless, it may be said that this inquiry is trying to compare apples and oranges. But apples and oranges can be compared, for example, in terms of sweetness, colour, nutritive value, harvesting season and in many other aspects. There are also criteria by which UNDP and SIDA projects can be compared.

Alloway (1977) suggests that, in dealing with the problem of non-comparable groups in comparative case studies, the researcher should select and state the population boundary explicitly. Within that population, the researcher should select organizations whose environments span the population diversity. Alloway's terminology varies from that used hitherto, but it can be interpreted so as to apply to the levels of organizations and projects in my research. This study illustrates the cases of SIDA and UNDP for the reasons explained above. Within these organizations, the objects of study are separate projects. Both UNDP and SIDA were engaged in some 100 to 150 projects each, during the period 1976 to 1984. The selection criteria among these projects has been to study one sector, namely industrial development projects in both organizations. SIDA had eleven projects, one of which has the character of investment assistance and is therefore not included in the comparison. UNDP also financed ten major technical assistance projects. The industrial sector does show a wide spectrum of phenomena and most conceivable fortunes and misfortunes have affected one or another of the industrial projects.

There are alternative approaches. A random sample of projects from all sectors could have been drawn in the wider area of total assistance. This would, however, have three disadvantages compared to the selection approach adopted:

- (a) As I would not have any forehand knowledge of the projects in sectors like agriculture, energy, health, et cetera, I would not be aware of the real diversity; the total population and the sample size are small and the selection could easily be misleading.
- (b) The danger of comparing incomparables would be greater; there is some variance between the requirements in different sectors as well, and the range of intervening variables would be more difficult to control.
- (c) The data material on industrial projects was already available at the conception stage of this research, but for other types of project, it would have had to be collected.

In longitudinal research, involving organizations and humans, the subjects mature, learn and become more experienced during the course of the study. How has the passage of time affected the planning and evaluation systems in SIDA and UNDP? Neither planning nor evaluation systems in UNDP has been changed during the period 1976 to 1984, and the organization has not been subjected to any review of its structure and processes. The logic and design have remained the same and no major changes in functioning have been observed. However, the planning, evaluation and implementation of industrial development projects are undertaken in cooperation with UNIDO. This organization appointed a senior adviser to the UNDP office in Dar-es-Salaam in 1978, which strengthened control over industrial projects. More important, the adviser remained in this post for six years, up to 1985, which created a solid build-up of experience and knowledge of the country and the projects, in contrast to normal UN practice. UNIDO also introduced a separate, internal evaluation system in 1982.

The effects of this system are not included, because it only covered the last two years of the survey, and it is not used within UNDP. Nevertheless, it has affected the content of UNDP evaluations, and it has increased the awareness of the need to direct projects to the desired ends. UNIDO headquarters have demonstrated their concern over the effectiveness of UNDP's evaluations. Both these factors have improved the generation and use of feedback information, which implies that the administration of UNDP-financed industrial projects in Tanzania is more effective than is normally the case in the UN system.

SIDA's planning and evaluation systems have both changed. The identification and appraisal of projects follow the guidelines in the Manual of Support Preparation which appeared in 1972, but a new and partly revised version appeared in 1983. The new manual is more detailed in instructions and exhibits more examples of appraisal methods, but the actual structure and process of support preparation have not changed much. SIDA also introduced a project evaluation system in 1982, but it appears not to have affected the effectiveness of project administration. Evaluations have an external as well as an internal use. SIDA's new evaluation system serves the purpose of providing briefing material for the Executive Board and for the public. It is not so much designed to improve the quality of assistance, but rather to spread information about SIDA's activities.

The passing of time has thus seen an effort at improving the performance in both organizations. Even though the UNDP system has remained the same, there is an influence from the organizational and methodological changes in UNIDO. The new manual and the additional evaluation system in SIDA were introduced recently and they have no significant effect for the purpose of this study. At first glance it would appear that the changes bring the functioning of the two organizations closer towards each other. There would seem to be a tendency to learn from the benefits of the other organization, but the effects on performance are slow to appear and remain uncertain, partly due to the very moderate actual impact of the changes in SIDA. Words of wisdom apply in aid organizations too: "The more things change, the more they remain the same".

3.3 COLLECTION AND INTERPRETATION OF DATA

So far, the planning and evaluation systems have been regarded as a whole. In this section, I will, however, discuss the collection and interpretation of data from the planning system first and then turn to the evaluation system. The design of the UNDP planning system is described in the Policies and Procedures Manual which specifies the organizational structure and describes the steps and tasks involved in planning. Complementary information was found in job descriptions for executives and programme officers. The correspondence between headquarters and field offices also elucidate some obscure points in the distribution of responsibilities. The logic of the planning system is inferred from an analysis of the recommended structures and processes in the Policies and Procedures Manual.

Whereas the sources on the design of the planning system are readily available, the description of its functioning is based on a variety data. First and foremost is my own working experience in the UNDP office in Dar-es-Salaam, which gave direct insight into the operations of the system. Secondly, data has been collected through interviews with the major stakeholders (see Figure 3.1).

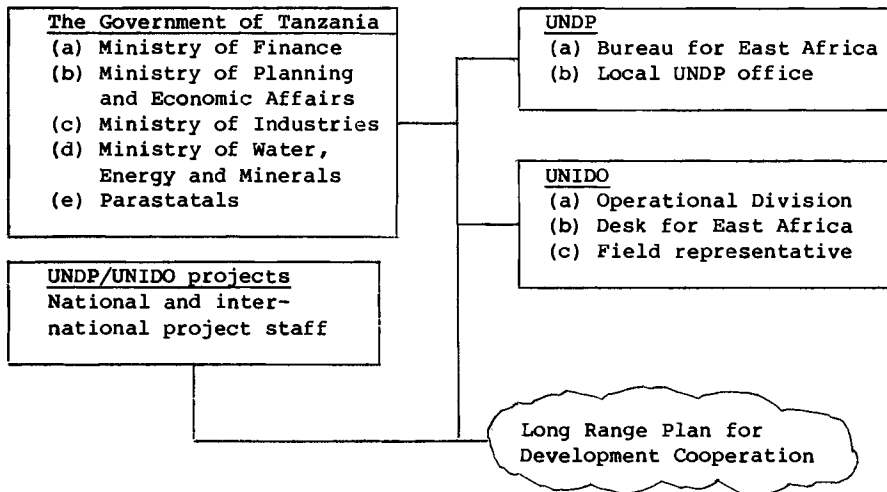


Figure 3.1: STAKEHOLDERS IN THE PLANNING SYSTEM OF UNDP

The framework of interviews was kept rather loose and did not follow any interview guide. The type of data varied greatly and whereas some interviews went into detail on the origin of policy initiatives, appraisal and obstacles to implementation, others were far less substantial. The most useful interviews were conducted at the UNDP office and the Ministry of Industries. The loose framework for interviewing was adopted because in some instances it was possible to go into details whereas at other times the answers were very tentative (because the participation in the planning process does not involve the same commitment from all partners). Therefore the interviews outside the UNDP office and the Ministry of Industries largely served as a cross-validation. The interviews on the planning in UNDP took place in 1980, 1982 and 1983. In 1980, interviews were conducted to facilitate the task of launching new projects. That is, they related to my work in the UNDP office. In 1982 and 1983 the interviews were primarily intended to generate data for this research study.

The most important sources of written documentation are the plans themselves, and two Five Year Plans were used in the analysis. Firstly, the Country Programme for 1976 to 1981, and secondly, the Country Programme for 1982 to 1986. During the planning process, which is most intensive six to twelve months before the Country Programme is accepted, there is a regular correspondence between the UNDP field office, headquarters and the government of Tanzania. This correspondence has been reviewed and analyzed in its totality, but, as with the interviews, it is possible to identify a few key instances in which fundamental decision were taken. In connection with this correspondence there are notes to the file and telexes which further clarify the meaning of the correspondence and the viewpoints of the various stakeholders.

The data on the planning system of SIDA falls into the same types of categories. The design of the system is described in the Manual for Support Preparation, and the logic of the system is inferred from the same source. The programme officers involved in the planning of

industrial assistance have been interviewed, both at headquarters in Stockholm and the field office in Dar-es-Salaam. However, the interviews have not been as extensive as in the case of UNDP, where the chief executives were included. I have also relied on internal documentation such as plans and follow-up reports, preparatory appraisals, minutes from planning sessions, consultants' reports and correspondence. The written documentation is often informal and contains more analytical background material, private opinions and ideas than at UNDP.

As for the evaluation systems, the first problem is to identify what they consist of (this was elaborated in Chapter 2). Evaluation is not merely evaluation reports and I have also included all types of information that serve to evaluate projects, that is, provide information on their progress and indicate success, failure or problems. The data thus includes correspondence, minutes of meetings, consultant's reports, and wholly external sources such as research institutes and the media.

The most important source of documentation on the UNDP evaluation system naturally consists of the evaluation reports and the correspondence commenting on evaluation, suggesting ways of making use of it, or refuting the conclusions. This section of the research consequently relies primarily on written documentation. I have also interviewed the project managers and other expatriate project personnel on the ten projects investigated. These interviews were conducted in 1982 and 1983.

It would have been desirable to conduct a similar series of interviews during the years 1978 to 1980, but I had not started to study the evaluation system at the time. There is also some external information available in the form of alternative evaluations of the UN system. While the approach to evaluations has differed, such research still provides an interesting and valuable source of complementary information. It is used to strengthen the conclusions in this report, but it is not used in the analytical and descriptive sections as such.

The data on the evaluation system of SIDA poses a more intricate problem, because SIDA does not have an evaluation system in the same sense that UNDP does. The research data consist of documentation with an evaluative content: reviews from study trips, quarterly and yearly reports, weekly letters, telexes and normal correspondence between headquarters, field office and government agencies in Tanzania. The concept of an evaluation system, which is used here, includes externally generated information. Therefore the study of SIDA includes research work financed by SAREC, independent research and field studies, and consultant's reports commissioned by SIDA. The data on SIDA thus differs from the data on UNDP.

In this context too, much of the insight is based on working experience from SIDA. This is structured in two different components; first, by producing an evaluation report on one of the projects in Tanzania and by following the acceptance and use of this report; secondly, by working at the SIDA field office in Dar-es-Salaam. As with UNDP, there have also been interviews with the project managers on the SIDA projects, as well as with other expatriates working on the projects included in the inquiry. The data collection took place during a field trip in 1982, during 1983 at the SIDA office in Dar-es-Salaam, and during meetings in Stockholm at intermittent intervals in 1981, 1982 and 1983.

All research has to face the problem that data does not speak for itself, and maybe this is more true in the social sciences than in other research fields. Data has to be interpreted, and in this particular inquiry it is indeed true that statements in correspondence, plans and evaluation reports, et cetera, have to be seen in a context and interpreted against a background of other information. The bias of the researcher inevitably becomes a real problem and a constraint on the reliability and validity of the inquiry. It can be safely assumed that when the researcher is closely involved in the processes described, he is also more subject to bias; he forms his own opinions and, perhaps, emotional responses to the organizations under study.

At the same time, it is necessary to get closely involved in order to get access to the background information that enables the researcher to interpret the data. It is an ironical trick of fate that the means of achieving a true interpretation of the data also compromise the ideal objectivity of the researcher. The ongoing debate on the epistemological problem in science implies that the best recommendation for a researcher is to make his own values explicit and to elaborate how he interprets his data.

Returning to the sources of information, that is, the written documentation and the interviews, there is an abundance of material. The problem has, in my case, never been one of access but rather the contrary, too much information available. It was necessary to choose among the data and, most important, to interpret the data in relation to the events that were taking place. The key-word is change; projects go through a life-cycle and during its course they are modified, prolonged or terminated. The quest for data tended to settle on information relating to such change, the reasons for change and the origin of information that motivated decisions. But the environment also changed, and therefore I have also looked for the absence of evaluative information. This is harder, as one individual cannot be certain that all relevant questions concerning twenty complex projects have been asked. Each case study has to be read on its own merits and the focus has been on the different evaluation questions referred to in Chapter 2; have they been raised or not?

As for UNDP, I have covered all the correspondence in relation to the Country Programmes and the sectoral priorities. I have gone through a total of 80 Project Progress Reports, 25 Tripartite Review Reports and 6 Terminal Assessments. In addition, I have looked at the correspondence between headquarters, field office and the government on project planning and evaluation, all of which are available in the UNDP Office in Dar-es-Salaam. As for SIDA, I have studied the Annual Reviews of the industry sector between 1976 and 1984, the Minutes of meetings between the government and SIDA on aid planning, and I have had access to all weekly letters, as well as other correspondence

between 1976 and 1984. In addition, I have studied the 25 evaluation reports that were prepared during these years. Appendix I lists the written documentation on each project.

A total of 60 interviews were conducted, distributed by organization and project as indicated in Table 3.1. During this type of interview the respondents often like to discuss the issues on their own terms, after reformulating questions and putting the answers in their own perspective and it would be difficult to use a standardized format. Many of the interviewees knew me personally from the times I worked in the UNDP office, and I was also, at the interviews in 1983, associated with the SIDA field office. The interviews therefore had the character of a conversation on the topic. This was an advantage, as I probably obtained more "confidential" information than I would have achieved as a complete outsider. This type of interview also presupposes a dialogue between equals. I therefore had to be well informed on the projects before approaching the interviewees. Interviews followed the assembly and study of written documentation, so, apart from my previous association with the projects, I had also recently updated my knowledge of the written documentation "from the researcher's point of view".

Table 3.1: LIST OF INTERVIEWS

UNDP headquarters	1
UNIDO headquarters	3
UNDP field office	6
Project personnel (UNDP)	12
SIDA headquarters	4
SIDA field office	6
Project personnel	10
The Ministry of Industries	6
The Ministry of Finance	1
The Ministry of Water, Energy and Minerals	1
Parastatal authorities	10

Interviews normally lasted between one to three hours. Several interviews were repeated as the respondents called me and said they had thought about the subject and wanted to talk more about it. Two persons in the UNDP office, two at SIDA and five project managers were interviewed three times. One person in the Ministry of Industries and one in SIDO were also interviewed three times, in 1980, 1982 and 1983. I took notes during the interviews and these were later written down as a coherent account and added to the documentation on the projects (and programmes).

There are at least two sources of error during this type of open interview about rather long term processes. First, the respondent may be inclined to give answers that he thinks the interviewer might like to hear. This is probably less likely during interviews with professionals who have thought about the subject and normally hold firm opinions on the matter.

The second type of error is that the respondent might, consciously or unconsciously, try to avoid the answers and give an account of events that make him, his organization, appear in a more favourable light. One way to handle this problem is to have several respondents, with different interests, comment on the same events. This is built into the research design, as I have interviewed all the major stakeholders on the projects (see Table 3.1 and Figure 3.1). The written documentation also serves as a validation of statements by the respondents and when there was a discrepancy, this could be pursued until the matter was resolved. Similarly, the written documentation cannot give a full portrait of events, and therefore the interviews serve as a validation of the documents and provide an opportunity to evaluate their truth and usefulness. The analysis of the data was thus a continuous cross reference between the written documentation and the interviews, resulting in the case studies of the industrial sector assistance and the history of individual projects that follow in Chapters 5 and 6.

The draft versions of the case studies were presented to the personnel in both organizations. The chapter on UNDP was given to field office personnel in Dar-es-Salaam (three persons) and the chapter on SIDA was sent to the Industry Division in Stockholm. Some of the comments led to changes in the account of events, while at other times I chose to note that there are differing views of the processes. However, there were few additions or alterations, and this leads to another problem concerning the interpretation of data, one which affects myself as well as the respondents. Not only do persons forget what actually happened on projects, but they also tend to develop a similar point of view as time passes. This is a process, which contradicts the situation where respondents may avoid answers to present a favourable impression, and it is a process which is less easy to check. Most of the actors meet very often in committees, evaluation meetings, et cetera, not to mention cocktail-parties. Their opinions are not independent of each other, and as time passes they might, without any manipulative intention, form similar views of what happened (unless, of course, they hold strongly divergent views). As I worked in both organizations, I am subject to the same process of "consensus building" myself. The only solution appears to be cross-references between written documentation, several respondents (and, most important, looking out for those that might have divergent views) and to critically examine the case studies over and over again.

3.4 META-EVALUATION

Scientific research is characterized by its self-reflective nature. If science is to improve the procedures for answering questions and solving problems, it has to evaluate the very same procedures. The subject matter of this inquiry is planning and evaluation systems; the purpose is to describe and analyse them in order to arrive at some normative conclusion. In other words, it can be said that the purpose is to evaluate these systems. The analysis and evaluation of evaluation systems is the subject of what has been called meta-evaluation (e.g. by Scriven, 1971; Apthorpe and Gasper, 1982).

Meta-evaluation implies looking at various approaches and criteria used in evaluations, and it also implies looking at these criteria in a wider perspective than evaluations in their objective function. The evaluation systems will be described and analysed in terms of (a) quantity, (b) quality, and (c) context. These aspects are closely interrelated and cannot be separated. It would not make sense to study only the quality of evaluation data without taking into account the context in which the data is used; it is similarly obvious that an assessment of evaluation quantity would fail to identify any significant truth about the generation and use of such data.

The quantitative approach gives a description of the volume of the planning and evaluation effort. The actual activities may follow the directions in manuals, but may also differ. After a description of the design and logic of the systems, the first interpretation of their functioning thus consists of a quantitative review. The purpose is to answer the question: does the organization really do what it says it does? If there is a deviation between the design of the planning and evaluation system and the actual functioning, the researcher is faced with the question why?

Granted that the organizations produce plans and evaluate projects in a certain quantity, more or less in conformity with the intended purpose, but how good are the plans and evaluations? Do the plans set targets that can be reached, do they provide guidance for programme officers and project personnel? Do the evaluations identify important obstacles to implementation and do they identify opportunities for more rapid progress? Do they assess the real impact of projects or are they superficial? Can they be used to benefit the projects? These are the questions that are answered by a qualitative assessment of the data. It is also the area most sensitive to a biased interpretation and therefore the criteria should be stated explicitly. The criteria used for an assessment of the planning system are twofold: how efficient are the planning systems? Do the projects contribute to the development objectives of the organizations involved? The first question, concerning efficiency,

will be answered by an analysis of the practical applicability of the planning systems. It will be argued that if one system responds faster to requests for cooperation and organizes the transfer of resources efficiently, it is possible to rank the planning system according to these criteria.

The second question refers to the explicit development objectives of Tanzania and the aid organizations. Even though the instruments for ranking projects according to their contribution are crude, I will make an attempt. It is not as uncertain as it may seem at first. The evaluation reports and other data presented in the case studies support and facilitate the ranking. However, the reader should remember that the projects are not the most essential unit of analysis in the ranking. It is at the Country Programme level that we get a picture of the planning system's impact on the country's development.

The criteria used for an assessment of the evaluation system are also complex. Granted that a project, which consists of a series of activities to reach an objective, has been designed, evaluations should fulfil the following tasks. First, they should identify obstacles to the activities that lead the project away from its objectives. As a consequence, the decision maker could remove the obstacles by increasing the resources in the project, he could remove the obstacles through other policy initiatives or he could redesign the project. Second, evaluations should identify when the activities fail to lead to the objectives. In response, the project may be redesigned to make certain that the objectives are reached. Third, the evaluations should identify environmental changes that affect the objectives by making them irrelevant or by shifting priorities. In such a case, a project may be cancelled or the objectives and the activities changed.

A good evaluation system would then be a system where these different types of information are generated, channelled to the decision makers and used. Figure 3.2 illustrates the possible functions of an

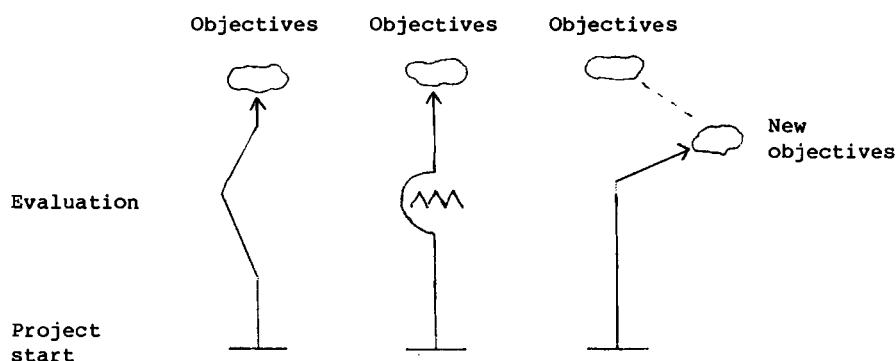


Figure 3.2: FUNCTIONS OF AN EVALUATION SYSTEM

evaluation system. The quality of information can thus be assessed by the impact it has had on a project, but it can also be assessed by default. An evaluation system that repeatedly neglects obstacles, fails to see the effect of project activities and does not analyse environmental trends that affect the objectives of its project is obviously a poor evaluation system.

The assessment of the quality of evaluation information will build on: (1) the extent of environmental analysis, and (2) the evaluator's distance to project objectives, i.e. are the leading criteria in an evaluation internal or external to what is being evaluated? These two criteria are elaborated in Chapter 7, where they are also applied to the evaluations of SIDA and UNDP. The notion of level of environmental analysis draws upon Emery and Trist (1965) and upon a recent article by Sachdeva (1984), whereas the discussion of the "evaluators distance is also treaded by Apthorpe and Gasper (1982).

Can it be stated that high quality evaluation data are data that are used, or is high quality an attribute which is independent of its practical usefulness? The discussion above covers both the evaluation data and data applications. The question of usefulness is an attribute of the evaluation system; I would argue that the practical

use of data is directly linked to its quality. Nevertheless, high quality evaluation data may not be used because they contradict other interests than the rational, effective progress of the project. If high quality data are used or not depends on the design of the evaluation system and on the linkages between evaluation, planning and administration.

The outcome of this discussion is that the meaning of evaluation data becomes apparent only when it is considered as part of a whole. Evaluation is a bounded process, but the boundary cannot be staked out once and for all. Instead the boundary is fluid and it is the task of this inquiry to investigate what the boundary is. The inquiry therefore leads into other areas than those traditionally directly associated with evaluation, and it is found that personnel policies, recruitment and involvement explain much about the evaluation systems. The sections above explained the type of data that has been gathered and how it is assessed in terms of quantity and quality. One of the major advantages of case studies as a research method is that they imply a holistic point of view. The case study is a way of looking at social events and processes taking place within rather large social systems. They allow the researcher to explore what the boundaries of the processes are and to find what in the context is of relevance to the analysis of the processes. By looking at the context of the evaluation system, this research project will realize this advantage of the case study method. The context is therefore introduced as a third category assessment, after the quantity and quality of the evaluation system.

But it is not only the context of the organizations that may have an impact on planning and evaluation. The projects, and the Country Programme, must be seen in relation to the change that takes place in Tanzania and Africa. Exactly what the context implies for our understanding of development cooperation is uncertain, but we should not neglect that, even though development projects with foreign assistance often are catalytic, they form a very small part of the total change process. Secondly, development is not an orderly process

of gradual increase of measurable standards of living. In a historical perspective, periods of economic growth have often been accompanied by upheavals, migration, political and religious conflicts, et cetera, as for example during the Renaissance and the 17th century Europe. Development economics simply does not possess an understanding of the development process. Economics in general, and this study as well, is concerned with the interests of people, but there are passions too (Hirschman, 1977 and 1981). There are no reasons to believe that Africa would differ from the rest of the world, and that its present and future should be determined by interests only.

The implications for this study is that as much background data as possible will be supplied. To understand planning and evaluation, the context in which these functions take place must to some extent be known. Therefore I have included a chapter on Tanzania's industrial development, which also contains some notes on the political scene and social developments in general. Each case study also provides a background to the problem area and to the development ambitions that lie behind the formulation of a project.

Table 3.2 provides a summary of the discussion and it shows how the three criteria for evaluation of planning and evaluation systems will be used. I have also noted which sections of the book that primarily address the different criteria. This table can also be related to the research purpose in that the question of the design and functioning of the systems refer to the quantity of the effort. The logic of the systems, however, is a matter of a qualitative description. The logic is deduced from the design and functioning of the systems and interpreted with the help of the theoretical framework from Section 2.3. The third research purpose, "to identify structures and processes in the planning and evaluation systems that tend to facilitate: (a) identification of good projects, (b) generate relevant feedback information, (c) change and ratify projects", relates to the quality criteria, is it possible to establish a connection between these and the structures and processes in the organizations?

Table 3.2: SUMMARY OF THE UNITS OF INQUIRY AND THEIR RELATION TO EVALUATION CRITERIA

Criteria for Evaluation	Planning Systems	Evaluation Systems
Quantity	Design of the System The Production of Plans (Chapters 5 and 6)	Design of the System The Generation of Evaluative Information (Chapters 5 and 6)
Quality	Planning Style Efficiency of Planning The Effect of Planning in Terms of Contribution to Objectives	Evaluation Style The Level of Environmental Analysis Choice of Evaluation Criteria Use of Evaluation Information
Context	Tanzania's Industrialization and Development (Chapter 4, Sections 5.5, 6.5 and 7.4)	

4. A REVIEW OF INDUSTRIALIZATION AND DEVELOPMENT POLICIES IN TANZANIA

4.1 INTRODUCTION

Tanzania is a federation between mainland Tanganyika and the island of Zanzibar with its adjoining archipelago. Tanganyika was first colonized by the German Empire in the late 19th century. During the First World War, a long campaign was carried out in East Africa when British troops from Kenya invaded Tanganyika. After the war the newly established League of Nations divided the territory between some of the Allied powers. The United Kingdom ruled Tanganyika under this mandate up to independence in 1961. The island of Zanzibar has a different history. Captured by forces from the sultanate of Oman in the early 18th century, it soon became an important harbour for the European powers. The sultanate and the island of Zanzibar became in effect a British protectorate in the mid 19th century, although it formally remained independent. The African population revolted against Arab rule and claimed independence after a revolution in 1964. They sought support from mainland Tanganyika and the federation was created the same year. Defence and Foreign Policy have since been conducted jointly, but, in other areas, Zanzibar at first followed its own policies. The trend is now in the direction of a closer integration and the political parties on the mainland and Zanzibar merged in 1977, which in effect, means that they pursue similar development policies.

Before the arrival of Europeans, the inland areas had limited relations with the external world. The region had long been supplying

gold, iron ore and ivory to the Swahili trading cities on the coast for export to India and Arabia. Much of this trading network was destroyed when the Portuguese arrived; the cities were sacked and trading flows diverted. A limited trade did continue and in the late 18th century another export, namely slaves, became profitable. A period of stagnation and depopulation followed, ecological catastrophes in combination with wars against the Arab and European penetrations devastated large areas of land and damaged agriculture and other economic activities.

In 1980 Tanzania had a GNP per capita of USD 280, and it is one of the 25 poorest countries in the world. Nevertheless, it is a country rich in potential. Its mineral resources include coal and iron ore deposits, gold, diamonds, phosphates, copper, lead, tin, nickel and sulphur. There are exploitable natural gas deposits off the coast and petroleum has also been discovered; the lakes in the north contain soda, and salt can be produced in several areas.

The agricultural potential is also high. In the mountainous areas there are fertile volcanic soils and adequate rainfalls for a wide variety of crops, such as coffee, tea and pyrethrum. In the lowland other cash crops like tobacco, sisal, cotton, cashew nuts and sugar are produced, as well as maize, rice and other food crops.

The area of the land is 942.000 km², which is about twice the size of Sweden. Its population was 18.7 million in 1982, but is growing rapidly at 3.3 per cent annually. The population density is still low, even if the pressure on the environment is increasing as the population grows; swidden agriculture (cleaning forests by burning) is still a common practice. Approximately 90 per cent of the population live in rural areas and work in agriculture, often at a subsistence level. Agriculture contributes 50 per cent of Gross Domestic Product and accounts for 80 per cent of the country's export earnings.

Since 1967, Tanzania has embarked on a policy of structural change to create a socialist society. This highlights the problems a small

dependent economy will face when trying to change the structure of its economy. In this chapter the main events in Tanzania's industrial development will be described. A secondary purpose is to discuss some factors behind the economic crisis in Tanzania between 1980 and 1983, particularly the role of foreign aid and the choice of technology. The review is divided into five phases:

- a) Before independence
- b) From independence up to the Arusha Declaration
- c) The formative years
- d) Embarking on the long-term industrial strategy
- e) Implementation of the Third Five Year Plan

4.2 INDUSTRIAL DEVELOPMENT BEFORE INDEPENDENCE

During the colonial period there was only a slow expansion of industrial production in Tanzania. It could even be said that the colonial authorities discouraged industrialization unless it was part of an agricultural expansion program. The only exception is a short period of rapid industrialization during the First World War, when the colony was under siege and had to mobilize all its resources for the war effort in East Africa. Table 4.1 shows the extent of industries in 1914 and at later dates.

During the First World War, a multitude of industries sprang up. Spinning wheels and looms were constructed, and dyeing industries were set up. Local entrepreneurs started the production of rubber, which was vulcanized with sulphur for automobile and bicycle tyres. They produced motor fuel from coconuts and made boots from skins of cattle and game (the tanning material was made from mangroves). It did not take long before cigars, cigarettes, whiskey and rum were also produced locally.

As the theatre of war spread to East Africa, factories for ammunitions, mines and artillery shells were established. Pharmaceutical production became important and most of the drugs and vaccines used by the German troops were made locally, including the quinine needed for malaria prophylaxis. These activities ended when

the Germans were driven out, and industrial production did not reach the same level until the 1960's. This industry was foreign to the population as it went into the German war effort and built on German skills; but it is interesting to see the potential for industrial growth, and the ingenuity with which the German entrepreneurs used local resources. It also disappeared during and after the war, and the number of industries in 1921 does not differ much from 1914.

Table 4.1: INDUSTRIAL ESTABLISHMENTS AND MANUFACTURERS IN TANGANYIKA 1914-1945

	1914	1921	1931	1939	1945
Agricultural processing for export					
Cotton ginneries	n.a.	12	29	34	35(3937)
Sisal decortication	n.a.	n.a.	9	120	126(n.a.)
Tea factories	-	-	1	4	6(n.a.)
Coffee curing	-	-	-	10	11(n.a.)
Rubber factories	-	-	-	-	12(n.a.)
Meat products	-	-	1	-	-
Agricultural processing for internal use					
Flour mills	4	4	32	55	103(1314)
Rice mills	-	-	17	24	-
Oil mills/soap factories	4	6	27	27	72(590)
Copra drying	-	-	-	3	5(100)
Sugar/jaggery	-	-	5	3	21(n.a.)
Creameries/ghee factories	-	-	-	77	312(1721)
Tannery	-	-	-	-	1(310)
Bacon curing	-	-	1	1	3(69)
Manufacture for local market					
Salt	2	2	7	6	10(1084)
Cigarette & tobacco factories	1	1	1	4	4(325)
Bakeries	-	-	-	38	44(190)
Ice and soda-water	3	3	46	46	30(133)
Beer	-	-	-	1	1(130)
Sawmills	-	-	18	22	29(1696)
Furniture makers	2	2	22	48	30(210)
Fibre board factory	-	-	-	-	1(300)
Lime burning	1	2	13	11	14(732)
Pottery	-	1	-	-	-
Jewellers	14	14	17	7	10(20)
Printers	2	2	10	10	11(75)
Miscellaneous					
Power stations	-	-	-	6	6(201)
Others	-	-	12	26	8(218)
Total	33	49	269	583	905

Note: The figures in brackets show numbers of employees. For the factories with figures available, the average number of employees in 1945 was 18.4.
Source: Coulson, 1982. (Adapted from Tanganyika Territory Blue Books, 1921, 1931, 1939, 1945.)

German and British rule did much to destroy the traditional craft skills through mass imports. Village blacksmiths, potters and carpenters were either forbidden to go into business or discouraged by the policies of the government. The blacksmiths were skilled in iron smelting and had developed techniques for high temperature smelting which were not achieved in Europe until the late 19th century. They were quite skilled at making firearms as well as agricultural implements and they were prohibited for both of these reasons: they threatened security and removed the market for European exports (Tomecko, 1978).

British policy not only discouraged industrial investments in general, but was particularly designed to discourage non-British investors. As an example, a Japanese firm started a match factory in 1928, but had to stop as the government threatened to impose an excise duty equal to the import duty on imported matches. Other industrial projects were discouraged in a similar fashion (Brett, 1973).

Immediately after the Second World War and up to the independence in 1961, a slow process of industrialization through import substitution started. This was generated by an increasing domestic demand for consumer goods. The British Labour government which took power in 1946 encouraged the colonies to prepare extensive development plans. Even though Tanganyika did not allocate any funds for industrial development during these years, the increased purchasing power that followed via the rapid growth of agricultural production created a demand for basic consumer items such as textiles, radios, bicycles and the like.

The economy of the period up to Independence was above all characterized by a substantial growth of exports. Table 4.2 shows the volume of change of some commodities. Sisal accounted for 26 per cent of the value of total exports in 1960, and had in fact dominated even more clearly in previous years. Coffee and cotton, the two other major cash crops, accounted for 12 and 15 per cent of the total export

value, also in 1960. Another 20 agricultural products also contributed to exports, yet they together did not account for more than 10 per cent of the export value. Following the three major agricultural commodities, diamonds and gold emerge as the most important export goods - 8 per cent and 2 per cent respectively in 1960.

The rapid growth of exports did provide a stimulus to industrial development, but the development which took place tended to be confined, at first, to processing agricultural production for the export market and to food processing. In 1933, 75 per cent of the industrial employment was in the sisal industry, i.e. from the decortication and processing of the leaves from the sisal plant to the manufacture of cordage, rope and twine. In the same year (1933), cotton ginning accounted for 14 per cent of the industrial employment. Those other industries concerned with agricultural processing or food manufacture included rice, flour, oil, sugar, tea, meat and saw-milling.

Table 4.2: THE GROWTH OF EXPORTS OF SOME KEY COMMODITIES FROM TANGANYIKA, 1920 TO 1960

	1920	1930	1940	1950	1960
<hr/>					
<u>Sisal</u>					
Value GBP thousands	571,9	1172,3	1499,9	11856,0	15442,0
Volume ton thousands	16,6	50,0	78,5	119,0	207,2
<u>Coffee</u>					
Value GBP thousands	136,9	397,0	440,9	3472,0	7326,0
Volume ton thousands	2,1	11,5	15,6	15,0	25,1
<u>Cotton</u>					
Value GBP thousands	164,6	274,4	604,2	1446,0	8827,0
Volume ton thousands	1,0	3,7	10,6	7,0	38,9
<u>Diamonds</u>					
Value GBP thousands		33,0	12,6	824,0	4622,0
Volume thousand carats		13,0	6,3	70,6	536,6
<u>Gold</u>					
Value GBP thousands		46,6	1213,3	808,0	1231,0
Volume thousand tray ozs		13,0	219,5	65,1	98,0
<hr/>					

Source: Silver, 1984.

In the years immediately before and after independence the industrial sector grew rapidly, primarily in the form of private investment for import substitution, much of it undertaken by the Asian business community. The reasons for this rather late start for industrialization has been discussed extensively by, for example, Rweyemamu (1973), Coulson (1982) and Silver (1984). They draw attention to three factors that explain the sudden rapidity of the process, as well as why it did not occur earlier.

The Asian communities in East Africa dominated trading at all levels. From the 1950's and onwards, it became a government objective to break this monopoly by promoting cooperatives and starting competing activities. The leaders of the Asian groups sensed this very early and, to establish a firmer base for their people in the region, they promoted investments in industry. Trade was essentially insecure, but when the Asians were established in industry they would have to be tolerated because of their technical and commercial know-how.

The second factor had to do with the political conditions in the rest of the region. Industrialization had started earlier in Kenya and Uganda, but now the political conditions in these countries were more insecure. Kenya had experienced a civil war and the ambitions of the white settlers were unclear, there was even fear that they would create an independent white settler state, as was later the case in Rhodesia. Uganda was troubled by tribal politics and besides there were already substantial investments. It was logical that the rich families in Nairobi and Kampala looked towards Tanzania and established closer links with its Asian communities as a way of spreading their risks. Tanzania looked safer as its transition to independence was calm, orderly and fast; there were no politically radical movements or any problematic tribal conflicts.

As a third factor there was also a change of attitude on behalf of the colonial government, and later this was followed by the national independence movement. Industrial investments were encouraged by protective tariffs and the investors were provided with land and other incentives on generous terms. They were also guaranteed against nationalization through the Foreign Investment Protection Act.

Not only the local business community, but also foreign multinational companies participated in this expansion. Although Kenya remained the most attractive area for investors, there were good prospects for business in several sectors in Tanzania too. The largest project was the oil refinery which was built in Dar-es-Salaam by the Italian state-owned petroleum company, ENI. Other sizable foreign investments were in shoe manufacturing by Bata, a cigarette factory opened by the British-American Tobacco company, and a cement factory set up by a Kenyan-British-Swiss venture.

During the years around independence, several new industries were set up, among them nine textile factories, one more brewery, sisal-spinning factories, a sugar factory, the manufacture of corrugated iron sheets and twelve plants that made chemical, plastic or rubber products from imported ingredients. There was also a building boom and some contractors established facilities to make pre-cast concrete components.

On the eve of Independence in 1961, Tanzanian industry was dominated by agriculture and mining, in spite of the growth of consumer and industrial goods and services in the 1950's. Table 4.3 shows that 68 per cent of net output originated in agricultural processing and mining, mainly for exports (65 per cent of the industrial sector's sales were to customers outside East Africa). Yet, as Table 4.3 shows, a large number of establishments existed to serve the domestic consumer market, but these were smaller in size. Concerning the regional distribution of manufacturing, it is natural that the raw material producing areas should dominate. The economics of transportation speak in favour of the source of raw material supply

Table 4.3: THE STRUCTURE OF INDUSTRY IN TANGANYIKA IN 1961

	Number of establish- ments	Net output in 1961 Total, GBP thousands	Per cent of total
Agricultural processing, mainly for export (1)	245	12,020	49
Mining, mainly for export (2)	31	4,765	19
Basic food processing and manufacture (3)	248	2,564	10
Consumer goods (4)	225	893	4
Motor vehicle repairs	86	336	1
Industrial goods and services (5)	87	876	4
Construction (private), bricks, stone quarrying	104	1,954	8
Electricity and water supply (6)	18	1,348	5
Total	1044	24,756	100

(1) Sisal, tea, tobacco, cotton ginning, saw-milling.

(2) Gold, silver, tin, diamonds, mica, coal.

(3) Sugar, salt, dairy products, grain milling, bakeries,
miscellaneous foods, beverages.

(4) Textiles, footwear, tailoring, woodworking, printing and
publishing, rubber products, oil-milling and soap, jewellery.

(5) Metal products, engineering and repairs, electrical repairing and
miscellaneous manufacturing.

(6) Eighteen electricity generating establishments only; data on
number of water supplying establishments not given.

Source: Silver, 1984, (adapted from "United Republic of Tanganyika
and Zanzibar, Census of Industrial Production in Tanganyika 1961.
Dar-es-Salaam, Central Statistical Bureau, 1964).

when it comes to sisal, cotton and other commodities. Table 4.4
demonstrates that the Tanga region accounts for the major share of
employment and output, although the number of establishments in
Dar-es-Salaam is higher. The industrial base in Dar-es-Salaam was
import substituting industries, where the competitive advantage of

Table 4.4: REGIONAL DISTRIBUTION OF INDUSTRY IN TANGANYIKA IN 1961

	Labour costs GBP thousands	Net output GBP thousands	Number of establishments
Tanga	4,272	6,574	181
Lake	2,285	5,551	130
Dar-es-Salaam	1,904	3,635	211
Eastern	1,865	3,273	131
Northern	1,321	2,230	141
Southern Highlands	730	969	70
Southern	529	637	53
Western	178	357	47
West Lake	141	157	17
Central	22	25	45
Total	13,246	23,408	1,026

Source: Silver, 1984 (adapted from United Republic of Tanganyika and Zanzibar, Central Statistical Bureau, *Census of Industrial Production in Tanganyika 1961*. Dar es-Salaam: Directorate of Development Planning, 1964).

infrastructural facilities, the expanding market and the institutional linkages determined location. It should be noted that few industries grew up in the Southern, Western and Central areas of the country. At the time of Independence, industrial employment was about 20,000 out of a total population of 10 million, and manufacturing and handicrafts contributed about 3.6 per cent of GDP.

4.3 FROM INDEPENDENCE UP TO THE ARUSHA DECLARATION

It would not be true, however, to describe development at this time as part of an industrial strategy. The policies of the colonial period were continued in the first Three-Year Plan without any attempt to form an integrated industrial development policy. The First Five-Year Plan (FFYP) published in 1964, did go beyond colonial policy in some ways, as it proposed a wider range of import substitution investments. The aim was to increase the rate of economic growth by exploiting some obvious opportunities for industrial investment. There does not appear to have been any particular significance attached to industrialization as such;

manufacturing output was valued largely for its potential contribution to GDP rather than for its linkage effects, external economies, or role in structural transformation (IBRD, 1977).

The political orientation of the Tanzanian leadership gradually became more radical. After independence, a pro-western foreign policy was adopted, but soon major disagreements occurred over, among other things, the apartheid regime in South Africa and the American and Belgian intervention in the Congo. These culminated in the collapse of friendly relations with Britain. The foreign policy crisis, in its turn, led to a reduction of the external capital funds for development plans. Tanzania turned to other nations, primarily the smaller European countries in Scandinavia, but also to the Soviet block and China.

On the domestic scene there was also growing frustration over the direction and speed of progress. President Nyerere and other prominent politicians from the independence movement changed their attitude to the old development strategy, which was basically one of tempered capitalism overseen by a socially responsible government. As their ambitions for improved living conditions were not materializing, and could not be seen to materialize, within the framework of the old strategy, a more radical philosophy of change emerged. The mid 60's had also been a period of political instability with army unrest and tendencies towards tribal rivalries (Pratt, 1978), which left the leaders with a need to generate mass support for their policies.

These elements reinforced each other and culminated in the Arusha Declaration of January 1967. President Nyerere won the backing of the political establishment for this policy statement which committed the country to the achievement of a socialist society in Tanzania.

The explanation for this commitment must also be sought to a large extent in Nyerere's perception of several basic tendencies in Tanzanian society and his reactions to them. These tendencies were

the persistent inclination, within a segment of the political leadership, to authoritarian rule, and the emergence of significant social and economic stratification.

The Arusha Declaration builds on a vision of an ideal African society. The three basic political values are equality, democracy and socialism. The quest for equality was a natural preoccupation of a nation emerging out of a colonial rule which denied this right on racial grounds. Nyerere saw traditional African village life, with its absence of economic stratification, as an ideal society. The corollary to the idea of equality is belief in democracy. It implies that all men have a right to share equally in their own governance. Nyerere viewed socialism as an expression of the ethical core of the traditional African way of life. He wanted to preserve "... the attitude of mind which in the tribal days gave to every individual the security that comes of belonging to a widely extended family" (Nyerere, 1962).

A new course of development was outlined which emphasized internal development on the two fundamental principles of socialism and self-reliance. The Arusha Declaration pointed out that the assumptions of the previous development strategy were inadequate, as they had involved financial resources that were either not available, or, if obtained from abroad, compromised the objective of independence and self-reliance. The previous strategy also concentrated resources on urban development, thereby creating a new class structure and an unacceptable differentiation. Despite the inadequacy of the previous industrial strategy, it was noted that industrial development had been overemphasized, as the country did not possess the financial resources or the technical know-how yet for intensive industrialization.

The dependence on foreign direct investment in industry was reversed, as the major industries were now to be publicly owned and investments were to be made by the public sector. Immediately after the Arusha Declaration was published, the government nationalized all commercial

banks (except the Cooperative Bank and People's Bank of Zanzibar), plus the major import-export firms, and the insurance companies. As for the industrial sector, eight major firms were nationalized and the government was to acquire compulsorily up to 60 per cent of the shares in seven of the largest industrial firms. Later in the year the government also nationalized 60 per cent of the sisal industry. In each of these cases the government guaranteed full and fair compensation.

The Arusha Declaration attempted to view the role of industry within the framework of overall social and economic development. The conclusion was that reliance on industrialization as the primary agent of development was to confuse means and ends. The text in the declaration reads "Industries will come and money will come but their foundation is the people and hard work, especially in agriculture".

4.4 ISSUES CONCERNING INDUSTRIAL DEVELOPMENT STRATEGIES

The Arusha Declaration was tremendously important for Tanzanian society as it altered the course of political development fundamentally. It established a new ideology that influenced the whole African continent and it altered the country's relations with the world, but it contained more explicit policy directives for social change and rural development than it did for industry. The latter was primarily affected through the changing pattern of ownership and income distribution. One other immediate effect was to increase concern about what should be produced, at what costs and for which markets; but no guiding doctrine emerged nor was there any visibly coherent industrial strategy.

According to the Arusha Declaration, Tanzania was to follow a socialist strategy for industrial development, but there was little conception of what this actually meant except public ownership in major industries. It is possible to recognize four main models of socialist industrial development: a maximum growth strategy, a processing strategy, a basic industry strategy, or a small-scale

industries strategy. The distinctions between these models have been discussed elaborately by Roemer et al. (1976) and in the World Bank "Basic Economic Report" on Tanzania (1977).

The maximum growth strategy was the favoured model for economic growth in the late 1960's; it indicates that industrialization is seen as the main engine of growth. The primary criteria for the selection of industrial projects under this strategy are their rate of return. In practice this means favouring light industrial production for import substitution or the processing of local raw materials for export, and the use of labour intensive methods of production. The pursuit of this strategy in Tanzania is best exemplified through the National Development Corporation which was set up in 1962 as the principal industrial development institution. NDC was to establish independent, state-owned firms which would act as profit maximizers, based on the most profitable investment opportunities. But even if parastatal production has expanded rapidly in Tanzania, the sector has not been as cost-conscious as the ideal set by the model, and it has not been responsive to market signals when costs have been too high (IBRD, 1977).

A second variant of the maximum growth strategy has been called the market socialism model, as contrasted to the model described in the previous paragraph. The presupposition is still that state-owned firms operate to maximize profits, but their decisions will be based on social costs and benefits rather than on commercial considerations. Since the social cost of foreign exchange and capital is higher than the market price and the social cost of labour lower than the market wage, market socialism would tend to favour labour-intensive production techniques and projects achieving quick foreign exchange returns.

A maximum growth strategy of either kind has several drawbacks. The idea of maximum growth may be contradictory to the socialist ideals stated in the Arusha Declaration, such as minimizing the use of material incentives or increasing worker participation. Secondly, it

may not be effective in maximizing growth in the long run, as the model does not take into account the linkage effects and thus may ignore infant industries with a high long-term growth potential. A third criticism is that decisions are based on distorted market prices both on the production and the consumption side, and, in the market socialism model, the adjustment of prices to socially determined costs and benefits would be impractical in Tanzania.

A final criticism of the model is that it is marginalist; it is based on the analysis of small changes and therefore is frequently biased against major structural change. This is due to the short term and decentralized decision-making characteristic of the planning mechanism of the model. It is possible that it would not identify opportunities for structural change that would be consistent with maximum growth.

A second strategy which is often proposed in Tanzania is the processing strategy. This strategy would mean that the major industrial investments would take place in processing the country's major raw materials before exporting them. In 1974, the government endorsed an investment program heavily influenced by the processing strategy; sectoral investments were approved, which would lead to processing all hides and skins produced in the country into leather, processing half of the cashew crop and three quarters of the sisal harvest. Cotton textile production would be tripled and there were also investments in tobacco and pyrethrum processing. The strategy appealed to external donors and substantial portions of these investments were financed by loans from the World Bank and other aid organizations (IBRD, 1977). The presumption was that Tanzania has a comparative advantage in processing its agricultural produce for export. It is also an obvious way of earning much-needed foreign exchange. It rapidly produces an incremental value added and finally it has political advantages: it would break the colonial trade pattern of exporting raw materials and thereby reduce dependency while improving the terms of trade.

However, all these advantages are open to doubt. The presumption that Tanzania has a comparative advantage in processing for export is questioned by Roemer, Tidrick and Williams (1976), who show that the cost structure in Tanzania is not competitive in the industries in question. Another key question is whether processing would increase net foreign exchange earnings compared to some alternative use of the same domestic resources. The industry studies for the long-range industrial strategy showed that this was often not the case. Finally, it is also questionable whether a processing strategy would actually reduce dependence. Many of the products are in highly competitive markets and with uncertain technological futures; an investment in processing industries may make the economy more vulnerable to external events. Furthermore, it is not certain that processed sisal, cashews, leather and other goods that Tanzania could produce would have more favourable price trends than the raw materials.

It has been noted that the Arusha Declaration did not outline a socialist industrialization strategy, but in the years after 1967 a lively debate started in Tanzania. One of its major participants, and one of the most influential ones, was J.F. Rweyemamu, who articulated a model of transformation that may be termed a basic industry strategy. The goal is to restructure production and eliminate dependence on outside forces; industry is seen as the principal agent of structural transformation and self-reliance. Rweyemamu (1973) notes that the basic problem is that "... As a result of the lack of industrial strategy the country is producing what it does not consume and consuming what it does not produce."

The basic industry strategy would emphasize the production of producer goods. Such capital goods are particularly important as they have linkage effects in the economy. They permit the adaptation of production techniques to local conditions as they are geared for the domestic market. The strategy is also expected to start a self-generating growth-process because of high linkage effects and the development of local resources.

Consumer preferences would be less important in determining production investments. But the political decision on the basic minimal needs of the population would become more important, and thus the skewed income distribution would not be allowed to distort production priorities. The basic industry strategy would reduce the share of international trade in production, at least in theory. The actual outcome is open to doubt if the production of capital goods is largely dependent on imported raw materials, as has turned out to be the case in Tanzania. As for the forward linkages, the strategy has an import substitution bias for both agriculture and industry.

The major drawbacks of the strategy is that it is highly dependent on scarce resources in the form of capital and foreign exchange. In theory, investment and production decisions are not based on consideration of costs and comparative advantage which have severe implications for the short-range use of resources, even if the long-range conceptualization of growth opportunities is correct. Another objection is that, contrary to Rweyemamu's hypothesis about self-sustained growth, a small nation becomes less able to provide itself with machinery, spare parts, components and raw materials as the industrial structure becomes more complicated and differentiated. Instead, the country becomes increasingly dependent on a growing volume of exports to sustain the growth of industry (Skarstein, 1983).

The small-scale industry strategy is often mentioned in the Tanzanian context as it is supposed to be particularly consistent with the emphasis on rural development, agriculture and socialism. Based on traditional skills in metal-working, wood-working, manufacturing construction materials and processing agricultural products, the communities should be able to produce what is necessary to satisfy their own basic needs. The principles of self-reliance should be applied to the local level, and would thus contribute to national self-reliance by reducing the demand for imported goods. One major advantage is that the strategy forges closer links between industry and the agricultural sector. It would bring employment to the

countryside and thereby help reduce the greatest source of inequality, the urban-rural gap. Small-scale industrialization, particularly in the countryside, is also expected to encourage simple, labour-intensive technologies and spread skills to a larger number of people.

Small-scale industrialization may be a necessary complement to any industrialization strategy, but it is difficult to see how it could form the only source of manufacturing growth. Some of its drawbacks are that it would tend to neglect cost considerations when these oppose the goal of small-scale production. In many industries, the small-scale production cost is substantially higher than in mass production. Another real obstacle is that consumers have an aversion to small-scale production because of the cost or quality of the products.

One paradox in the small-scale industry approach is that it is less compatible with a socialist economy. It would require a great deal of planning to integrate small industries with the national plans. Small-scale industry is more compatible with a market oriented economy that encourages local entrepreneurs and recognizes the role of material incentives.

Summing up: the four industry strategies that have been reviewed differ in several important respects. The basic industry strategy and the small-scale industry strategy are based on the vision of an ideal socialist society, self-reliant and independent of the world capitalist system. A particular form of industrial development is required to restructure the economy to meet this aim. The four strategies also differ in their choice of what to produce and how to produce it. In the maximum growth strategy, cost considerations are most important; the nature of the product, the raw materials needed and the market do not matter as long as production is profitable. The dominant consideration is the cost of production, which should be based on the comparative advantage of the economy. The cheapest production technique is chosen and it may be presumed that this would favour-labour intensive or intermediate technology.

The basic industry strategy emphasizes production of capital goods and products for the basic needs of the population, goods that are necessary to achieve structural changes in the economy. It is strongly oriented to the domestic market, and the production process itself is unimportant; there is no specific preference for any type of technology and employment generation is not an issue.

The small-scale industry strategy places an over-riding importance on the process of production. Small-scale industries and intermediate technologies are an end in themselves. Production opportunities are selected in areas where these technologies exist, cost constraints are less important. Production would tend to be for local or regional markets, and primarily based on locally available raw materials.

The processing strategy, on the other hand, regards the raw materials as the major determinant for investments. The technologies employed in production would have to ensure a price and quality that are accepted on the world market and would tend to be more sophisticated. The nature of the product is not important as long as it is based on locally produced raw materials.

4.5 THE FORMATIVE YEARS: INDUSTRIAL DEVELOPMENT UP TO 1976

The emphasis on agriculture and rural development in the Arusha Declaration might have indicated a cutback in Tanzania's industrialization program, but, in fact, it had almost no implications for the structure of production and investment. Investment continued much as before, with the difference that it was undertaken by public enterprises. The Second Five Year Plan (SFYP), which started in 1969, set a target of 13 per cent annual growth of manufacturing which was double the target rate for total GDP growth. The FFYP had indicated a planned rate of industrial growth of 15 per cent compared to total GDP growth of 7 per cent annually, so the prominent role given to industrial investments continued.

Manufacturing output continued to perform well; the average annual rate of real growth was 8 per cent between 1964 and 1975. The average real growth rate of GDP was 5 per cent per annum, so the share of manufacturing in total output increased from 7 per cent in 1964 to 11 per cent in 1975. Table 4.5 shows that investment (fixed capital formation) increased sharply, particularly during 1970 and 1971, and then declined in 1972 and 1973.

The measure of labour productivity, or output per worker, depends on several things: the skill and effort of the worker, the efficiency of management and organization, and the amount of capital or other non-labour inputs available. In Tanzania, there was a significant inflow of capital intensive technology, so an increase in output per worker would have been expected. This did not happen. Instead the value added per worker fluctuated from year to year with no discernible trend. There is a presumption, with the capital labour ratio increasing and labour productivity constant, that pure labour productivity and capital productivity have declined. It is at least certain that total factor productivity has declined since both output and employment has doubled while the capital stock has increased more than 250 per cent. In total, it appears as if firms were unresponsive to market trends. There was a fall in the relative price of labour but that did not lead to more labour-intensive investments, nor did firms lay off workers in spite of increased capital intensity of production. Table 4.5 summarizes these trends.

Silver (1984) concluded that overall employee compensation in industry at Independence was quite reasonable, in that the share of net output paid to labour was not low. However, he notes that there was a large variation between industries and between categories of personnel. In particular, 31 per cent of labour costs for the industrial sector was paid to Europeans, Asians and "other non-Africans". Non-African labour costs amounted to 48 per cent of total labour costs in manufacturing, whereas only 11.5 per cent of employees were non-Africans. After Independence and up to 1972, the annual wage bill for Tanzania's manufacturing sector increased by

**Table 4.5: VALUE-ADDED, INVESTMENT AND EMPLOYMENT IN MANUFACTURING
1969-1974**

	1969	1970	1971	1972	1973	1974
Value added in constant (1966) prices (TShs mill.)	672	716	782	846	887	889
Growth Rate of value added (%)	10	6.5	9.2	8.2	4.8	1.4
Investment in constant (1966) prices (TShs mill.)	155	298	280	178	196	270
Employment ('000)	43	48	53	62	62	70

Source: IBRD (1977), National Accounts of Tanzania 1966-1974.

277 per cent, while employment increased by 180 per cent, resulting in an increase of 34.4 per cent on average manufacturing wages - or an average compound rate of 2.7 per cent per annum. However, retail prices were also increasing and although real purchasing power of manufacturing employees increased up to 1967, it fell back in the next five years. But the wage inequalities persisted, while at the same time (1967-1972), real gains in purchasing power were made by manufacturing employees at the cost of under-privileged peasant farmers (Silver, 1984).

What happened to the structure of production during the same period? The consumer goods industries expanded their share both of value-added and employment between 1965 and 1973. Within the sector of consumer goods, there were more important changes. Food and food products experienced a reduced share of value-added whereas non-food products increased, particularly the production of textiles and clothing. In 1973, textiles had expanded to be the single most important sector of manufacturing, with more than 20 per cent of value-added and 30 per cent of total employment. Some other sectors, like tobacco processing, basic industrial chemicals, non-edible oils and petroleum products increased their shares too.

However, a different pattern emerges if we look at the gross output rather than the value-added. The consumer goods industries output declined from more than 70 per cent of the total in 1965 to 57 per cent in 1973. The share of producer goods rose from around 25 to more than 40 per cent in the same period. The increase of value-added in the consumer goods industries reflects a shift towards segments of production with a higher value-added in the textile industries (from cotton ginning to spinning and weaving). In the producer goods industry, the ratio of value-added to gross output was originally high.

The high rate of gross fixed capital formation stemmed from a few major investment projects rather than from any general trend. In 1966, nearly 65 per cent of gross fixed capital formation stemmed from two industries, which in turn were, by and large, determined by two establishments. Similarly, in 1967, 52 per cent of gross fixed capital formation stemmed from the drinks and textiles industries. In 1971, the operations of the Tanzania Portland Cement Company Ltd accounted for 28 per cent of manufacturing gross fixed capital formation. As implied above, there was also a change in the origin of investments - in 1966 private enterprises had three times as high gross fixed capital formation as the parastatal manufacturing enterprises, but in 1970, the figure for parastatal enterprises was nearly twice as high as that for private enterprises.

The main thrust of industrialization was toward import substitution and, by 1973, half of the total supply of manufactured goods was produced domestically, as compared to one third in 1961. Import substitution had gone furthest in consumer goods, but the relative rate of increase was greater in the production of manufactured goods. Domestic production of both intermediate goods and capital goods rose sharply between 1965 and 1973, but manufacturing for export did not show any growth. There are several reasons for this, one being that the domestic demand for a number of exportable products rose, for example for meat, vegetable and animal oil products. A second reason is that the agricultural production of some raw materials fell, for

example pyrethrum. Finally, the East African Common Market had started to decline as an important trading partner, due to political and administrative hurdles. In total, manufacturing exports declined in relative and absolute terms and an increasing share of exports was from industries that are totally dependent on foreign markets (as sisal, coffee and tea products). During the same time the import content of the manufacturing production had increased steadily.

Large-scale manufacturing expanded faster than small-scale manufacturing, as small-scale industry did not receive any priority in practice. Even if capacity continued to expand, significant underutilized capacity emerged. There was an excess demand, but the production was not forthcoming for a variety of reasons: shortages of raw materials because of reduced agricultural production, shortages of spare-parts and imported raw materials due to scarcity of foreign exchange and finally inadequate supplies of utilities like water and power. As will be seen later, many of the weaknesses that characterize industrial development in Tanzania emerged at this early stage, as a result of the high investment rate and the increasing incremental capital/output ratio.

Silver (1984) also notes that, for the period 1966-1970, in general the expansion of gross fixed capital formation stemmed from parastatal enterprises financed from local sources and aid with foreign loans becoming less important as a source of funds. The aims of the Arusha Declaration of obtaining government ownership of a significant share of manufacturing industry was successfully met. But ownership itself neither implies control nor efficient management. Shortages of skilled manpower often necessitated management agreements with overseas companies, but these agreements were often difficult to evaluate. It is fair to conclude that the government wanted investment decisions to be undertaken on criteria other than profitability alone, so that social costs and benefits also were included. However, as noted by IBRD (1977) and ILO (1977), the principle of taking long-range goals into account was easily stated, but the practice was more difficult. In the light of the above discussion it must be concluded that if the wider social and economic criteria were being sacrificed, it was not at the altar of profit.

4.6. TOWARDS A LONG-TERM INDUSTRIAL STRATEGY

The most influential policy making organization in the country is the Party, the Tanganyika African National Union (TANU), which in 1977 became the Chama Cha Mapinduzi (CCM), the Revolutionary Party. TANU and CCM have elaborated the industrial strategy at different stages. First of all the Arusha Declaration in 1967 focused development on the needs of the people, and, to realize this goal, the Party called for the utilization of local resources and indigenous skills and efforts. Consequently, the main industries, financial institutions and import and wholesale trade were nationalized. Secondly, the Party issued Guidelines (Mwongozo), which expounded the principles of management of industries on socialistic lines through worker participation. The workers were to be involved as "active, dynamic partners in industries" (Mwongozo, 1972).

Apart from these directives on ownership and management principles, the Party also took a direct interest in the choice of industries. In 1972, the Party directed that Tanzania should make "every effort to process to finished or semi-finished state, the agricultural commodities produced in Tanzania". One year later, the Party issued Guidelines on small-scale industries. Development of small-scale industries by village communities should be given priority and every effort should be made to spread industrial activities to the regions and districts.

Comparing this with the previous discussion on the elements of an industrial strategy, it is clear that no clear choice has been made between the alternatives of processing, small-scale, maximum growth or basic industry strategies. In the election manifesto of 1975, the Party stressed that industrialization will be the main tool for achieving self-reliance, thus implying an upgrading of the role of industry compared to the Arusha Declaration. At the same time the manifesto stressed that industries utilizing local raw materials should be given priority, and in addition that the basic metal industries, which would lay the foundation for machine building and manufacture of equipment would also be given priority.

Nevertheless, the long-term industrial development strategy was elaborated in the Ministry of Industries, following the analysis of Rweyemamu in his study of capitalist industrial development in Tanzania (Rweyemamu, 1973). The Ministry was also assisted by a team of UNDP advisers, who prepared many of the sectoral development plans and feasibility studies that the programme was based on. The plan itself reflects these diverse influences, even though the Rweyemamu's analysis determined the conception of the problem and the goal for industrialization.

The primary objective of the long-term plan, as it emerged, was to build up basic industries. The structure of the industrial sector would be transformed to achieve a greater degree of economic self-sufficiency. The basic industry strategy is visible in the statement of the Third Five-Year Plan (TFYP):

"There is a core group of industries whose outputs are consumed by most other industries. This group constitutes the base of industrial production. It includes iron and steel, metal working and engineering industries, petro-chemicals and other industrial chemicals, paper, textiles, leather, construction materials and electricity. To move from the inherited structure to one of greater self-reliance requires the gradual focusing of industrial development and associated policies on the establishment and growth of basic industries. (TFYP)

This is expressed in similar terms in the "Industrialization Programme in Tanzania" (1979), but other objectives are also introduced:

"Tanzania's long-term industrial development plan aims at self-sufficiency in basic requirements. Not only is it concerned with the establishment of enough industries to meet the demand for consumer goods, but also the production of capital goods.... Certain basic industries become essential including engineering and metalurgical plants, steel rolling mills, chemical industries, paper mills and factories dealing in textiles, hides, skins, electrical and building materials. Once this is achieved, the country will be enabled to utilize fully all local raw materials and make it possible to export finished products."

The long-term plan envisages an annual production increase of 9 to 12 per cent in the period 1975 to 1995. At the same time, employment is expected to increase from 80 000 to 400 000. The structure of manufacturing will be changed so that value-added in iron based industries will double its share of total value-added in manufacturing, whereas the traditional agriculture based industries will reduce their share from 53 to 40 per cent in 1995. The targets of the long-term plan are summarized in Table 4.6.

In sum, there are two major policy objectives for the industrial strategy. The first is to create a production structure that fulfils the needs of the broad masses of workers and peasants. The second objective seeks a transformation of the structure of the economy away from dependence on the developed countries. At the operational level this has been translated into a basic industry strategy, but with major reservations in terms of reaching other objectives like regional balance, employment and interregional cooperation.

Table 4.6: LONG-TERM GOALS OF INDUSTRIAL DEVELOPMENT, 1975-1995

	1974	1980	1995
A. <u>Structural changes</u>			
Percentage share of value added from:			
- Iron and steel, and iron-based industries	15	15	30
- Chemicals	16	18	16
- Food, beverages and tobacco	32	29	21
- Wood and paper	12	11	10
- Non-metal products	4	6	4
- Textile, leather and sisal	21	21	19
Percentage share of value added from:			
- Exports	4	6	2
- Products from mainly imported inputs	49	46	15
- Products from mainly local inputs	47	48	83
B. <u>Growth</u>			
- Value added (T.Shs. million)	1 266	2 532	8 216
- Growth per annum (%)	-	12	9
- Employment ('000)	80	130	400

Source: The United Republic of Tanzania, Third Five-Year Plan (Volume I).

The strategy is, in many ways, a compromise between conflicting means and ends. The means that promote the growth of iron and steel manufacturing in the short run are contradictory to the long-run objectives of regional balance and small-scale industrial production. The plan itself does not give any indication of what the priorities are in times of scarce resources. Another objection to the strategy might be that it constitutes a break with the previous development path, which was dominated by the processing strategy in the early 1970's and before that by import substitution.

When a small and dependent economy, like the Tanzanian, embarks on a strategy of long-range structural change, it will face many constraints. In order to clarify the constraints of the basic industry strategy on the existing industrial structure, Kim (1978) examined the inter-industry linkages in an input-output table. He concluded that:

"The push for rapid expansion of the basic and modern engineering industries, given the characteristics of industrial structure of the present Tanzanian economy, is likely to give rise to unintended effects of making the economy more import dependent in the short run and at the same time is likely to have little expansionary impact on output and income for the economy. The important exceptions to these negative impacts are food and food-processing industries. For these industries the basic policy objectives of industrialization appear to be compatible with the more immediate policy objectives to maximize value-added and foreign exchange revenue."

The first steps towards an implementation of the long-range strategy for industrial development were taken with the start of the TFYP. The directly productive sectors had a more important role. During the planning period, 44 per cent of the development investments was to be directed to agriculture and industry, with the latter sector receiving 27 per cent of total development investments. It was expected that the industrial sector's contribution to the GDP would increase at a rate of 9.3 per cent per annum.

The TFYP also emphasized the establishment of an institutional infrastructure for industrial development. The first steps were to be taken during the planning period to set up the necessary financial institutions to support industrial development and to strengthen those already in existence. Other such institutions included a standardization bureau, a research and development organization and a parastatal consulting firm.

In the long range the metal and engineering industries are the priority sectors. They were emphasized during the TFYP too, but they only received a minor share of total investments, as the constraints for a large scale effort to develop this sector are considerable. The chemical sector is similarly considered one of the most important; it provides inputs to agriculture like fertilizers and pesticides that could be manufactured from local resources, thus contributing to self-reliance. Pharmaceuticals is a basic need and a sector in which the country is tied into the distribution systems of the multinational corporations. Self-reliance is an important political goal here too.

Investments in these two sectors are still minor compared to the food-processing industries. Many of the projects that have been allocated funds were actually started during the SFYP but required to be expanded or needed follow-up investments to improve their capacity utilization. The products include sugar, tea, oil seeds, fruit canning, meat, milk and other livestock products and beverages. Some of these products are for internal consumption, whereas, for example, tea and cashew nuts were to be foreign exchange earners.

Nineteen per cent of the total investments were in paper and wood industries, which is largely explained by the construction of a pulp and paper mill in Mufindi. This plant was to produce all the domestic requirements of paper for education, cultural and packaging needs.

Similarly, the investments in non-metallic industries are largely accounted for by a few large projects. Cement is the most important

input into construction and it is economical to produce locally due to the transportation cost. The total production should be 1.3 million tons when investments are completed, which is slightly above the projected annual demand of one million tons per annum.

The sectors receiving the largest investments were, however, textiles and the leather and sisal industries. Large projects were initiated during the SFYP and these were to be completed. Tanzania is one of the largest cotton producing countries in Africa, but only 15 per cent of the crop is processed locally. During this plan period, investments were to be made to reduce this ratio and by 1981 to meet at least 75 per cent of the domestic demand of cloth. At the same time the country was to start entering the export markets to earn foreign exchange from its textile processing. The situation is similar concerning leather.

Tanzania has the second largest live stock population in Africa and consequently a large potential for the production of hides and skins. The major proportion of the hides were exported without any further processing in the country in 1976, and most finished products in the form of shoes and other leather products were imported (except for some small-scale tanning and shoe manufacturing). The objective in the TFYP was to establish tanneries to process the entire production of hides domestically and to build up the production of consumer goods.

Sisal fibre processing was to be expanded from a capacity of 129,000 tons to 150,000 tons by 1981, which would mean that 75 per cent of the harvest would be processed domestically. The TFYP gives two reasons for this investment; again an example of how previous priorities were followed up during the TFYP. The first reason was that value-added would be increased and foreign exchange earnings improved, while the second was that investments in processing would give Tanzania greater control over prices and thus stabilize earnings.

4.7 IMPLEMENTATION OF THE THIRD FIVE YEAR PLAN AND THE ECONOMIC CRISIS

Looking back at the period of implementation of the TFYP, we find that few of the ambitious goals have been achieved. Capacity utilization has not increased, few of the projects that were initiated have been completed and the country has not taken any significant steps towards implementing the long-term industrial plan. The performance of the industrial sector deteriorated rapidly towards the end of the 1970's. In 1979, the value of the industrial output was TSH 1,092 million, but in 1980 it dropped to 903 million, in 1981 to 648 million, and in 1982 to 568 million (in constant prices). The industrial sector accounted for 10 per cent of the GDP in 1977, but in 1982 it accounted for 5 per cent of a smaller GDP (Nyerere, 1982 and SIDA, 1983). The income derived from the industrial sector declined by 23, 18 and 25 per cent respectively during 1980, 1981 and 1982.

A number of external events have affected the Tanzanian development plans. Some of these have also necessitated large public expenditures outside the original plans and have transferred resources from development projects. The first such event was the break-up of the East African Community in 1977. The regional cooperation between Kenya, Uganda and Tanzania had served many purposes: it was supposed to create a sizeable market for industrial products and to allow the member-countries to specialize and achieve economies of scale. It was intended to facilitate the growth of the infrastructure by joint investments in, and management of, port authorities, post and telecommunications, railways and a regional airline. It was also supposed to promote peace and political stability, and to strengthen the region's political bargaining power in the international community.

Even though the cooperation had progressed quite well, many serious structural problems remained concerning the distribution of benefits between the members. The problems largely resulted from the position

of Kenya as the most economically advanced of the participating nations, as it could benefit more from cooperation than the other countries. In 1977, the difficulties culminated in the closing of the borders between Tanzania and Kenya. The jointly owned assets were nationalized by the two governments who subsequently entered into an arbitration process to settle the real distribution of the assets and the need for compensation.

The immediate result was that each nation had to create its own structure for providing the facilities that had previously been provided by the EAC authorities. For Tanzania, this meant building up a national airline, railway authorities and post and telecommunication services. The additional investments have been financed from the TFYP development budget.

The second event, which meant an unforeseen shock to the country in terms of allocations of funds and of scarce manpower resources was the outbreak of war between Tanzania and Uganda in 1978. Ugandan forces invaded northern Tanzania and occupied a section of the country north of the Kagera river before the Tanzanian army could mobilize and transport troops to the area. After the initial defeat, the Tanzanian offensive started and slowly pushed the Ugandan invader back across the border and a stalemate was reached. However, in the wake of a second Ugandan invasion attempt in early 1979, Tanzania carried the war into Uganda and did not stop until Idi Amin's regime was overthrown.

When the war started, Tanzania had an army of some 8,000 men, but a year later it had expanded to 40,000. After the peace, in May 1979, Tanzania kept 20,000 soldiers in Uganda, but numbers were gradually reduced until the last forces left the country in 1981. The direct costs of the war are estimated at well over 4,000 million TSH, a large share of which was in foreign exchange. The indirect costs are incalculable and have affected all spheres of development.

The third set of events was due to the weather. Serious droughts hit large parts of Africa in 1973 and 1974. During the next five to six years the rainy seasons occurred regularly and with normal rainfall. However, in 1980, the rainy season brought severe floods which destroyed the crops in large areas of Tanzania. The flood was followed by prolonged droughts all through 1981 and the decline continued. From being self-sufficient in food production, Tanzania had to import maize, rice and wheat to avoid starvation in 1980 and 1981. This again meant that scarce foreign exchange resources had to be used for an unforeseen emergency expenditure. But the production of cash crops was also affected and production has, on the average, been halved between 1976/77 and 1981/82. As the cash crops earn 80 per cent of the country's foreign exchange, the impact has been serious.

The failure of agriculture has had other causes, some more important than the vagaries of weather, but weather has been the catalyst pinpointing other shortfalls. The pricing policy has kept producer prices of cash crops stable since 1975, well below world market prices. Instead, prices of food crops have been subsidized and there are indications that many farmers switched to the production of food crops rather than cash crops, or smuggled the latter to neighbouring countries when possible.

Agriculture has also been neglected through the lack of development expenditure. Its share of the budget has been halved since 1967, and in 1982 only accounted for 10 per cent of the total. External assistance to the sector has also declined from 40 per cent in 1976/77 to 10 per cent in 1981/82. The Arusha Declaration made it clear that agriculture was to be the backbone of the Tanzanian economy, but the fact is that it has been consistently neglected throughout the last decade.

There is also evidence that the Tanzanian peasants rely on their own resources for survival to an increasing degree and refuse to be integrated into the monetary economy. A farmer living and producing

close to subsistence levels is at risk if he produces largely for the modern sector of the economy, i.e. growing cash or food crops for sale. His crops may never be collected, or paid for, by the parastatal crop authorities, and it is often judged wiser to produce primarily for local consumption (Hydén, 1980, and Rudengren, 1981).

This exemplifies one of the vicious circles in Tanzanian agriculture: peasants do not grow cash crops because the harvests are not collected; the crop authorities cannot collect the harvests because they lack vehicles, spare parts and fuel (the life of a truck is short due to bad road conditions); they cannot import spare parts and vehicles because of the lack of foreign exchange; the lack of foreign exchange is aggravated by the lack of cash crops for export.

Another vicious circle: the production of cash crops decline because fertilizers and pesticides are not available. Fertilizers are not available because productivity in the factories is low; productivity is low because there are no spare parts when break-downs occur and because of the limited input of raw materials; spare parts and raw materials cannot be imported due to the lack of foreign exchange.

There is yet another vicious circle: the industries that process cash crops run at very low levels of capacity utilization (25-45 per cent); capacity utilization is low because of the lack of inputs to the production process (from farmers, and also spare parts, power and raw materials that need to be imported, which are scarce because of the foreign exchange situation); as a result, the return on the investments is low and loans cannot be repaid from earnings. The foreign exchange scarcity is further aggravated as, on average, 20 per cent of export earnings are used to repay loans.

Foreign exchange emerges as the crucial bottleneck. Imports account for 25-30 per cent of the GDP and exports for 10 per cent (in 1981), but the latter figure has been reduced drastically the last few years. Exports are dominated by unprocessed agricultural products, but imports are dominated by capital goods and oil. The terms of

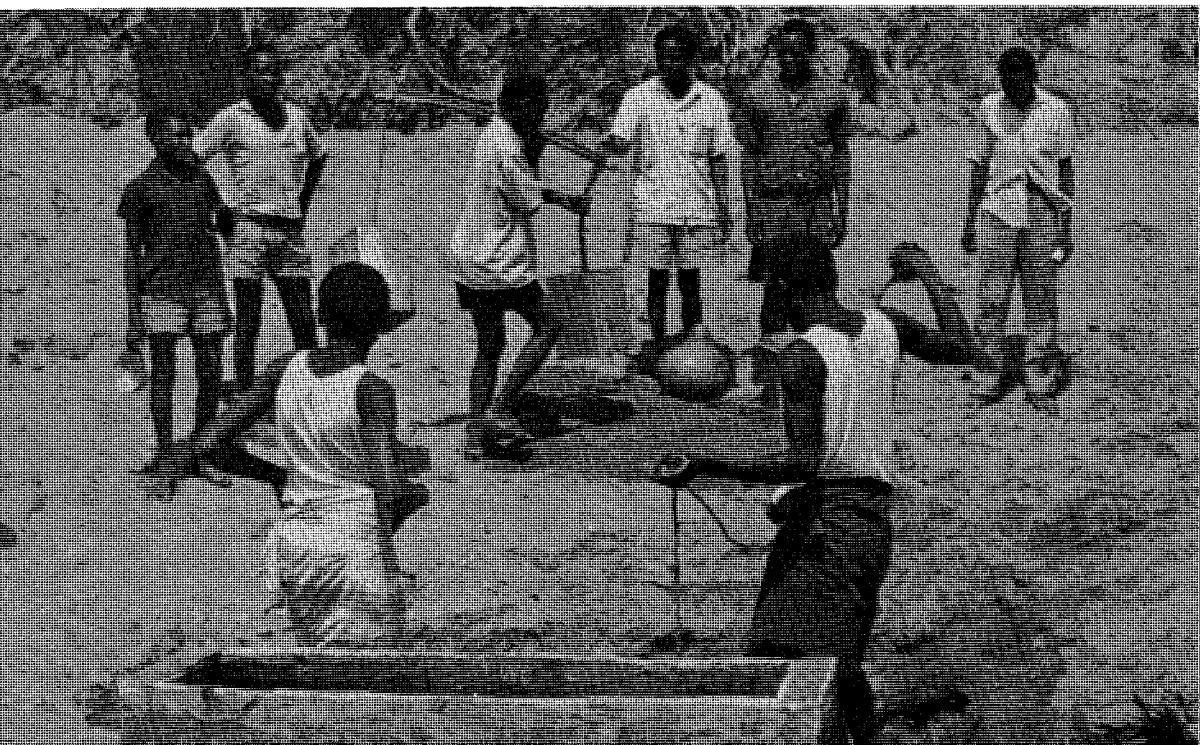


1. The Askari monument in Dar-es-Salaam commemorates African Soldiers. Central Dar-es-Salaam is less characterized by modern high-rise buildings than many developing countries. Nevertheless, the urban/rural gap is considerable. The population expands rapidly and exceeds one million. (Photo; L. Åström, SIDA's Archive)
2. Around 90 per cent of the population live in rural areas. (Photo; P. Rimmerfors, SIDA's Archive)



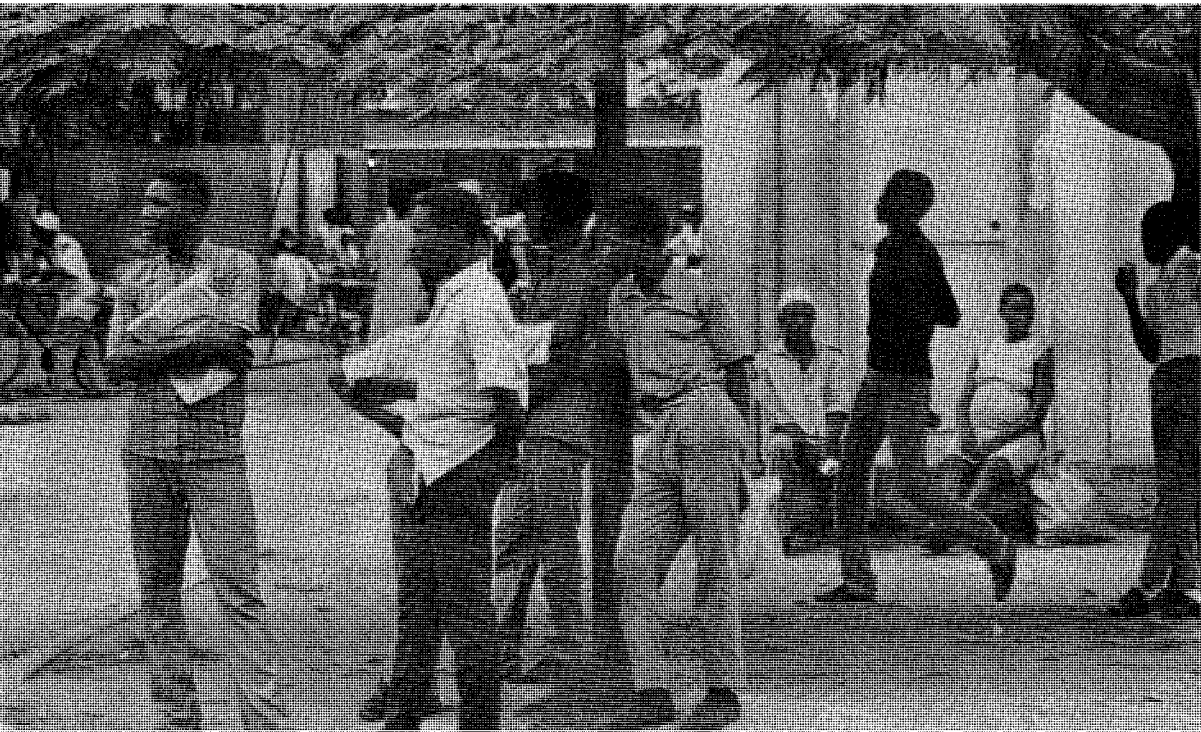


3. Fetching water is the task of women of all ages. (Photo; B. Andersson, SIDA's Archive)
4. Clean water may be far away, women often spend several hours per day carrying water. (Photo; M.Markfelt, SIDA's Archive)
5. One of Tanzania's most important development objectives (still to be achieved) was to provide fresh water within easy walking distance to all households. (Photo; SIDA's Archive)





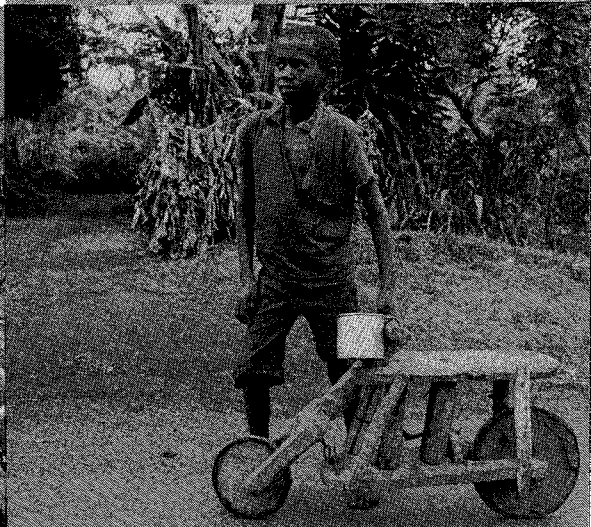
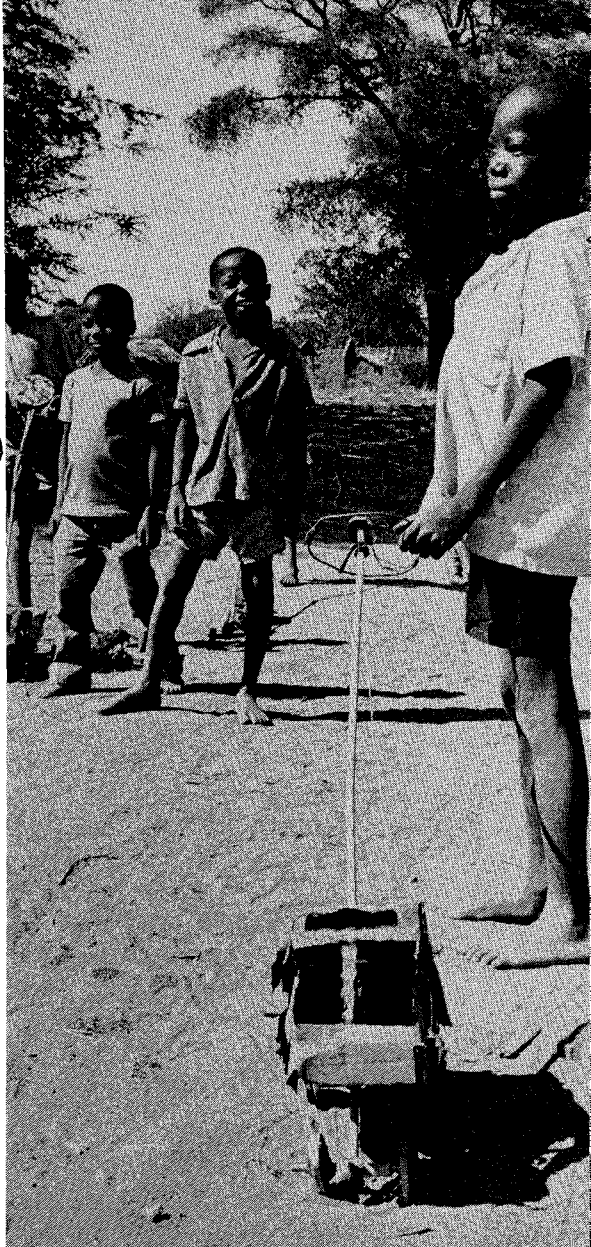
6. Transport conditions have hindered agricultural production and is a bottleneck for supply of production equipment, collection of crops and distribution - but many villages are reached by bus today.
(Photo; L Åström, SIDA's Archive)
7. Street scene, Dar-es-Salaam. Migration from rural areas in search of jobs and education contributes to high levels of unemployment in towns.
(Photo; P. Rimmerfors, SIDA's Archive)



8 and 9. The generation that grows up today plays with different toys than their parents. They will enter school and the job market with different skills and ambitions.

(Photo; T. Nilsson and P. Rimmerfors, SIDA's Archive)

10. The railway between Tanzania and Zambia had a considerable economic and political impact. The picture shows Tanzanians, Zambians and Chinese during the construction. (Photo; Tanzania Information Services, SIDA's Archive)



trade for Tanzania have declined steadily, according to World Bank statistics from 100 to 78 between 1966 and 1975. Except for a brief upturn of the coffee prices in 1977, the declining terms of trade continued through 1982. President Nyerere exemplified the trends in his review of five years of CCM government:

"Put these two sets of figures together - the price of the goods you have to buy going up, and the price you get for the goods you sell going down, - and we are faced with a problem, albeit not one of our making. To buy a 7 ton truck in 1981 we had to produce and sell abroad about four times as much cotton, or three times as much cashew, or three times as much coffee, or ten times as much tobacco, as we had to produce and sell in 1976/77."

Some key figures further illustrate the severity of the external balance: 60 per cent of export incomes were used to pay for oil imports, 22 per cent were used for interest on, and repayment of, debt in 1981. Import volumes have declined by one third since 1975, but did not decrease in value until 1981. There is virtually no import of consumer products any longer, and the supply of spare parts for agriculture, transport and industry have been cut back.

On the whole, the TFYP was characterized by significant investments in basic industries, in accordance with the strategy formulated in the long-range development plan. Capital goods and intermediate goods accounted for 70 per cent of total imports during this period, and industry in total accounted for 25 per cent of the development budget (as compared to the target of 27 per cent in the TFYP). In mainland Tanzania, 43 new large scale plants have come into operation since 1977. A further five factories have been built on Zanzibar. But the average capacity utilization varies between 30 and 50 per cent (Nyerere, 1982) or, according to other sources, between 25 and 30 per cent (SIDA, 1983). Thus, the immediately visible success in terms of implementation of the TFYP leaves some room for doubt concerning the soundness of the strategy.

The role of small-scale industry in national development plans has long been ambiguous. Neither the second nor the third Five-Year Plans

emphasized the role of small and intermediate industries, nor were they given any priority in the allocation of funds. But the Arusha Declaration can be interpreted as supporting a small-scale industry strategy, as this is often supposed to be consistent with an emphasis on rural development, agriculture and socialism. By applying the principles of self-reliance to the local level, the demand for imported goods would be reduced and small industries would contribute to national self-reliance on a massive scale. Both the CCM and the worker's council have influenced policies that would favour small-scale industries, and argued for practical efforts to this effect. A national, parastatal organization was set up in 1973 with the task of promoting small-scale industries: the Small Industries Development Organization (SIDO), built on the National Small-Scale Industries Corporation of 1965 and the Workers Development Corporation.

SIDO has four major areas of activities. Through its training cum production centers, personnel are trained in arts and skills like leather working, black-smithing, weaving and spinning, vegetable-oil processing, bamboo working and others. SIDO has a programme for setting up industrial estates in regional centers which are intended to act like growth poles for a regional dispersion of manufacturing.

On the industrial estates, entrepreneurs can rent buildings and machinery at subsidized rates and they have access to common technical facilities and financial and administrative advice from SIDO's staff. SIDO also runs hire-purchase schemes for small industries outside the estates, providing favourable loans for capital investment. Finally, SIDO is supposed to assist all small-scale industries with technical and financial extension services, marketing and foreign trade, as well as acting as a lobbying organization to promote legal and administrative reforms conducive to small industries development.

Since independence and up to 1975, the small-scale industry sector stagnated and there was virtually no growth in either the number of

Table 4.7: GROWTH OF SMALL-SCALE INDUSTRY IN 1977/78-1980/81

	1977/78	1980/81	* Increase
Number of establishments	3 980	4 890	23
Employment	53 300	68 700	29
Value added in 1986 prices (T.Shs. million)	178	230	29

Source: ILO/JASPA: Basic Needs in Danger, 1982, p. 241.

establishments, employment or value-added. Since 1975, there has been a marked revival of small-scale manufacturing and there appears to have been a faster growth after 1980, even if the data may not be accurate yet. Table 4.7 shows development up to 1980/81.

The increase in small-scale industries is partly due to SIDO, but is also an effect of the economic crisis. There has been a drastic reduction in consumer goods imports due to the foreign exchange shortage, and this has opened a market for local manufacturing. The shortage of foreign exchange has also stimulated local repair and the servicing of vehicles, machine tools, electrical motors and other production equipment. In the larger cities there has been a marked increase in the number of small workshops and garages that compete for this market, many of which constitute the parallel, or informal, sector of the economy. One of the virtues of small-scale industry is its ability to utilize local raw materials, and the sector has been able to increase output without making heavy demands on foreign exchange. Yet another factor that has contributed to the growth of small-scale industries is the rapid rate of inflation. The real incomes of salary earners have been reduced, so consumption has shifted towards lower quality products.

SIDO estimates that the total imported raw material requirement amounts to about 10 per cent of total raw materials purchases. Nevertheless, imported materials are often critical in the production process and, without them, the local resources cannot be used. Therefore the shortage of foreign exchange has hampered the

small-scale industry sector as well. Within the sector there are some industries in general engineering, building material and metals that largely depend on imported raw materials. These have been established with loans and assistance from foreign countries and often depend on continued assistance for their survival.

In sum, the small-scale sector has grown fast, even during the economic crisis. It has been able to cater for both consumer and producer needs because of its ability to make use of local resources, but it has also been helped by the exclusion of better quality, foreign products. It has contributed to a significant increase in employment in urban areas, at a time when larger industries have been forced to lay off workers. But the small-scale industries have also suffered from the economic decline, particularly those industries set up with foreign assistance and, though small in scale, import dependent and with a relatively sophisticated technology. The sector's actual contribution to Tanzania's economy remains uncertain. Even though the arguments above may sound convincing, they are not yet validated by empirical data. Both the figures of ILO/JASPA (1982) and budget estimates suffer from the lack of reliable statistics.

4.8 SOCIAL DEVELOPMENT IN A COMPARATIVE PERSPECTIVE

The review above has focused on the economic growth and the industrialization of Tanzania, and it is clear that the performance has been lower than domestic and international expectations. That is not to say that Tanzania's development strategy as a whole has failed, there are other sectors where there have been considerable progress. The first of these is the health sector. Between 1960 and 1980 there has been an increase in the life expectancy at birth of 10 years (see Table 4.8). This is due to, among other things, to a successful dispersion of medical services all over the country. Whereas Tanzania still has few doctors and poor modern hospitals, there has been an increase in the number of medical aids, nurses, and health centers (see Table 4.8). The quality of the treatment and the number of diseases that can be cured are low, but they do cover

Table 4.8: SOCIAL INDICATORS OF DEVELOPMENT

Country	Population per medically trained person		Infant mortality rate (0/00)	
	1960	1980	1960	1982
Tanzania	11 890	980	144	98
Kenya	2 270	550	112	77
Uganda	10 030	4 180	139	120
Zambia	9 920	1 730	164	105
Malawi	12 940	3 830	206	137
Mocambique	4 720	5 600	154	105

Country	Mail life expectancy at birth (years)		Adult literacy (%)		School enrolment (% of age group)	
	1960	1982	1960	1977	1960	1981
Tanzania	40	51	10	66	25	102
Kenya	45	55	20	50	47	109
Uganda	41	46	35	48	49	54
Zambia	38	49	29	44	42	96
Malawi	36	43	-	25	-	62
Mocambique	40	49	11	28	48	90

Source: World Bank, 1984.

treatment of the most common illnesses that affect people in rural areas. Similarly, infant mortality has been reduced significantly, and the expansion of maternity wards and nursing services has been instrumental in improving the quality of life.

Progress in the health sector is closely related to that of other sectors. Water plays an important role in rural Tanzania. Dirty and infectious river water causes high mortality rates, particularly among children. The water programs have provided the majority of households with access to clear, fresh water within walking distance. Village water supply schemes, such as the construction of deep wells, shallow wells, pipe-lines, et cetera, have attracted foreign assistance, and large aid schemes have been directed to this end. The costs have been high as many of the aid schemes have been fraught with problems of implementation, but a quantitative assessment of the availability of water shows a significant improvement (Jonsson, 1982).

The educational status of the population has improved, and, with an increase in literacy, it is easier to spread information on health care, nutrition, agricultural extension services and other issues. The literacy rate at independence was 10 per cent, which is probably a high estimate, but through adult education programmes and increased school attendance it had increased to 66 per cent by 1977, making it one of the most successful literacy campaigns in the world. The statistics on school attendance are poor, but the number of teachers and primary schools have gone up, and there is a school in most every village. School enrolment was 25 per cent of the age group in 1960 but can be estimated at 90 per cent in 1979 (see Table 4.8).

These gains are considerable and, as Table 4.8 shows, Tanzania has been more successful in this respect than other countries in the region. In comparison, Tanzania has not done worse in economic development either, as is demonstrated in Table 4.9. The problems that have stopped Tanzania's economic growth are to a large extent external, and have affected other developing countries in the region similarly. The gains in the social sector are, however, threatened by the deepening economic crisis. The government is cutting back on spending in all sectors. The development budget and the current budget have been reduced to comply with demands from international organizations, the IMF and the World Bank, who have made real reductions in public sector spending a precondition for structural adjustment loans. A reduction in public services, if significant and lasting, would threaten political stability in the country more than disruptions in industrial production. Industry will not be able to produce the surplus needed for public spending, and the future depends on agricultural production which is still the backbone of the economy.

Agriculture supports 90 per cent of the people, contributes about 80 per cent of export earnings and 40 per cent of GDP. But agriculture is declining; its share of development spending has fallen continuously during the 1970's and reached 12 per cent in 1981/82. Tanzania has a wide range of export crops - coffee, cotton, sisal,

Table 4.9: ECONOMIC INDICATORS OF DEVELOPMENT

Country	GNP per capita		Average annual growth of agricultural production (%) 1970-1982	External public debt as % of GNP 1982
	US\$ 1982	Average annual growth (%) 1960-1982		
Tanzania	280	1.9	2.8	32.7
Kenya	390	2.8	4.1	39.2
Uganda	230	-1.1	-0.6	8.0
Zambia	640	-0.1	1.9	66.3
Malawi	210	2.6	4.1	48.8

Source: World Bank, 1984.

tea, tobacco, cloves, cashew-nuts and cardamom, but the volume of exports has gone down by 40 per cent since 1971/72.

Food crops are also produced by smallholders, and production is holding up better than export crops. Many farmers are switching into staples like maize, but production is hard to measure: 70-80 per cent is eaten or sold on the parallel markets by the people who grow such staple commodities (The Economist, June 11, 1983). The reasons for the switch to food crops is the uncertainty of export crop production; transport operates irregularly, seed and fertilizers arrive late or not at all, crops are collected and paid for late. The relative prices have gone down and at the same time consumer goods are almost unobtainable. There are few incentives to earn higher incomes, but good reasons for producing food for the immediate survival of the family.

In sum, Tanzania has made impressive progress in providing education and health services to its people. There have been large and real improvements in various measurements of the quality of life, and this progress has been available for many. Tanzania is plagued by urban-rural differences and large income gaps less than other developing countries. But the expansion of production in agriculture and industry have not kept pace, and particularly the heavy emphasis on industrial development has neglected the need for foreign exchange generation from agricultural exports. Foreign assistance plays an

increasingly important role in development spending as well as in the current budget, thus threatening the political objectives of self-reliance and independence.

4.7 CONCLUDING REMARKS

The purpose of this chapter has not been to evaluate industrial development in Tanzania, nor to explain the causes of stagnation and decline. Instead, I have described a historical development and the relation of industrial policies to political goals in society, like self-reliance and structural change, as these are expressed in the Arusha Declaration and other political manifestations. Foreign exchange has been the one most important bottleneck in development spending, but many development projects at the microlevel, as well as strategies at the macrolevel, have been taken without due consideration of this constraint. In this context it becomes important to see what role foreign assistance has played, as the implementation of the second and third Five Year Plans has relied on foreign assistance to a considerable extent.

Wangwe (1983) argues that the chances of a fall in the rate of capacity utilization in industry would be minimized by a greater reduction of capital goods imports for capacity expansion rather than a reduction of intermediate goods imports for capacity utilization. In fact, as he shows, capital goods imports increased three-fold in value terms, while intermediate goods imports doubled between 1970 and 1980. The data of Bienefeld (1982), Wangwe (1983) and Skarstein (1983) indicate that the incremental capital output ratio has increased sharply, even though the full extent of this increase is debatable, due to the different methods used in the calculations and the uncertainty of the data. Wangwe concludes that new investments between 1976 and 1980 did not benefit society. The output levels in 1980 remained lower than installed capacity in 1976, in spite of substantial new investments (e.g. in textiles, cement, shoes, leather and sugar). Capital was tied up but no output was forthcoming, and the higher incremental capital output ratio reflects the inefficient use of capital.

Skarstein argues that the expansion of production capacity was made possible through the increase in foreign aid, which is, in general, tied to investment projects. The additional productive capacities needed imports of intermediate goods, but these had to be financed by Tanzania's export earnings. Skarstein and Wangwe both argue that there is a "new project" bias in foreign aid, which "became an integral element in the downward spiral of the Tanzanian economy" (Skarstein, 1983).

Wangwe (1983) modifies the argument by noting that foreign finance is requested by Tanzania's enterprises and/or sectoral ministries - "the pulling effect of internal institutions on foreign sources of funds cannot be ignored". There is a weak link between the macrolevel and microlevel planning, as the macrolevel constraints are often not reflected in the assessment of particular projects. The process of project generation is decentralized, involving all the parastatals, the investment banks and private individuals who make investment decisions mostly based on short-term capital and foreign exchange requirements, but not on the current flows associated with them in the long run (ILO/JASPA, 1982).

However, the role of fluctuating development strategies should not be ignored. At the outset, Tanzania's manufacturing followed a "maximum growth strategy". Most of the plants were of import substitution character in product areas that offered high immediate foreign exchange savings. During the SFYP, the processing strategy dominated the resource allocations in the wake of the Arusha Declaration and the policy recommendations of the Party. Plants processing tobacco, pyrethrum, sisal, cotton, cashew-nuts and leather were constructed, but as the output of cash crops declined, they have been working at low levels of capacity utilization. The new investments have not generated the foreign exchange envisaged, but loans and interest remain to be repaid. The TFYP introduced the basic industry strategy and investments were channelled into sectors where a continuous supply of foreign exchange is crucial to sustain production.

The basic problem seems not to have been the level of technology introduced at the micro-level, nor the decentralized project implementation (whether it is decentralized or not has been discussed by Brodén (1983), who concludes that central control of new projects has increased) but rather the macro-level strategies. Contrary to the broad policy statements of the Arusha Declaration, subsequent industrial development strategies were neglected the link between agriculture and industry. Foreign aid has been an instrument in carrying out these policies, but Tanzania itself is responsible for the investment decisions. An investigation of the sequence of five year plans shows that they have been followed in implementation. They have guided the selection of new products in accordance with the industrialization model in vogue at the time. As the literature review shows, there has been a substantial domestic criticism of the elements in the strategies, particularly in the basic industry strategy, but this has largely been neglected. In Tanzania, central planning has been successful in guiding investment decisions. The problem has been the conceptualization of the role of industry in development and the objectives of structural change, as expressed in the country's long-term industrialization plan.

5. THE PLANNING AND EVALUATION SYSTEM OF UNDP

5.1 INTRODUCTION

The purpose of this chapter is to describe how the areas of UNDP industrial assistance in Tanzania were identified, how the different projects were designed and how they were evaluated. In order to understand operations in Tanzania it is, however, first necessary to examine the policies and procedures that regulate UNDP assistance.

The most important concept is the Country Programme which is the frame-work for assistance over a relatively long period of time. The Country Programme identifies the sectors of UNDP assistance, indicates the type of projects and the budgets. Parallel to this, there is a Five-Year Plan for the financial resources, the Indicative Planning Figure. Section 5.2 describes these two concepts, how they relate to each other and how a Country Programme should be designed according to the UNDP manuals. The actual design of industrial development assistance in the Country Programme for Tanzania is the subject of Section 5.3. It is presented in the form of a Case Study, the purpose of which is to see how practice deviated from theory, and why.

The evaluation of the Country Programme as a whole and evaluations of the separate projects are closely interrelated. The formal processes will therefore be described together in Section 5.4. The project ideas are expressed in the project documents and to understand these

and the cycle of evaluation events, the cycle of UNDP assistance will be reviewed in the same section. Section 5.5 contains case studies of the design, planning, implementation and evaluation of the industrial development projects between 1977 and 1983. Each case study will give a brief description of the project and its objectives, and identify how the projects were designed and by whom. This influences how long it takes to start operations, and is thus an indicator of the efficiency of the planning systems and the factors that lead to an efficient implementation of the plan. The case studies will also describe the other three aspects of a systematic approach to evaluation: monitoring implementation, impact assessment and economic efficiency. Progress reports, tripartite monitoring reviews and other documentation will be investigated and related to the functions of evaluation. These will demonstrate how the basic purposes of the evaluation systems are achieved, i.e. how they are used to improve the performance of ongoing and future projects.

Section 5.6 contains concluding remarks on the UNDP planning and evaluation systems, summarizing the logic, design and functioning of these systems. In Chapter 6, the SIDA planning and evaluation systems will be described similarly. These two chapters, 5 and 6, provide the empirical data for the analysis which follows in Chapter 7.

5.2 THE PLANNING SYSTEM

The Governing Council of UNDP introduced a new system of planning in 1970, called Country Programming. The new system was intended to improve rationality in decision-making and to direct the UNDP assistance more effectively towards development objectives of high priority. The Country Programme is defined as "a multi-year framework of country-focused technical cooperation efforts directed towards the achievement of selected national development objectives" (UNDP, 1975, p. 3210.1).

The Country Programme is prepared by the government of the country receiving UNDP assistance - in collaboration with the United Nations system. The role of the United Nations system varies from country to country, but normally the UN takes a rather active role. Within the

UN system, the UNDP field office of the country plays the leading role in coordinating the inputs from the UN agencies and organizations. During the preparation of the Country Programme, the agencies and organizations carry out sectoral analyses falling within their technical competence. The size of the Country Programme depends on two factors; firstly, the development objectives to which the country wishes to apply UNDP assistance, secondly, the magnitude of resources likely to be available from UNDP.

The financial control system used by UNDP is called the Indicative Planning Figure (IPF). The IPF for a country sets the amount of expenditures that may be incurred during the planning period. This figure is established by the Governing Council in accordance with an agreed formula, which takes into account the size of the country, national income, development priorities, and other indicators of its need for UNDP assistance. The IPF of the country is part of the current global IPF cycle, which is the five-year plan of resources for technical assistance. Within the frame-work of the five-year IPF cycle, each country that receives UNDP assistance is allocated its own IPF.

The IPF differs from the Country Programme as a planning instrument. Often these two coincide, but the Country Programme has a different time perspective. The Country Programme may span over several IPF cycles, or it may take place within one cycle only. The IPF always covers a five-year period, but the Country Programme may vary between three and seven years.

The IPF is, then, the resources available directly from UNDP assistance. However, it can be supplemented by other resources, that is, Cost Sharing Contributions and Trust Funds. The former is an arrangement through which a Government is enabled to contribute additional funds for its Country Programme. Trust Funds are funds set up by other sources of assistance than UNDP. For example, a bilateral organization may supplement the UNDP Programme because it wishes to support some particular project initiated by UNDP. This could be done

by putting "funds in trust" with the UNDP for its Country Programme. Similarly, the Government may add foreign currency expenditures to the project, this is then called Cost Sharing Contributions. There is also a distinction between the IPF and the Special Industrial Services (SIS), the latter are earmarked for feasibility studies and project preparations but are still part and parcel of the UNDP assistance. The basis of the Country Programme is the IPF, SIS, the Trust Funds and the Cost Sharing Contributions. Apart from these, the agencies and organizations may have other sources of funds at their disposal and integrate their use with the Country Programme. Practice here differs from one field office to the other, but as the sums are marginal they will not be discussed further.

In order to prevent and offset possible future shortfalls in implementation, a degree of overprogramming is recommended by the Policies and Procedures Manual. The field office will plan to implement more and larger projects than the available resources permit. As the shortfalls in implementation are often around 10 per cent, this figure is also recommended for overprogramming. The practice has two major advantages. It becomes more likely that the expenditure target will be reached, by providing a wider basis for project selection. Secondly, it provides a smooth transition to the next Country Programme when there is an expanding overall programme. The disadvantages are, first and foremost, the scarcity of administrative capacity and secondly the confusion over priorities. Speed of implementation rather than rational choice determines which projects will be funded.

However, the purpose of overprogramming is to make certain that the expenditure targets are reached. This is important because the donor countries could cut down their contribution to UNDP if the funds are not put to use. The practice is at times dangerous and if the financial control slackens, while the implementation picks up speed, there will be no funds to cover the costs. Another potential danger is that too much attention is paid to the quantitative aspects of the Country Programme and too little to the quality of the projects.

The establishment of a Country Programme has two major purposes. First, it gives the country an opportunity to utilize the UNDP assistance on a planned rather than an ad hoc basis. It establishes a strategy for the use of the resources and it makes it possible to integrate the UNDP technical assistance with other sources of assistance. Second, after the Governing Council of UNDP has approved the general scope of the assistance as expressed in the Country Programme, it can leave the approval of individual projects to the UNDP administrator. The Country Programme allows the Governing Council to delegate this authority.

In its final shape, the Country Programme is a document containing an economic study of the country in question and justifying UNDP technical assistance for a selected number of development issues. It indicates the main thrust of the assistance and the logic behind the approach. It also contains a list of projects with time-plans and budgets for their implementation.

As the projects are presented with a budget and a time-plan at this early stage, before the projects have actually been formulated, the scope of the assistance to individual projects is determined to a large extent. It puts a severe constraint on the consultants or programme officers or project personnel who will later design projects.

During the Country Programming exercise, when the new Country Programme is formulated, the various UN agencies cooperate with the UNDP field office, the UNDP headquarters in New York, and the government of the country. The government is responsible for producing the document, but the Resident Representative of the UNDP also has a major role in coordinating the work. In fact, it is often the UNDP personnel who prepare the document, with inputs from the government and the agencies.

The first step in the programming exercise occurs when the Resident Representative and the government consult on the time schedule and on

which UN agencies should participate. This is an important occasion because it determines whether a sector will receive support or not. If the WHO, for example, is not invited to participate, there will not be any UN support to the health sector in the coming period.

After these decisions have been taken, the headquarters have to approve them. Theoretically the headquarters could decide to include other agencies and organizations, but in practice they follow the proposals of the field office and the government. Normally the Resident Representative has informal contacts with headquarters during this process so that there will not be any "surprises" when approval is sought.

At the same time the UNDP office produces an assessment of the UNDP experience in the country. This is an evaluation of the progress of the programme as such which should indicate the structural weaknesses of the previous programme, or its most successful elements. The assessment is not an evaluation of the individual projects, but it concerns the whole experience of cooperation in the country. It relates the UNDP inputs to the national development plans and examines whether the inputs have been meaningful in this context. The assessment should synthesize the previously executed reviews of the Country Programme, tripartite monitoring reviews and project evaluations. The assessment should concentrate on the following dimensions of an evaluation:

- (a) The extent to which the Country Programme was meaningfully related to the country's development objectives, overall strategy and priorities;
- (b) The extent to which UNDP assistance was based on a comprehensive examination of the need for technical assistance and how well the UNDP assistance complements and fits in with other sources of assistance;
- (c) The factors which constituted favourable or adverse influence on the selection of objectives and activities for UNDP assistance; and

- (d) The factors which affected the mixture of UNDP technical assistance with capital assistance and assistance from other sources, multilateral or bilateral.

The assessment is submitted to the government and to other UN agencies and organizations together with the "Note" on the orientation and potential contents of a new programme. There are two important features of the "Note": it is informal and it is an input into the programming process. It is a "Note for further confidential and purposive discussions on central issues, concepts and policies relevant to the Country Programming exercise". The Resident Representative is free to prepare it as he may see it fit in the circumstances, there is no particular format to it and the content will depend on the situation.

When these documents have been prepared and the dialogue between the partners concerned has started, the actual programming exercise starts. The Country Programme will be approved by the Governing Council of UNDP, which meets twice yearly, in January and June. The programming exercise should start 18 months ahead of one of these meetings. The activities that should take place during these 18 months are carefully determined and follow a regular pattern. This will be the same in all countries, as the whole process is regulated in the Policies and Procedures Manual. The flow-charts on the following pages describe these activities.

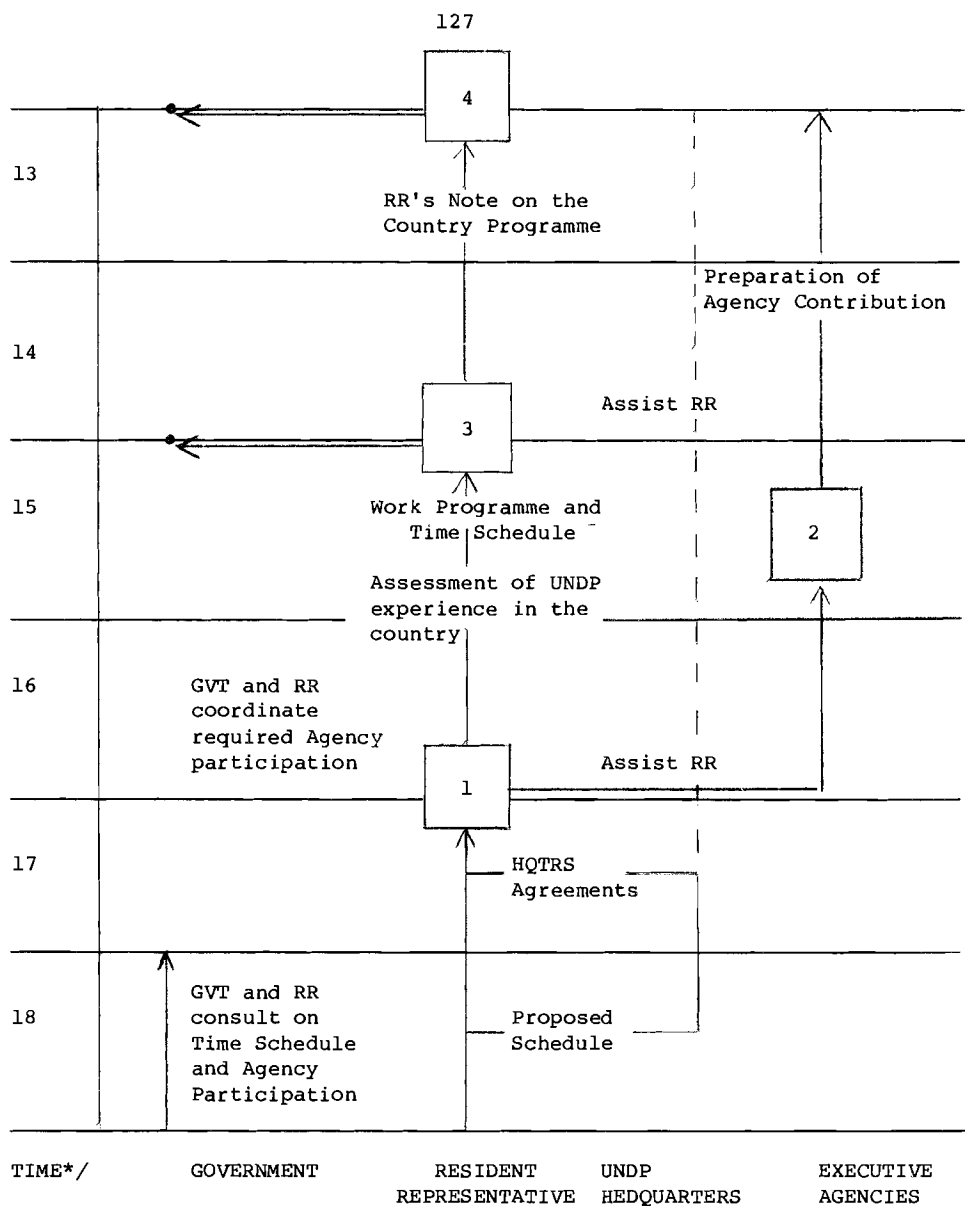
The first six months of the preparation of the Country Programme are thus spent on a retrospective assessment of the old programme and an evaluation of its content. This takes place in a dialogue between the government, the local UNDP office (the Resident Representative), UNDP headquarters and the agencies and organizations.

After the stage has been set during the first six months, the actual programming exercise starts. The government prepares the first draft, in cooperation with the UNDP office, and with the support of the reports and surveys from the agencies. An agreed draft is submitted

by the government through the Resident Representative to the UNDP Administrator. The normal procedure then allows for changes following the comments from the headquarters and a new dialogue and elaboration of a new CP document by the government. This document will be submitted by the Administrator of UNDP to the Governing Council. The members of the Council review the document and it is normally approved at the following meeting, 18 months after the process started.

In sum, the UNDP approach to the design of a Country Programme is highly structured. The above review should have made it clear that the success of the system depends on a series of basic assumptions concerning the nature of reality in the administration of the local government of the country, of UNDP and of the quality of information in the organization as for example:

1. The government of the country receiving assistance has a smoothly working central Ministry (Planning and Treasury) that is able to coordinate sectoral interests and take a substantive part in allocating priorities between sectors and projects.
2. The government has the staff resources to take the lead in negotiating development assistance and to prepare the inputs in accordance with Figures 5.1 and 5.2.
3. The UNDP office is unbiased in this respect and neutrally observes the assignment of priorities and, when called upon, fulfils its role as an adviser and mediator between the agencies and organizations of the UN family.
4. The UNDP office particularly, and the other actors in general, have access to an effective evaluation system that provides the feedback information on previous assistance.
5. It assumes, in brief, that the actors in the different systems act rationally and have perfect information for the task at hand.



*/ Months before Governing Council Approval.

1/ Deadline for RR's distribution of Time Schedule and proposed agency participation.

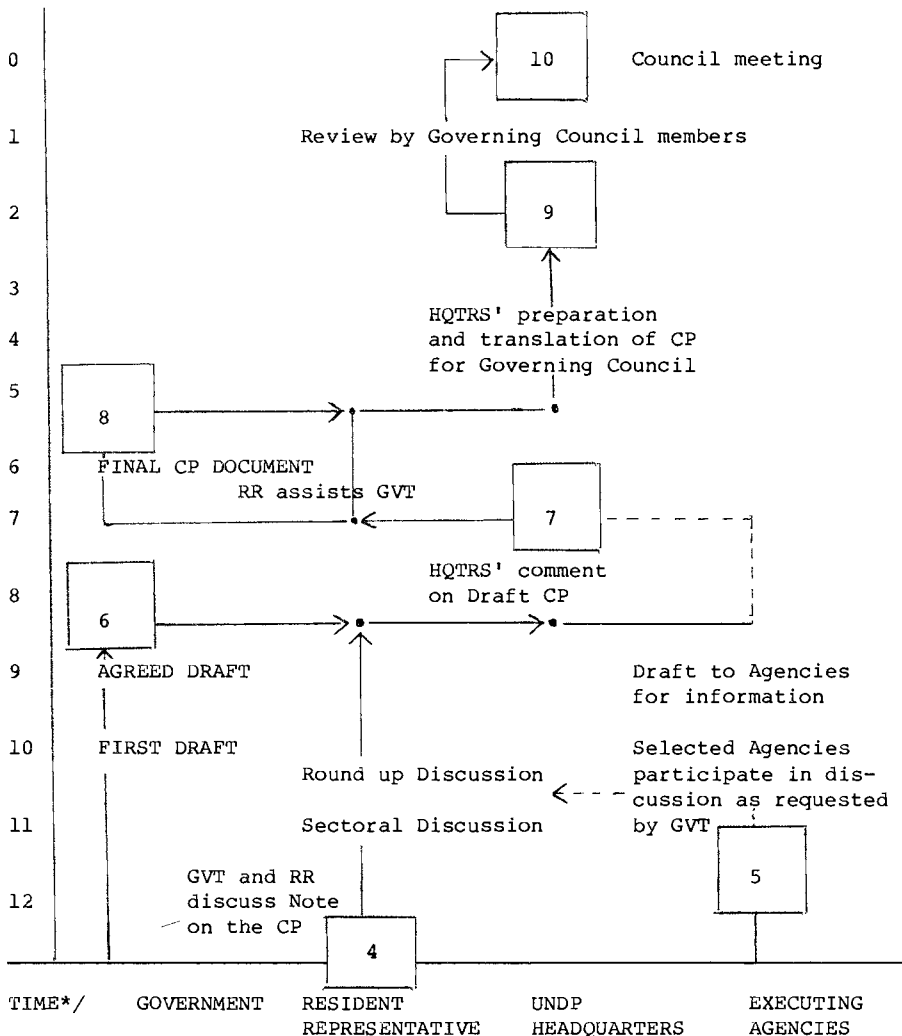
2/ Deadline for agencies notification to RR of their participation.

3/ Deadline for work programme and timetable.

4/ Deadline for submission of Note on Country Programme.

Figure 5.1: FLOW CHART - STEPS LEADING TO COUNTRY PROGRAMME EXERCISE

Source: UNDP, 1975, p. 322.1.



- */ Months before Governing Council approval.
 4/ Deadline for RR's submission of note on CP.
 5/ Deadline for Agencies submission of Agency contribution.
 6/ Deadline for GVT's submission of agreed draft CP Document to UNDP.
 7/ Deadline for HQTRS' submission of comments to RR.
 8/ Deadline for GVT's submission of final CP Document to UNDP.
 9/ Deadline for distribution to Governing Council members.
 10/ Approval by the Governing Council.

Figure 5.2: FLOW CHART - THE COUNTRY PROGRAMME EXERCISE

Source: UNDP, 1975, p. 3221.1.

5.3 DESIGNING A COUNTRY PROGRAMME: A STUDY OF UNDP IN TANZANIA

The first step in planning the technical assistance to Tanzania was taken at UNDP headquarters when it was decided that the Country Programme should be made to coincide with the Second Global IPF Cycle. The two planning systems would then run parallel to each other. This would be advantageous for the UN system by facilitating the use of the management tools for the IPF in the monitoring of the Country Programme. The starting date of the IPF Cycle was January 1977 and it lasted until December 1981.

If the programming process had proceeded in accordance with the manual, it should thus have started in June 1976 in order to be approved by the Governing Council in January 1977. As it was, the programming did not start until mid 1977, well after the planning period had already started. The reasons for this were primarily financial and resulted from the global operations of UNDP. UNDP management in Tanzania were scarcely responsible for the delay.

The background to the financial crisis was briefly that the management information system was not established in 1976 and, as a result, the commitment of UNDP assistance was not regularly monitored. There were also flaws in the accounting system and it was not possible to get an accurate figure of expenditures to date. The organization had ended up in a situation where it was committed to providing technical assistance well above the financial resources available. The situation was particularly serious as the donations from the donor countries of UNDP were decreasing at the time. The system was caught between declining incomes and increasing, uncontrolled commitments. The result was a temporary paralysis of the planning system and day to day crisis management.

The first year and a half of the new Country Programme in Tanzania coincided with the programming exercise itself. What happened to the ongoing projects in the meantime? Some projects were terminated

because of a lack of funds (a global problem) and others because the objectives had been achieved. In some cases new projects were started, but not as a result of long-range programme development. Projects that had been financed by other UN funds were taken over by UNDP when it was judged that they had interesting potentials and could later be included in the Country Programme.

The start of the Country Programme coincided with a major turnover of the personnel in the UNDP office. During the latter half of 1977 and early 1978, all the programme personnel were replaced. Because of the break in continuity, it was inevitable that some time was lost while the newcomers became familiar with the country, the projects and the plans for the future.

The programming exercise continued, but in ways which differed from those prescribed by the manual. There was never any total assessment of the UNDP experience in the country. The involvement of the agencies was minimal and the supporting documentation for technical assistance was thus, at times, not very substantial. The initiative in the process rested with the UNDP office, and with some of the sectoral ministries of the government. In the cooperation with the government the UNDP had one great advantage; the period of the Country Programme coincided with the Third Five-Year Plan of the government. Much of the sectoral planning and "problem-shooting" was done by the government, and the Ministry of Finance and Planning in particular.

As for the industrial sector, UNIDO had supported an institution-building project in the Ministry of Industries, aimed at strengthening the Ministry's competence in feasibility studies and sectoral planning. In the course of this project, several industrial projects had been prepared and the UNIDO headquarters had the opportunity to react to these and comment on them. UNIDO also conducted industry-sector studies at global levels and, in the course of these, also dealt with the Tanzanian industries. Chemical industries, leather and textiles had been included in such studies

and the personnel conducting them had invariably outlined possible UNIDO support to these sectors. The new Resident Representative thus had a portfolio of new industrial projects available soon after he took charge of the programming in late 1977.

Assistance programmes to other sectors, also emerged during late 1977. These were less complicated to plan for, as the ongoing projects were large and many of them had to be continued for several years. By the end of 1977, all projects were identified and it seemed possible to have a Country Programme ready in early 1978. The time had come to initiate the dialogue with headquarters in New York, which had not been involved so far in any of the programming activities, particularly not in the elaboration of the industrial assistance programme.

A mission from UNDP headquarters visited Tanzania in late 1977 and took part in a number of meetings with sectoral ministries and the Ministry of Finance and Planning. The major conclusion was that the mission rejected the project portfolio that the UNDP office and the government had been working on. The personnel in the mission did not object to the idea of the assistance itself and they agreed with the government on the overall decision on allocations. However, they preferred not to spell out in detail how to spend the money in the industrial sector. Apart from the ongoing projects, which could be identified, they wanted the total industrial assistance to be given in a lump-sum. The government could use this lump-sum to design whatever projects they wanted, without being tied to any particular project.

One reason for this approach was that it would increase flexibility in the use of funds. However, neither the Resident Representative nor the government agreed. They thought that the system of project approval hindered the flexibility of the program, and it would contribute more to an efficient use of the resources to spell out the activities in the Country Programme. A detailed Country Programme document would make it possible to delegate authority to the field

when it came to evaluating the projects. Also, as the projects were already there and as the sectoral studies supporting them had been carried out, they objected to the idea of a lump-sum project.

The programming exercise now entered a period of inactivity. From November 1977 to April 1978 there was no progress in the industrial projects. This led to a serious delay in implementation in the coming years as much preparatory work which could have been done during these months was neglected.

The ambiguity had to be resolved and, in retrospect, one can identify two events that finally solved the problem. The first of these occurred as early as February 1978 and paved the way for an agreement on the Country Programme. The event in question was a visit of UNIDO's Executive Director to Tanzania. In a joint communiqué, he and the government expressed their wish to cooperate on a selected number of projects. These projects were the same as those suggested by the UNDP field office and the government and thus UNDP headquarters could not easily reject the project portfolio any longer.

The second event occurred two months later when the Resident Representative visited UNIDO headquarters to resolve the Country Programme problem once and for all. Together with the UNIDO personnel he discussed the project list again and arrived at a consensus on which projects to include, how much to allocate to them and when they should be implemented. This finally sealed the programming process as the UNDP headquarters did not raise the lump-sum project idea again. The Country Programme document was approved by the Governing Council during its January 1979 meeting.

The Country Programme document starts with a review of economic development in Tanzania and relates this to the UNDP assistance to justify its emphasis:

"The Third Plan redefines emphasis and preference in the allocation of development funds. Directly productive sectors, namely agriculture and industry, mining inclusive, will thereby enjoy proportionally higher priority. Whereas 24.1 per cent of total investment provisions were appointed to these sectors/subsectors under the previous plan period, the Third Plan has now earmarked 46.6 per cent."

"The Third Plan will attend, specifically to such structural weaknesses of the economy as sub-optimal efficiency of parastatal undertakings and low labour productivity, which have hampered industrial growth in recent years."

"UNDP technical assistance is geared to the sectoral development priorities of Tanzania's Third Development Plan. As compared to the previous programme pattern, the Second Country Programme will see a marked shift of emphasis towards more directly production-oriented projects, primarily in the industrial field and, partly, of special support nature. Whether conceived as sectoral or multi-sectoral projects, UNDP assistance to agricultural and industrial development will be prominent programme features."

(Country Programme for the United Republic of Tanzania, UNDP, 1978.)

The Third Five-Year Plan introduced a fundamental change in investment patterns, and, from the Country Programme, it is seen that the UNDP responded to these new priorities. The Country Programme encompassed USD 32.2 million, out of which 7.6 million was allocated to Industry, Energy and Mining plus 13.4 million to Rural Development, Agriculture and Fisheries.

Since the development budget of the Government allocated 46.6 per cent of its investments to agriculture and industry, even more of the UNDP assistance was channelled to these sectors. Table 5.1 contains a breakdown of programme resources by projects for the Industry, Energy and Mining sectors. It should be noted that the new projects, starting in 1979, have a very large share of the total. The other projects were carried forward from the previous Country Programme.

Table 5.1: UNDP PROJECTS IN THE INDUSTRY, ENERGY AND MINING SECTOR DURING THE SECOND COUNTRY PROGRAMME

Ongoing Projects		Actual Expenditures					Total
		1977	1978	1979	1980	1981	1977-81
URT/71/522 ^{1/}	Industrial Studies and Development Center (UNIDO) ^{2/}	38 787	7 800				46 587
URT/73/002	Assistance to the Small Industries Development Organization (UNIDO)	40 052	50 000				90 052
URT/73/030	Mineral Exploration I (UNOTC)	197 750					197 750
URT/74/003	Tanzania Investment Bank (UNIDO)	13 604					13 604
URT/74/015	Development of Salt Production (UNIDO)	33 512	75 000				108 512
URT/74/018	National Development Corporation (UNIDO)	71 725	105 600				177 324
URT/74/024	Development of Coal Production (UNIDO)	(39 322) ^{3/}	50 600				50 600
URT/74/025	State Mining Consultancy (UNIDO)	20 867					20 867
URT/74/028	Tanzania Petroleum Development Corporation (UNIDO)	102 527	125 200				227 724
URT/77/003	Mineral Exploration II (UNOTC)	137 875	681 561	607 736	619 734	754 594	2 801 500
	<u>Sub-Total</u>	701 020	1 095 761	607 736	619 734	754 594	3 778 845
<u>New Projects</u>							
URT/77/013	Establishment of Pharmaceutical Industries on Zanzibar (UNIDO)			200 000			200 000
URT/77/035	Support to the State Mining Corp. (UNIDO)			210 600	291 800	260 000	762 400
URT/78/001	Assistance to the Ministry of Industries for Industrial Training (UNIDO)		30 000	170 000	200 000	200 000	600 000
URT/78/010	Leather and Leather Goods Industries Development (UNIDO)				150 000	250 000	400 000
URT/78/011	Support to Chemical Industries (UNIDO)				100 000	300 000	400 000
URT/78/019	Establishment of the Tanzania Industrial Research and Development Organization (UNIDO)			200 000	200 000	265 000	665 000
URT/78/020	Assistance to Textile Industries (UNIDO)			150 000	150 000	206 000	506 000
URT/78/014	Engineering Design Center (UNIDO)				27 600	27 600	55 200
	<u>Sub-Total</u>		30 000	930 600	1 119 400	1 508 600	3 588 600
	<u>Total</u>	1 125 761	1 536 336	1 739 134	2 263 194	2 263 194	7 367 443

Notes:

1. URT indicates the country where the project is implemented, the second figure indicates the year it should start, and the third figure the serial number for projects starting that year.

2. The Executive Agency.

3. Cost-sharing contribution - not included in totals.

In the Country Programme Document, UNDP justify the selection of projects by referring them to the development strategy of the Third Five Year Plan. The Plan itself is rather vague when it comes to identifying projects at the micro level, but UNDP emphasize three priority areas; industries "catering for the domestic demand of food, shelter, clothing and other consumer goods". The Country Programme also specifies that "small scale industries will enjoy marked support". Finally, it directs attention to some of the structural weaknesses of Tanzanian industry:

"The following conditions and factors causing bottlenecks in the industrial sector have been identified: weak infrastructure in manufacturing industries, under-utilization of capacity by factories, low productivity per worker, shortage of raw materials as well as other essential inputs and dearth of skilled manpower, both technical and managerial."
(Country Programme for the United Republic of Tanzania, UNDP, 1978)

The Country Programme mentions a few salient features of the projects that are particularly related to the country's development needs:

"... industrial manpower training commands a high priority. Sustained efforts ... are envisaged ... to enhance the capabilities of middle level management in technical and administrative fields, and to train and upgrade skilled workers, foremen and supervisors in direct response to the critical needs of industrial and agricultural production."

"Realizing the availability of outstanding R and D as well as training institutions in many developing countries, more pronounced efforts will be made to utilize these facilities for fellowships and training programmes, as well as for the transfer of appropriate technologies ..."

"In view of Tanzania's limited foreign exchange earnings and given her mineral potential, UNDP assistance will also heavily focus on geological exploration and mineral investigation to spur the development of mining and mineral based industries."

"A general feature of the Country Programme is its concentration on fewer and larger projects, as compared to past activities, thus to attain an early breakthrough with regard to prime objectives in decisive sectors and to reduce administrative cost."
(Country Programme for the United Republic of Tanzania, UNDP, 19768)

The logic of the Country Programme is clearly derived from the Third Five-Year Plan. However, the Third Plan itself is not outspoken on details in the allocation of resources and when the Plan is translated into micro level planning, it may be necessary to interpret the "spirit" of the Plan rather than the letter. The UNDP Country Programme gives priority to basically all production of consumer items (pharmaceuticals, textiles, leather goods, food and construction), production of inputs to agriculture (fertilizers, pesticides, machinery and tools) and to the engineering industry and all levels of technical and managerial training and development in small-scale industries. In fact, the project list shows that UNDP support is allocated for all these purposes and a few more. In the last paragraph above there is also a note on the desirability of concentrating resources to large projects, based on the assessment of experience from the previous programming period. Even though a formal assessment was not completed, the Country Programme does contain an evaluation of past experience:

"As regards optimal design and input configuration of individual projects, past UNDP experience suggest that greater weight be given to:

- (a) Adequate linkage between immediate project objectives and related development objectives;
- (b) Suitable transformation and dissemination mechanisms, whether institutional or otherwise, for the actual utilization of project results;
- (c) Quantifiable and time-bound objectives to provide bench marks to assess progress;
- (d) Stronger concentration on training along with early placement/recruitment of counterpart officers to ensure continuity of momentum once project support is phasing out;
- (e) Large-scale projects to reduce administrative overheads.

Built into individual projects, the above elements and accents will ensure that the joint efforts of Government, UNDP and specialized UN Agencies attain the ultimate aim of self-reliance."

(Country Programme for the United Republic of Tanzania, UNDP, 1978)

To sum up the assessment of past experience, first, the project planners must assure that the project takes root in the country, second, the projects should be designed so that a quantifiable evaluation is possible, and third, they should reduce cost by promoting large-scale projects.

Again, these directions mean little, as the references to the development strategy in the Third Plan covers most conceivable project ideas. But, on the other hand, the budgets for the different projects specify exactly the amounts to be utilized each year. This does seem to put a restraint on the flexibility of project design in the field office. However, even these budgets were not adhered to once the projects were planned in detail.

The case study has shown that the actual programming exercise did not show many similarities to the process described in the Policies and Procedures Manual. The major differences were: a late start of the exercise, late involvement of UNDP headquarters in the sectoral programmes, interruption of the planning for almost 6 months when the personnel turnover reached a peak, and finally, lack of a thorough assessment of previous UNDP experience. These factors contributed to a late start-up of the new projects which lead to an underutilization of the funds allocated for industrial development.

UNIDO should normally play a major role in identifying the projects in the new Country Programme. In this case we found that the "normal" procedures of agency involvement were not followed. UNIDO was involved in the industrial planning by other means; firstly, through the ongoing support, and secondly, through informal contacts with the UNDP office.

The development of a coherent Country Programme involves several partners and it is necessary for the leading participant in the system (the UNDP office) to ascertain that it has support from the other agencies all along the way. The programming exercise is also a process of consensus building. The discussion on the form of the

industrial projects, whether there should be one large project or several smaller, reflects a failure in this process. This failure could have been avoided if the UNDP headquarters had taken part in the project identification from the start.

5.4 THE EVALUATION SYSTEM

Approval of a UNDP project is based on a project proposal that is submitted by the government of the country in question. The project proposal has to follow a certain format and the contents are regulated in detail by the Policies and Procedures Manual. This project document is the basis for the ex ante evaluation and approval, and for the implementation and evaluation that follows. It has to be approved by all partners involved, that is, by the government, the UNDP and the executing agency or organization.

The first specification of the document is the development objective, that is how the project fits into the long-range development objectives of a nation. The development objective should relate the project to the Country Programme and should follow from the framework of assistance that the Governing Council has approved. This, of course, requires that the Country Programme has identified development objectives in a meaningful fashion.

"A development objective should also be explicit and precise; and it should describe the conditions which would constitute the achievement of the development objective, as far as possible in terms which are verifiable."
(UNDP, 1975)

The next step is the immediate objective - what the project itself should achieve. This immediate objective provides a link to the development objective in that achievement of the immediate objective contributes to the achievement of the development objective, and is a necessary precondition.

"The statement of the immediate objective may be qualitative, quantitative, or both; but it should be explicit and precise. It should establish a viable base for project evaluation and should make it possible to measure or assess achievement."
(UNDP, 1975)

The exact content of the immediate objective depends on what the functional emphasis of the project is. If an institution building project is involved, the immediate project should state:

- (a) What will be established or strengthened by the project;
- (b) What purpose, in the socio-economic context of the country, should the unit concerned be able to fulfil when fully established or strengthened;
- (c) What are the categories, quantities and attributes of the outputs which the institution or unit concerned should be capable of producing upon completion of the project.

If, however, the project is a direct support project, for example consisting of investment-oriented studies, the preparation of development strategies plans and programmes, or substantive technical advice, it would have a different character. The immediate objective would then indicate what reports should be written, for what authority and when they should be ready. It would also indicate what areas should be covered in the reports or studies, what technical aspects to cover, etc.

Formulating immediate objectives often requires technical expertise, in contrast with the development objectives. The basic responsibility for formulating the objectives lies with the UNDP office and the government, but usually the executive agency is called in to assist, or recruit consultants, for this purpose. After the objectives of the project have been established, the process moves on to provide a background and justification, explaining the origin and context of the project, why it is needed and how it is expected to make an effective contribution to the development objective.

The project planner should also consider the relevance of the anticipated immediate objective of the project. The first question to be raised is whether the immediate objective is stated in a relevant manner; secondly, will the results satisfy requirements? The answers to these questions should be checked out in consultation with those who are expected to utilize the results. To cite the UNDP manual:

"The effectiveness of far too many projects has been adversely affected and considerable potential wasted because, neither when the project was designed, nor sometimes when the results were ready for utilization, had the potential users been made properly aware of the project."

The justification should thus assess the viability of the linkages in the wider governmental programme that should lead to the development objective, that is, how effectively will it make use of the project's results. It is also essential to state what assumptions are made and their significance to the project in this context. Such assumptions have to do with the probability that related projects are completed on time, that assistance or budget allocations occur according to plan, et cetera. All these factors serve to make it easier to assess the chances of success for the project.

The project document also specifies the inputs required and how they will be provided. Inputs here mean buildings, equipment and similar physical resources, training programs, personnel and consultancy services. When the specification of inputs is made, it is usually determined when these inputs will be provided and at what cost.

The activities in the project document refer to the work that the project staff should carry out. The description of the activities is done in tandem with the identification and description of the outputs to be produced by the project, as each output requires an activity to produce it. Outputs are what the projects activities should produce to ensure the project achieves its immediate objective. In fact, the distinction between the immediate objective and the outputs is a very fine one. If a project consists of only one activity and a related output, this would be the same as the immediate objective. Normally,

however, there will have to be a series of outputs from the activities in order to achieve the objective (UNDP, 1975).

The project document is thus an extremely important paper. Formally, it is supposed to be prepared under government auspices, but it is usually produced in the UNDP office. It is quite common that UNDP starts a separate project to prepare such project documents as the questions that should be answered can be of a technically complicated nature. Such a project is called preparatory assistance and should be so described in a project document. It is much simpler than the full project document and is always written in the UNDP office.

A project document can be prepared along several lines:

1. An external preparatory project is initiated. This makes it possible to recruit an expert to prepare the project. The output of such a project is usually the project document for the large scale project.
2. The Executive Agency may be asked to send one or several of their staff members on a mission to the country to prepare the document. This also makes "expert" advice available for the planning of the project, but it is cheaper than recruiting an external expert for a preparatory project. The time taken is also shorter, since the agency staff members cannot be expected to spend more than a few weeks on the preparation of an individual project.
3. The project document can also be prepared internally in the UNDP office. In this case the program officer would work in close cooperation with the local organizations. The major drawback is, of course, that it is unlikely that the necessary technical competence will be available in the UNDP office. On the other hand, it is the fastest and the cheapest way to produce the document. Instead of specialist competence there is more of a generalist's approach.

Birgegård (1975) noted that the project selection process in developing countries does not follow the rational procedures that evaluation models usually presuppose. The decision to pursue an idea is often taken very early in the selection process, and it is rare that data is available that makes it possible to compare alternative approaches. Therefore planning and project selection often coincide, once the needs and the target population have been identified. The UNDP project planning process accepts that planning occurs at the same time as the project document is written, and therefore is simultaneous to ex ante evaluation. This makes the selection process explicit, particularly as the sections on "Background and Justification" furnish this information. A project directed to support the chemical industries would never be compared to a project in the textile industries, but, in the project document, alternative approaches to problems in the chemical industries could be discussed. The support of the chemical industries would also be justified by reference to the long-term plans, both of UNDP assistance and of the Government.

After the project document has been prepared, it is normally submitted by the government to the UNDP office. It has to be approved by the headquarters in New York and the headquarters of the executing agency. The Resident Representative, however, has the authority to approve small-scale projects (less than USD 400,000) without consulting headquarters if they have previously been identified in the Country Programme.

Once implementation of a project has started, the ex post evaluation activities at different levels follow. The most frequent form of evaluation is the project progress report, which follows a standard format. It is prepared by the project manager once every six months. The progress report is submitted to the UNDP office, where it is reviewed and forwarded to UNDP headquarters, the executive agency and the government, normally with substantial comments on the progress. Sometimes the progress report may start a dialogue between headquarters and the UNDP office if the former wish to add their views to those of the project manager and the UNDP office.

It follows from the above that the contents of the progress reports also follow a specified format. The report should comment on the possibilities of achieving the immediate objectives and should note any progress made. Furthermore, it should state what activities that have taken place and what outputs that have been produced. The progress report primarily answers questions on programme monitoring: Is the project reaching the target units to which it is addressed? Is the project providing the resources, services or other benefits that were intended in the project design?

Once every year the UNDP office is supposed to initiate a tripartite monitoring review. The review is termed tripartite because it involves the three stakeholders in the project, namely the project personnel, the government and the UN organizations (UNDP and executive agency). The review meetings are also a monitoring instrument as they address the same questions as the progress reports. The review meetings are also intended to solve implementation problems. If the progress reports have identified some major obstacles for achieving the project objectives, it may be necessary to modify goals. The tripartite meeting is a forum where any changes in the project goals or design can be discussed, and where decisions can be taken to change these.

These two evaluation events normally occur three times a year for each project: two progress reports and one tripartite monitoring review. The number of tripartite reviews could be increased or reduced according to the judgement of the Resident Representative. A problematic project may justify more frequent evaluation. There is also some more informal evaluation in the form of monitoring visits, which are conducted by the UNDP office personnel. These visits to the project sites are usually undertaken as part of the ordinary administration of the project activities, but they are accompanied by reports to headquarters. They serve to start up an informal dialogue about implementation problems and are intended to strengthen the ties between UNDP and the recipient institution.

The next evaluation event will take place when the project is concluded. When the final progress report has been completed by the project manager and the last tripartite review meeting has been held, the UNDP office completes a final report on the project. This will summarize experience of the execution of the project and it will assess whether the objectives have been achieved. This evaluation will try to answer the impact assessment questions: Was the project effective in achieving its objectives? Can the results of the project be explained by some alternative processes? Are there effects that were not originally intended? (Some of these questions are treated in the monitoring reviews and the progress reports, but can often not be conclusively answered until the end of a project.)

The final evaluation should take place two or three years after the project has been completed. It should again assess whether the objectives have been met and what the impact has been. It is thus an effort to make both an impact assessment and an estimate of the economic efficiency of the project.

The evaluation activities in a UNDP financed project can be summarized, as in Figure 5.3. The different evaluation activities during the lifetime of a hypothetical three year project are related to the evaluation questions specified by Rossi, Freeman and Wright (1980). The relationship between an evaluation activity and a particular set of questions follows the UNDP Policies and Procedures Manual, which specifies the content of the evaluation. The purpose of this schematic presentation is to fit the UNDP evaluations into the theoretical framework of what an evaluation system is, as developed in Chapter 2.

But does this representation reveal the whole truth of evaluation in UNDP? What about informal channels of communication? Where does critical information originate? To answer these questions I will briefly touch upon some characteristics of the organization, namely its division of tasks, the channels of communication and the organizational culture.

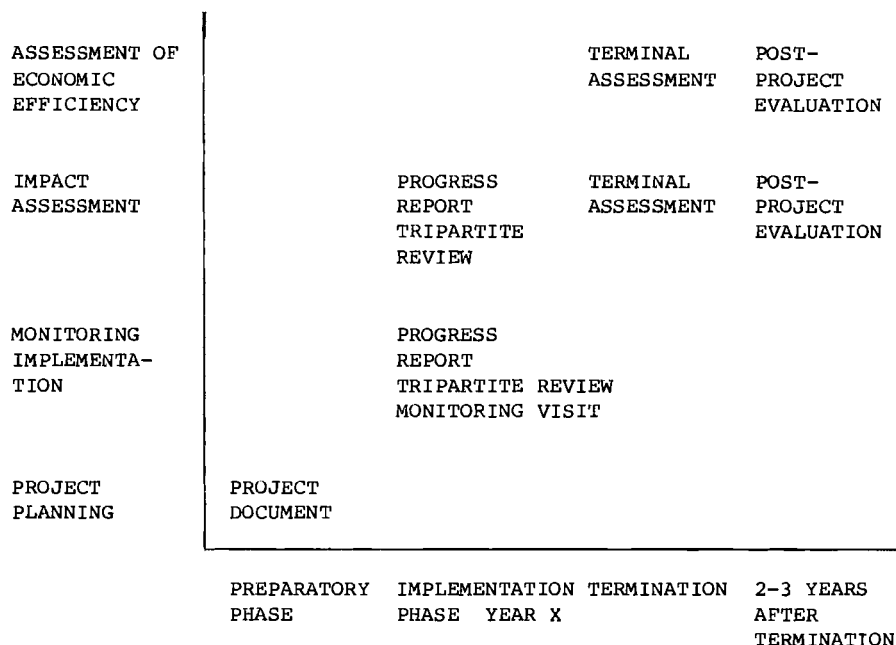


Figure 5.3: EVALUATION ACTIVITIES IN A UNDP PROJECT

The organization of UNDP is described in Appendix 2, and above we have seen how the Country Programme and its projects are formulated. One of the characteristics of these processes is that the programme officers in the UNDP office are heavily involved in liaison tasks - between the government (and its different ministries), UNDP in New York and an executive agency (UNIDO in Vienna). It is the project managers and their staff who fill in progress reports. The programme officers in the UNDP office receive the reports and forward them to the government, UNDP and UNIDO, with or without any comments. As the agenda for the tripartite reviews is standardized, the role of the UNDP office is limited to calling the meeting and to writing the minutes. The terminal assessment of a project is often based on the terminal report of the project manager - here too the programme officer rarely has an opportunity to undertake any research and to form an independent point of view.

A programme officer is far removed from the daily problems of a project. As tasks are divided in a UNDP office (in a manner reflecting the headquarters' organization) different sections are responsible for ordering, clearing and receiving equipment, arranging training programmes, disbursing funds, et cetera - contacts in these respects go directly from the project manager to a desk in the UNDP office, and onwards.

The back-stop services at UNIDO headquarters are equally dispersed. A textile project in Tanzania would report to a "textile industry unit" in the "agro industries department" in the "industrial operations division". But recruitment, purchase and training are organized by other units, in direct contact with the field office. Another unit is coordinating all projects in East Africa, whilst another is receiving and monitoring "field reports". UNDP in New York is not providing back-stop services and there is only one desk for East and Central Africa in the Africa Bureau. Since there are close to one hundred projects in Tanzania alone, it is likely that the understanding of the field problems remains superficial.

A project manager cannot expect a great deal of help from the UNDP office. He would normally have to contact the back-stop organization for any technical services. The field office often cannot take decisions without consultations with UNIDO even in matters it could handle, such as adding expert postings to a project, changing training programmes or calling in additional consultants. There are no budget resources for such actions - only expenditures foreseen in the project document can be met.

Communication channels are of both the formal and informal kind, but the formal channels predominate. The most frequent contacts are between a project manager and the programme officers in the UNDP office. Apart from formal meetings for evaluation and planning purposes that occur four to five times per annum, there are contacts every week on the average. However, the frequency and the content of such informal meetings vary - some project managers meet UNDP

personnel daily and get them involved in practical problems, others only visit the UNDP office occasionally and without establishing personal links.

Contacts between UNDP and the government are frequent and both formal and informal channels of communication exist. Apart from the occasions described in Figures 5.1, 5.2 and 5.3, the programme officers contact the personnel in the Ministry of Industries more or less daily. However, the contacts with the Chief Executives of the organizations that receive support are not so common - in most cases no informal channels of communication exist at this level. Thus, communication is somewhat "top-heavy", and UNDP does not get much informal feedback from the instances that possess most of the relevant experience.

The communication between the UNDP office and UNIDO is above all characterized by its dispersion. Communications go to many different desks and thus the frequency to each remains low. As a consequence, personal interest and "informality" are seldom achieved. Written letters, visits or telephone calls are too few and far in between. The style of communication is formal and the content is rarely controversial. A back-stop officer in UNIDO may participate in tripartite reviews, and he may meet someone from the UNDP office once every year in Vienna. He does not normally meet government officials outside review meetings and he seldom has much closer links with the project personnel - though there are, of course, several exceptions to the rule. The point is that these occasions are not enough to open effective channels for informal communication.

Organizational culture is a vague concept, and there is no clear definition. Yet, most organization researchers recognize its importance, and several have tried to describe the phenomena with more stringency. This book returns to the subject, but I would like to add a few comments here as well as in the corresponding section of Chapter 6. One of the features of UNDP/UNIDO is its technical-commercial focus and its elusiveness when it comes to a discussion of

social and economic development criteria. UNDP has a normative approach to planning and evaluation, but there are evident difficulties in applying the ideals in daily work. UNIDO, on the other hand, because of its functional specialization, seldom develops an interest or competence in taking a normative approach to its projects. There are many reasons for this: first, the educational background of personnel is largely technical, secondly, the back-stop officers are organized according to function. Since they do not serve any country, they have few opportunities to delve into the political complexities of a project's setting.

Personnel policies also mitigate against an accumulation of experience and understanding of individual countries. A programme officer may work with health projects in Malaysia for two years, then with agricultural support in the Philippines for another two years, and then, perhaps with industrial assistance in Tanzania. Two years is a short period of time and since the projects are many and complex, it is not surprising if the analysis in evaluative information should be lacking in depth.

Together, the above two factors may contribute to a tendency to avoid conflicts over the substance of projects. That does not mean that there are no conflicts in the organization, but few conflicts stem from different opinions about the priority of projects, projects' relevance and appropriateness. It is difficult for the programme officers to develop such commitments as they normally do not stay long enough to get to know either the projects or the environment. There is thus an emphasis on the formal, standardized aspects of evaluations - issues that are easier to relate and perhaps to measure. In practice, personnel policies, division of tasks and procedures encourage functional rather than substantive rationality.

We will now turn to the case studies of the projects to see how planning, implementation and evaluation appear "in the field".

5.5 CASE STUDIES OF NEW INDUSTRIAL DEVELOPMENT PROJECTS DURING THE SECOND COUNTRY PROGRAMME

5.5.1 Introduction

This section describes how the new industrial projects in the Country Programme were identified and what steps were taken before implementation could start. The macro-economic context of the assistance will also be discussed briefly.

Each case study is based on the project identification in the Country Programme Document (see also Table 5.1 for a list of the new projects and for the budgets), which is supplemented by correspondence on the project before it was mentioned in the Country Programme. I have also used sectoral studies by UNIDO to give a more detailed picture of the considerations that preceded the Programme Document.

The Project Document is another important source of data. The content of the document was described above and will be reviewed for each project and supplemented by correspondence between UNDP and the other organizations and by interviews with the project managers, UNDP personnel and the government authorities.

The Country Programme Management Plan is a document prepared for each six-month period. It is an action plan for the start up of new projects and for the administration and evaluation of the ongoing projects. It indicates when the key events should take place and what their financial consequences will be. Such key events are, for example, when projects will be approved, when they will start and if any preparatory assistance is needed. The information in the CPMP describes how the Country Programme will be implemented and it is particularly important as a means of controlling the level of commitments. The information in the CPMP will be compared to the original Country Programme, as well as from one CPMP to the other, as it highlights the progress from one half-year to the next. It is the least ambiguous indicator of the efficiency of the planning system.

The following projects are treated:

- Establishing a Pharmaceutical Plant on Zanzibar
- Development of Salt Production
- Coal Development
- Tanzania Petroleum Development Corporation
- Industrial Training and Consultancies
- Leather and Leather Goods Industries Development
- Assistance to the National Development Corporation
- Support to Chemical Industries
- Establishment of the Tanzania Industrial Research and Development Organization
- Assistance to Textile Industries

Out of the total number of 18 projects in Table 5.1, ten form the basis for this study. However, out of these 18, two were not UNIDO projects and one was never implemented (73/030, 77/003 and 77/035 in Table 5.1). Three projects were completed in 1977 and 1978, since they had started much earlier, and all essential activities had come to an end. They do not lend themselves to a study of evaluation activities during the time period under review, as there was no feedback information. (These projects are 71/522, 73/002, 74/003 and 74/025 in Table 5.1.) One more project is not included and that is 78/019, the reason being that it was a project of short duration (two months) and with a very limited objective (preparation of a feasibility study). It was therefore not subjected to an evaluation in the same way as the other projects. The ten projects that are treated in the case studies represent the bulk of UNIDO activities in Tanzania from 1978 and onwards.

Each case study follows the same outline. First, I present the background of the project and its objectives. Second, the planning and design phase are described and then the evaluation activities are

reviewed. Finally, in the concluding remarks, I relate the evaluation activities to the performance of the project and demonstrate if and how the information generated has been of any significance in improving the project.

5.5.2 Establishing a Pharmaceutical Plant on Zanzibar

Background

One of the most important development objectives on Zanzibar, as in all countries, is to improve health services. By improving the hospital facilities and by providing inexpensive medicines, life expectancies may be extended and the quality of life improved. For this purpose, Zanzibar developed the health sector in cooperation with the People's Republic of China, which helped build up hospitals and health clinics, and trained doctors, nurses and other medical staff.

One of the links in the chain of health services is the production of medicines. Local production would presumably be less costly and would save an increasingly scarce resource: foreign exchange. It would contribute to longer and healthier lives for the citizens. The Chinese assistance included plans to set up a pharmaceutical plant, and they delivered production equipment for this purpose.

Some, but not all, of the machines were put to use, and a small unit started converting imported bulk drugs into tablet form. This nucleus of technical competence and entrepreneurial spirit formed the base for an extension of production. The Government of Zanzibar wanted to build a new factory, for which foreign assistance was needed. They approached various international aid agencies and both UNDP and DANIDA took an interest in the project.

Planning and Designing the UNDP-Assistance

In 1977, UNIDO undertook a study of the chemical industry in Africa and a mission visited Tanzania and Zanzibar. The pharmaceutical plant was discussed and, when Zanzibar later approached the UNDP office in Dar-es-Salaam, the response was positive. The government did not specify any amount that would be needed, but expected to get funds from DANIDA and therefore only a sum of USD 200.000 for technical assistance was requested from UNDP.

The Second Country Programme was formulated at this time, so the project idea could enter the "UNIDO portfolio" directly. As we saw in Table 5.1, USD 200,000 was allocated for 1979, and the project was described in the Country Programme Document as follows:

"The Government of Zanzibar is ... building up a pharmaceutical industry with support from DANIDA. The industry will use local medicinal herbs as raw materials. The Government has requested UNDP/UNIDO assistance in setting up a quality control laboratory. An allocation of USD 200.000 is required for laboratory outfit, training and expertise."

This project concept presupposed that the factory would be built up with indigenous resources, that personnel to manage and run the production would be available, and that DANIDA supported the investment in production equipment. The UNDP/ UNIDO assistance would be limited to building up the quality control function.

After inclusion in the Country Programme, UNIDO or UNDP were expected to prepare a project document with detailed objectives and a plan of action following the normal procedures: appraisal and approval during 1978 and early 1979 and implementation in 1979. As much of the expenditure was supposed to be laboratory equipment, it was to be purchased at one point in time and the expenditure target would be met.

However, the next step taken was to set up a special preparatory assistance project. Both UNDP and UNIDO thought it necessary to

employ someone with production knowledge to find out the real need for laboratory equipment and other technical assistance requirements. UNIDO recruited a consultant who arrived in Tanzania in May 1979. The task was expected to take six months to complete.

Once the consultant arrived on Zanzibar, he found that no DANIDA assistance would be provided and that the local inputs into the project were uncertain. If Zanzibar was to produce medicine locally, the UNDP/UNIDO assistance would have to cover production equipment, transfer of management skills and quality control facilities. The consultant also argued that if UNDP/UNIDO agreed to this, the authorities on Zanzibar would be influenced by the "momentum" of the project and provide the local resources.

The consultant undertook a market study that indicated a product range for the factory, starting with simple tablets and extending into more complicated products as the skills of the workforce and managers increased and as the quality control function could ensure the necessary standard of the production. The foreign exchange savings would be substantial - approximately 50 per cent of the expenditure would be saved by importing bulk chemicals and converting them into tablets, et cetera, locally. A project document was prepared, which, taking the development objective of self-reliance for granted, stated the immediate objectives as follows:

- "(a) to develop indigenous capabilities in production management and quality control in the pharmaceutical industry,
- (b) to increase the production capacity to the level required to satisfy local demand for tablets, capsules, sterile powder and liquids, intravenous fluids by 1982, as well as to prepare the framework to expand production of ampoules and ointments to cover the projected demand for 1985, in accordance with the following production targets:

Product Group	Projected Production		
	1980	1982	1985
Tablets (millions)	100	250	500
Capsules (millions)	5	10	20
Liquids and galenicals ('000 liters)	100	250	250
Ointments ('000 kilos)	Nil	Nil	10 "
et cetera			

The outputs related to these immediate objectives were as follows:

- "(a) increased production capacity to convert bulk drugs into usage form,
- (b) a fully operational quality control laboratory,
- (c) manuals for production planning, operating systems and procedures, quality control, maintenance programs and cost control,
- (d) long-term development plans,
- (e) trained technical and managerial personnel for the plant operations"

The process of arriving at these objectives and the particular configuration of inputs and activities is the first phase in the evaluation system, that is, the equivalent of conducting a feasibility study or an ex ante appraisal. In this project, it took twelve months from the decision to prepare the project to completion of the project document. Following this, the UNDP, UNIDO and the government of Zanzibar had to approve the project design; this took another four months. The project document was signed in February 1980, 16 months after it was expected to start, and two months after it should have been completed, according to the Country Programme!

The project data given in the Country Programme was based on presuppositions which proved to be false; the DANIDA assistance was not provided and the local preparations lagged behind the time schedules. The consultant had to prepare a completely different project than was first envisaged. This caused a problem of funding. In the first instance, USD 200,000 were earmarked for the project; with the new objectives USD 655,000 were needed, of which most would be spent in 1980 and 1981. The budgets of the Country Programme had to be rescheduled, and of course both UNDP and UNIDO had to reconsider whether this new project was something that they could, and should, support. The answer was affirmative and the necessary accommodations were made in the Country Programme.

Monitoring Implementation and Impact Assessment

From the start of the project in early 1980 and up to the end of 1981, four Project Progress Reports should have been submitted by the project team leader, assessed by the UNDP office (and by UNDP and UNIDO headquarters). The team leader sent in two reports which were evaluated by the UNDP office, but there is no indication of any reaction from headquarters. During the same period there should have been two Tripartite Monitoring Reviews, but only one took place.

The formal UNDP evaluation system was not followed in this case, as only half of the evaluation events actually occurred. However, the local UNDP office followed the progress via frequent Monitoring Visits, which may be a reason they did not request the project personnel to execute the formal reporting function fully.

The first Progress Report was prepared in June 1980, and the Project Manager concluded: "although all activities of the project have progressed smoothly and in accordance with schedules, implementation has been considerably handicapped by the slow progress of construction of the buildings, resulting in a cumulative delay of about six months in the work plan". The Project Manager continued: ".... the objectives of the project can be achieved during its lifetime". The UNDP office took note of the delays and changed the production targets in the immediate objectives by adding one year to each. The project design itself was considered to be correct, so no other changes were contemplated.

The Tripartite Monitoring Review was held in November 1981. The topic of the meeting continued to be the government inputs, that is, constructing the factory. The building had not yet been completed and consequently the UN experts, the machinery and the people returning from training programmes could not be utilized. During the meeting, the project team leader said that he doubted that the immediate objectives could be achieved during the lifetime of the project. The UNDP and UNIDO representatives expressed their concern, but also

firmly pointed out that the project would be phased out during 1982, as there were no indications that the objectives would be achieved in the near future. The UNDP inputs were delivered and the experts on Zanzibar had done what they could to prepare the start up of production. There were drawings of plant layouts, various manuals for maintenance, quality control, et cetera, plus, most important, a number of trained people.

The second Progress Report covered 1981 and the team leader notes: "... Government inputs are ... sluggish ... due to foreign exchange constraints but mainly due to weak planning". He also mentioned that the tablet manufacturing was almost defunct due to "non-availability of raw materials". Thus, the only section operating before the project started was now producing less than in 1978. However, he also suggested that there were indications that the government was going to complete the construction activities soon.

Nevertheless, UNDP decided to withdraw its support. The team leader left Zanzibar in early 1982 and the other foreign advisers followed later.

The terminal report of the team leader states that at the termination of the project, "... progress stands at about 50 per cent of the planned targets". The team leader analyses the reasons for this failure and concludes that "... the success of the project entirely revolves around and depends upon how effectively the delivery of all inputs had been coordinated and synchronized. This has been the greatest and probably the only handicap which has affected the progress so adversely". But it is the Government inputs that were delayed, and even if the UNDP inputs had been rescheduled several times, it was not possible to achieve the project's objectives. The team leader also implies that there are other factors that have affected the project, notably the training of technical and managerial personnel, "... the national staff has not been able to gain benefit of expert advices, recommendation and guidance. It appears that on-the-job training, even if carried out in an organized

manner, will not meet success under the present attitude of the national staff".

As the analysis goes deeper into how the project has fared, other factors surface and it is no longer the question of inputs that concerns the team leader. Under the heading "Findings" he states that the basic reason for failure has been weakness in project management at the national level.

There has been a "... tendency of evasion of decision-making apparently due to inadequately defined authority and vagueness in its mode of application and reluctance in accepting responsibility especially at project management level. The national management could not realize the importance of basic management concepts vital for an undertaking of this nature." Consequently, the training aspect of the project did not succeed either, as the team leader concludes that "... attempts to induce the national staff towards adoption of rational attitudes did not meet success". Many of the management practices are also criticized by the team leader, he notes that "... job delegation far exceeded the desirable level" and that "... at times individuals found themselves involved with too many jobs at one time without assistance from support personnel". The two pages of "findings" in the terminal report contain a severe criticism of the national management of the project, who are blamed for the lack of achievement.

Nevertheless, the team leader recommends that the project should be extended, and he suggests a series of changes aimed at eliminating the weaknesses in project management. He suggests that "... a scientifically designed organization discipline should be instituted", that the organization be "... manned by competent, willing and hard working incumbents" that "... adequate authority should be clearly delegated to the national project manager in order to allow him to perform efficiently", and finally that the "... needs of the project must be made readily available at the scheduled time".

The Terminal Assessment raises several questions that affected implementation, but were not discussed during the previous evaluations. Such a severe criticism of the local management would most likely have made the team leaders and the other experts' work even more difficult. The criticism is also directed at the political leadership on Zanzibar, and as such it is unusually frank. The Ministry of Health is directly accused of mismanagement and of lacking coordination with other ministries. The systems of foreign exchange allocation and the central coordinating ministries' priorities between development objectives are also criticized, as they have led to a "waste" of considerable funds from the UN organizations. It would have been difficult for the expert to establish an atmosphere of trust in his working relationship with the authorities, if he had brought up this criticism during the Tripartite Reviews or even in Progress Reports. The final recommendations in the Assessment, to continue the assistance, must, in the light of these comments, be seen more as a gesture of goodwill. The conditions that impeded the project previously had not changed at the time of its termination.

Conclusions

The programming process during 1977 and 1978 failed to take into account the difficulties in project implementation on Zanzibar. The budget allocations and the project concept were out of phase with reality. As a result, project planning and design took a long time, the budgets had to be changed and the Country Programme altered.

The Project Document contained very explicit objectives that made it possible to evaluate the impact of the project and to monitor implementation along the way. The formal cycle of evaluation events was not adhered to, as only half of the necessary reports and meetings were presented or occurred. When they did take place, however, fundamental questions of project achievement were brought up. The problem of government inputs, which developed into a bottleneck for everything else, was discussed at all times, but

failed to lead to any action on the part of the authorities. The foreign experts were extremely critical of the national project management, but this criticism was not stated explicitly until the team leader had left the country. It is also uncertain what the government of Zanzibar would have done to rectify this situation as severe criticism of the government's role in the project was also involved. As a result, UNDP concluded that the objectives would not be reached even if the project was prolonged for another year or two. This would mean throwing good money after bad.

The project budgets have changed considerably, as seen in Table 5.2 below. The budgets have not filled the purpose of controlling expenditure, either in terms of amounts or in their distribution over time. On the other hand, this has not affected project activities. Therefore, it seems possible to question the meaningfulness of detailed project budgets.

Table 5.2: PROJECT BUDGETS COMPARED TO REAL EXPENDITURE */
(in '000 USD)

	Country Programme	Budget January 1979	Budget January 1980	Budget January 1981	Budget January 1982
1979	200	75	35	33	33
1980	Nil	164	153	82	78
1981	Nil	30	243	242	271
1982	Nil	Nil	225	361	414
1983	Nil	Nil	Nil	19	39
TOTAL	200	269	687	736	835

*/ Each budget contains the real expenditure for preceding years.

Source: UNDP, Second Country Programme for Tanzania, and UNDP Country Programme Management Plans 1979-1982.

In sum, the evaluation system helped the UNDP office assess the impact of the project due to the clear statement of the objectives. The monitoring activities were quickly focused on one important bottleneck: the absence of Government inputs. It took two years

before a decision could be taken to abandon the project, but the necessary information from the evaluation system was available earlier.

5.5.3 Development of Salt Production

Background

Salt is one of the basic consumer needs. It is necessary in all cooking, it provides essential minerals and other substances, and it is needed in food preservation. In many areas of Tanzania, diets are deficient; minerals and vitamins in general are lacking, and as a result, diseases like goitre become endemic. Goitre can easily be prevented by iodized salt, particularly as salt is something everyone consumes, if it is available.

Tanzania has traditionally imported salt both for domestic and industrial consumption (primarily food preservation), but there has always been some local production. In Nyanza (central Tanzania) there is a mine where salt has been produced for several centuries. Presently, production is low, but the mine has a potential for greater production. In addition, salt can easily be produced in salt works along the Indian Ocean. The production methods are labour intensive and require few foreign inputs - the only expertise needed is to assess the quality of the soil where salt works can be built and to prepare the engineering designs. Thirdly, salt works also exist in desert areas in central Tanzania, where dry lake beds have traditionally been used for salt production.

With this background in mind, the authorities decided to expand salt production to reduce foreign exchange spending on an item which could presumably be produced at low cost, while generating employment opportunities in the rural areas. In the long, run the parastatal organization in this sector, the State Mining Corporation (STAMICO), intended to set up an iodization plant too. The government first approached UNDP and UNIDO for assistance in 1975.

Planning and Designing the UNDP Assistance

UNDP reacted quickly to the inquiry from STAMICO and a salt development project started in August 1975. The assistance was, however, limited in scope; the objective was to conduct feasibility studies for a salt refinery plant (including iodization) and construction of a salt works.

Soon after the start of the project, the expert found that many other aspects of salt production could be improved. After the project had lasted for one year, it was extended for a second year and then it entered the Country Programming process. By this time the project had been evaluated in both Progress Reports and Tripartite Reviews, and all parties agreed that the project "idea" was relevant and had good chances of succeeding. However, a Project Document was to be prepared to make the objectives explicit, and so that UNDP/UNIDO had a measure to evaluate progress against. In the Second Country Programme, UNDP allocated funds for this project to 1979, with the following motivation:

"STAMICO ... is responsible for the economic development of mineral resources. Its range of activities includes mining, dressing, processing, and marketing..... Major constraints of the present operations are: lack of technical and managerial staff, inadequate equipment and incomplete surveys of reserves impairing consistent appropriate investment planning..... The Government has requested this UNDP/UNIDO project to strengthen STAMICO through training of incumbent as well as new staff, and to assist in investment planning and streamlining operations."

"... to train salt technicians, conduct surveys for new salt works, carry out designs and assist in their construction; also to advise the Government on the establishment of a new salt refinery. In addition, the Nyanza salt mine will be expanded..."

The salt expert, who had been in the country since 1975, wrote a Project Document, which was approved immediately. As he knew the situation in STAMICO well, the project design and the objectives had every chances of being satisfactory. In fact, the project continued much as before. The immediate objectives were:

- "(a) Increasing the salt production capacity from 43.000 tons per annum in 1975 to 130.000 tons per annum in 1981;
- (b) Conducting training programmes in salt technology using locally available skills and materials;
- (c) Establishing a salt testing laboratory;
- (d) Study the feasibility of establishing a salt refinery and of introducing an iodization programme."

The project budget in the Country Programme encompassed USD 140,000 to 1978, plus USD 380,000 for 1980 and 1981. The initial budgets for the project only included the expert's salary and some study trips abroad as part of the training programmes. During 1979 and 1980 the UNDP also financed equipment for the salt testing laboratory and pumps for the coastal salt works.

Monitoring Implementation and Impact Assessment

From August 1975 and to January 1981, when the project was terminated, it should have been subjected to five Tripartite Monitoring Reviews, eleven Progress Reports, one Terminal Assessment and an unspecified number of Monitoring Visits. In fact, two Tripartite Reviews were held, the expert wrote nine Progress Reports, plus a Terminal Assessment together with the UNDP office. As the UNDP Policies and Procedures Manual leaves some room for flexibility concerning the Tripartite Reviews, I conclude that in this case the formal evaluation system has been followed.

The first Progress Reports focused on implementation problems. The expert did not have any sufficiently qualified counterpart. The UNDP expressed their concern, and soon afterwards STAMICO recruited an engineer to work together with the expert. At first there was also a shortage of local funds for construction. However, as activities progressed, the management of STAMICO released funds for investment, both for the development of the Nyanza mine and for the coastal salt works. The ensuing Progress Reports in 1976 and 1977 note a steady and certain improvement. Two training programmes in salt technology, of two months each, were conducted. UNIDO financed a study tour of more advanced salt works in India for some of the participants. This

came to be a very successful "inplant training programme", which was appreciated by the participants. Their knowledge was also directly applicable to Tanzanian problems. During these two years, the expert also prepared geological surveys for site selection of additional salt works and started construction of three salt works. He also completed a pre-feasibility study of a salt refinery.

When the first Tripartite Review was held in October 1977, both UNDP, UNIDO and the government expressed their satisfaction with progress. However, there were not really any objectives to evaluate the progress against. The activities had started without much planning, and what had started as a brief study was slowly developing into a major commitment, creating its own rationale. During the meeting, the management of STAMICO said that additional UNDP inputs would be needed to finance planned activities. The training programmes were successful, but they needed to train more personnel. It was also necessary to construct a salt testing laboratory to ensure the quality control of the rapidly expanding production. As a result, the meeting recommended that the UNDP office should prepare a larger project, in cooperation with the expert. We have already seen that this Project Document was prepared and approved during 1978.

The Progress Reports that follow concentrate on the technical achievements of the project, particularly the construction phases of the salt works. The salt testing laboratory became operational during 1979. Several training programmes were completed, which benefitted both the large salt works and the development of small-scale salt works in Ujamaa villages. The Nyanza salt mines did not increase their yields, as STAMICO needed to import machinery but had no foreign exchange. As usual, the UNDP office assessed the progress reports, but, apart from minor delays in the delivery of equipment and some other UNDP inputs, there were no problems. The only serious threat to the project occurred in 1980 when the counterpart in STAMICO resigned for a better paid job in the private sector. STAMICO had to recruit another counterpart or promote someone from inside the organization. As the project was only due to last for one more year,

this posed a threat to the prospect of localization, when the counterpart would become the manager of the entire salt development programme in the country. A new national project manager was appointed in 1980.

The second Tripartite Review was held in October 1980. The major item on the agenda was whether the project could be terminated on schedule. As STAMICO had recruited a new manager, it was felt that the local capacity to take over the operations was sufficient. The training programmes had also established a middle-management capacity both inside and outside STAMICO, which reduced dependence on central direction. If STAMICO required some special type of technical expertise in the future, this could be provided by short-term consultancy missions rather than by a resident expatriate adviser. The meeting concluded that the project, in its present form, should be terminated in early 1981.

The Terminal Assessment compared the achievements of the project with the objectives in the Project Document. The production capacity reached 180,000 tons during 1981, and actual production during the year was estimated at 120,000 tons. This compares well with the target of 130,000 tons per year by 1980 and, when full capacity can be utilized, the production will be higher. The salt laboratory has been set up and is in operation, mainly carrying out quality control tests. Thirty salt technologists have graduated from the training programmes, and workers, foremen and middle-management in all the production centres also benefited. The conclusion was that the project had achieved its objectives, but that specialized technical advice might be requested in the future and should then be financed in the form of specific UNIDO or UNDP consultancy missions.

Conclusion

The salt development project became one of the largest UNDP/UNIDO projects in Tanzania in the period 1975 to 1980. The budgetary implications can be seen in Table 5.3.

Table 5.3: PPROJECT BUDGETS COMPARED TO REAL EXPENDITURE
(in '000 USD)

	Budget September 1975	Budget March 1978	Budget January 1979	Budget November 1979
1975	26	14	14	14
1976	37	30	30	30
1977	18	33	33	33
1978		62	62	54
1979			242	277
1980			140	136
TOTAL	81	140	523	545

Source: Project Document URT/74/051/A and UNDP Country Programme Management Plans 1978, 1979.

From an insignificant start, the project was gradually prolonged and, when the Country Programming started, it was planned as a long-term commitment for the first time. During all stages the evaluation system was adhered to, and the expert kept all interested parties informed about progress on the project even if there were no clear objectives. This was a precondition for a flexible approach to planning; without informal contacts and mutual trust the project might have been terminated earlier. Still, the UNDP office pressed for a more formal approach and a Project Document was prepared in 1978, three years after the start and two years before the end of the project. The Project Document itself may be more useful to the planners when they intend to terminate a project than when they start one. In this case they could point at the achievement of project objectives and terminate the assistance, even though STAMICO requested an extension.

It is notable that no cost-efficiency estimate has been calculated for this project either, even though the benefits from increased production could have been easily compared to the expenditures. The project ended in January 1980, but 36 months later there had still not been any post project evaluation.

5.5.4 Coal Development

Background

The highland areas of southern Tanzania contain huge coal fields, but, to date, they have not been exploited. There is one minor exception; a Polish plantation owner opened a small mine around 30 years ago and extracted coal for his own household consumption. The State Mining Corporation took over this mine a decade ago with the intent of expanding its production.

As coal has not been produced in Tanzania before, it does not have any ready market. The potential is large though: plantations could use coal rather than oil or firewood to cure tobacco and tea. Coal could also substitute for oil in some of the larger industrial plants growing up in the region, for example in cement production and in a pulp and paper mill. Scarce foreign exchange resources could be saved by using coal rather than oil and wood for fuel, and the problems of deforestation alleviated.

A substantial portion of the labour force in southern Tanzania migrate to South Africa to work in the mines there. This is considered undesirable in Dar-es-Salaam for many reasons; Socialist Tanzania should not supply labour to racist South Africa, families disintegrate and people suffer when forced to migrate from their home areas, and finally, the country loses skilled workers. If Tanzania developed its mineral resources, it would have skilled labour available and it is an important social objective to employ these people in Tanzania.

The State Mining Corporation (STAMICO) undertook two geological surveys which indicated substantial coal fields. After negotiating with West German and Chinese aid organizations, STAMICO started feasibility studies and prepared the exploitation together with these countries. They also approached UNDP and UNIDO to request assistance for the development of coal resources.

Planning and Designing the UNDP Assistance

The first contacts between UNDP and the State Mining Corporation took place in 1974. UNDP and UNIDO responded favourably to the idea of promoting the coal industry in Tanzania, and, after some preparatory work, a project was prepared and approved. Operations started in July 1975.

The first Project Document, on which project approval was based, did not specify any objectives or any particular activities. The agreement was to provide a coal expert who would work with STAMICO and advise on the evaluation, planning and implementation of the Government's coal industry program. The project was planned to last for two years, and during this time one Tanzanian engineer would also be given a fellowship to study at a coal mining institute in Europe. In 1975, STAMICO did not have any engineers with a background in coal mining and, in fact, there were none in Tanzania. But to develop the ambitious coal program they needed both engineers and economists to supervise and control the work of the various foreign partners, both bilateral aid organizations and private mining corporations. The UNDP/UNIDO expert performed this function, but it seemed obvious that a Tanzanian capacity to take over the full responsibilities could not be developed within only two years. As soon as the project evaluation started, the expert pointed out this problem.

The consequences were that the project was extended for one year, through 1978. During the Country Programming process the UNDP office decided to prolong the project, at least to the end of 1980. UNDP also wanted to reformulate and establish clearer objectives so that there would be an explicit base for evaluations. They wanted to set objectives that were measurable, and that could be achieved within a reasonable project life-time.

As the project had been in operation for three years, the task of writing and approving a Project Document was easy. The coal expert prepared the Document as part of his other activities. This meant

that adjustments to what was feasible were made and there were advantages in having someone familiar with the task and the local situation planning the assistance. These points are all visible in this Project Document. The objectives are clearly stated and practical, they cover a few areas that seem feasible for one person to achieve measurable results in and they also tie in logically with the future of the coal industry in the country.

In the Project Document of 1978, the immediate objectives were stated as follows:

"Increase coal production from 3,000 tons in 1977 to 20,000 tons in 1980, at the Ilima mine.

Plan development of new mines at Mchuchuma and Songwe/Kiwira, based on Chinese and German investigations.

Develop the markets for coal."

The Ilima mine is the only one operating in the country (see under the project background section above). Mchuchuma and Songwe/Kiwira are two of the largest coal fields discovered. The activities during the remaining years of the project were stated as follows (and were in fact a continuation of what was done previously):

"Designing exploration and drilling programs for the Ilima mine.

Supervising development works in Ilima and coordinating deliveries of materials.

Assisting in field work in the Liganga iron ore field.

Participating in the Coal Development Committee, producing demand forecasts, plans for infrastructure investments.

Preparing long-range development programs, evaluating investment proposals."

The immediate objectives stated what the impact of the project should be. The production target was quantified and verifiable, and the benefits could be calculated in monetary terms. The development

planning of the new mines was not in itself that easy to assess, even if the impact of this UNDP/UNIDO project in bringing the exploitation of the mines closer could be estimated on the basis of the decisions taken by STAMICO and the general scale of activities. The market development objective could also be determined in terms of coal usage, rather than oil and firewood. The benefits of the change could also be calculated in monetary terms.

However, the statement of activities was not comprehensive. It was clear that other things would have to be done if the objectives were to be achieved. Demand forecast does not create a demand for coal. The consumers have to be shown how to use coal, how to convert oil burners to coal usage, et cetera. Many activities were undertaken that were not reflected in the project document. On the other hand, some of the activities stated do not relate to the objectives, for example development of the Liganga iron ore field. As the UNIDO expert was one of the few engineers in STAMICO, he simply had to help out with other tasks facing the STAMICO management, even if it was not "in line" with the project concept.

The project took final shape after the Project Document had been prepared in 1978, when it was also included in the Country Programme. Up to that time the project had been operating for three years, based on "rolling planning" and the feeling that coal development is worthwhile.

During 1978, the first Project Document, following to formal UNDP procedures was prepared. By then the expert had assessed the need for assistance in STAMICO, and could work out a feasible project together with the UNDP office. Even though there is a gap between the objectives and the activities, the document provides a basis for action and for evaluation. It is practical and it is not too ambitious, which may be due to the fact that the project manager himself had a major share in the design.

Monitoring Implementation and Impact Assessment

The project started in July 1975 and ended in December 1980. Over five and a half years a project should be subjected to five Tripartite Monitoring Reviews, eleven Progress Reports and an unspecified number of Monitoring Visits. Finally, there should be a Terminal Assessment and, some years later, a Post Project Evaluation.

The expert followed the manuals and completed ten Progress Reports, which were all assessed by the UNDP office. There are no indications from correspondence or other activities that either UNDP or UNIDO headquarters reacted to the Progress Reports and the evaluation of these by the UNDP office. It is difficult to say how many Monitoring Visits that took place, as not all are documented. The UNDP office personnel visited STAMICO several times each year, and there were also a few visits to the coal mine at Ilima and to the tea estates and tobacco plantations that were converting to coal usage. Finally, there were three Tripartite Reviews, as compared to the scheduled five. The formal UNDP procedures for project evaluation were thus followed fairly closely as regards the amount of documentation to be provided.

During the first three to four years of the project, the evaluations concentrated on improving the project design itself; particularly the need to extend operations up to 1980 and to increase the training activities. The logic was that, without training, STAMICO would never have any personnel who could take over the post of the expert. Secondly, there were many important continuous developments that needed his attention, particularly long-term planning and assessment of the plans for the development of Songwe/Kiwira and Mchuchuma. At the same time, production was expanding fairly rapidly at Ilima. The feedback of information did provide results which led to a continuous extension of the project, first for one year through 1978, and then for two more years through 1980. This was partly due to the reports, but more to the Monitoring Visits and STAMICO. The reports themselves did not give much substantial information during this period, but

mirrored decisions and discussions that have taken place elsewhere. As a basis for the increasing UNDP commitment they appear incomplete.

During the last two years of the project, the evaluations started to look more critically at the achievements. As there was now a new Project Document with explicit objectives, it became possible to compare the outcome with what was intended. The project was also coming to an end and therefore it was increasingly important both for UNDP and for the project manager to point out the real achievements. It was important to UNDP because they had to decide whether to end their assistance in 1980 or to continue. If the project manager and STAMICO had an interest in continuing, the Progress Reports and particularly the Tripartite Review Meetings would have been the best means of influencing the decision. As the project continued, informal contacts were not sufficient for this end any longer.

The first objective, production at Ilima, was easy to evaluate. From 1977 and through 1980, production increased every year and reached 10,000 tons. This was 10,000 tons short of the objective stated in the Project Document, but in the Terminal Assessment the UNDP office expected STAMICO to reach the production target during 1981. All the external assistance that could be needed for this purpose had been provided.

Development of the other coal fields was dependent on assistance from China and Germany. Both these countries financed teams who conducted feasibility studies and made exploitation proposals during 1977 and 1978. The expert helped STAMICO assess these and fit them into a long-term coal development plan in the years that followed. To implement the plans, however, STAMICO needed significantly more foreign assistance, both in terms of manpower and finance. Tanzania could not undertake the investments to start new coal mines without external assistance in the troubled economic situation which followed in 1980 and 1981. Before the situation regarding other sources of assistance became clear, UNDP and UNIDO refused to continue any follow-up of these activities. It was too uncertain whether any investments would ever be made.

The last Tripartite Review of the project took place in October 1980. The partners in the review agreed that the production increase at Ilima was in itself impressive, but to increase it further, larger investments would be needed. At the time STAMICO could not undertake any such expenditures. The progress on the macro-level planning had also advanced as far as possible. The expert had helped STAMICO evaluate the various feasibility studies that were produced for the Mchuchuma and Songwe/Kiwira fields. If foreign assistance for the actual mining was granted, then STAMICO might need to strengthen its monitoring capacity. If not, there was not any real need to continue with the project activities in this area. Market development made sense when production was expanding, but for the time-being the activities were brought to a halt - the project had come to an end. If this form of UNDP assistance was to continue, other inputs would also be necessary but they had not been provided. The meeting recommended that the project be terminated at the beginning of 1981. If STAMICO needed other forms of assistance in the future, particularly regarding manpower training, discussions could be started on some new type of assistance.

The Terminal Assessment stated that the project had achieved its objectives. However, STAMICO still did not have any capacity to plan and implement development policies on a national level. The project funds had been inadequate for the training requirements that could have met this objective. In effect, the Terminal Assessment was quite critical towards the project design. Even if it had to conclude that the objectives had been achieved, it was negative to a direct continuation of support to STAMICO (which was requested). To cite the Terminal Assessment:

"It is unfortunate that neither the coal expert nor STAMICO succeeded in effectively using the five years of this project to adequately train a group of counterparts."

Conclusion

When the project started in 1975, it was only supposed to last for two years. The preparatory work was completed very quickly but the Project Document did not specify objectives and activities of the assistance in accordance with the UNDP requirements.

The formal aspects of the evaluation system were adhered to from the start of the project. It was soon found out that the expectations on the impact of the project were too high. Two steps were taken to reduce the gap between expectations and likely achievements. Firstly, the project lifetime was prolonged to five years. Secondly, the objectives were made explicit and adapted to the activities of the project. These two alterations were completed during the third year of implementation.

As a result, there was a formally prepared and appraised Project Document from 1978 onwards. The Project Document reflected the experience of the project manager in the preceding years and the project should therefore have had every chance of being well designed. The evaluation system used in the first years of operation had also facilitated the preparation of the Document. The suggestion of changes during the preceding years had probably been appraised at headquarters, and when changes were incorporated in the Project Document a few years later, headquarters had already seen the need for change and had become accustomed to the idea. Due to the evaluation system, it became possible to identify the changes needed in the project (or rather, to plan a larger project, as the original project design was insufficient) and to prepare the UN organizations for a rapid approval of the new design once it was completed.

However, the new Document was soon criticized. The ongoing evaluation of the project showed that the impact on the State Mining Corporation was less than desired, even if the stated objectives were achieved. The problem here was one of implicit development objectives and explicitly stated immediate objectives; the two did not match. This

became clear when the impact of several years of project activities was examined. Even though production targets and other objectives were met, the UNDP office personnel were not satisfied with the project. They expected that STAMICO would have developed an indigenous capacity to take over the job of the expert, which is a basic purpose of UNDP and UNIDO assistance. The evaluations that followed during 1979 and 1980 revealed this fact, particularly the Tripartite Review Meetings. In this project, the Tripartite Meetings filled the role of questioning the project design better than the Progress Reports.

The Terminal Assessment also noted that the project objectives had been achieved, but STAMICO had still not managed to train counterparts who could take over the job of the expert (in spite of the training program included in the project design). None of the "ex-post" evaluations tried to assess the costs and benefits of the project in monetary terms, something which would have been more demonstrative in this case than in many others as the benefits were tangible. Another project design with an increase in training activities would have been more costly, but there was no discussion of the cost-benefit relations of such an approach in any of the evaluations.

5.5.5 Assistance to the Tanzania Petroleum Development Corporation

Background

Oil accounted for 30 per cent of Tanzania's imports in 1981 and the cost was equal to 60 per cent of export earnings. Foreign exchange has always been a constraint, but since the oil price increases in 1973/74, and again in 1979, it had become increasingly difficult to satisfy the different needs in social, industrial and agricultural sectors. It was always an important policy objective to reduce oil consumption, to purchase oil cheaply and to find local sources of energy, but since 1974 this policy has been increasingly emphasized.

Petroleum products have three major usages in Tanzania; transportation, power generation and industrial production. Before the economic crisis annual consumption amounted to 17 gallons per capita, which can be compared to around 600 gallons per capita in the developed countries of Western Europe. In the mid 1970's, rapid growth was expected and the political authorities had for several years been investigating how to control this sector and apply national objectives, like self-reliance, to energy consumption. In 1974, a new parastatal organization, the Tanzania Petroleum Development Corporation (TPDC) was created. TPDC had a mandate to centralize the purchasing, shipping, processing and distribution of oil products, and it was also made responsible for initiating exploration activities. Preliminary investigations by some oil companies had indicated that there were opportunities for oil and natural gas discoveries in the Indian Ocean.

But the embryonic TPDC had no resources to start operations. Chiefly it had no personnel with any experience of petroleum economics nor any competence in exploration activities. The relevant ministry approached the UNDP office in 1974 and discussed the possibilities of UNDP/UNIDO support to build up the TPDC organization.

Planning and designing the UNDP assistance

UNDP reacted favourably to the request and immediately recruited an expert to assist the general manager of TPDC. As with the salt and coal projects, there was no project document, but the logic of the assistance appealed to the programme officers in UNDP and UNIDO. The international organizations wanted to assist Tanzania in achieving self-sufficiency in energy and in handling imports, et cetera more effectively. They started the project on a limited scale and the commitments were small.

The expert, who was an economist, arrived in the country in 1975. The initial years of operation included a reorganization of the domestic distribution systems, with an increasing role of TPDC in

transportation and closer cooperation with some of the multinational companies. New contracts were negotiated, which were more favourable to Tanzania. The project also helped Tanzania to negotiate bilateral trade agreements with the object of setting up exclusive shipping agreements, all of which reduced the costs of imports significantly.

As TPDC established itself and as its activities grew, it expanded into new fields of operation. International oil companies had previously obtained concessions for test drillings, but although tests indicated natural gas finds, they did not think it was economically feasible to utilize them. The UNDP/UNIDO expert argued for a more optimistic interpretation of the results, but wanted expert geological confirmation. UNIDO recruited a geologist, who started working with TPDC in 1976. There was still no project document. The project operated on an ad hoc basis, but both the Government of Tanzania and the UNDP wanted to make cooperation more permanent. Both sides also wanted to increase the scope of the activities. The project had been subject to evaluations through a Tripartite Monitoring Review in 1978, and through Progress Reports. The contacts between the local UNDP office, the experts and the local authorities were also very good and these informal contacts had established the trust and goodwill that made the UNDP/UNIDO positive towards a continuation.

The Ministry of Water, Energy and Minerals had, by this time, elaborated a ten-year plan for the petroleum sector. This included a programme for exploration of the sedimentary basin, expansion of the refining capacity, installation of downstream plants for production of bitumen and lubricants, production of ammonia and ethylene for nitrogen fertilizers, PVC, et cetera. The plan was an expression of the basic industry strategy as it aimed at making the country self-reliant in petroleum and petroleum products.

The Country Programme reflected UNDP support for this purpose, but it was vague concerning the actual content of the project. The text stated:

"Currently, two UNIDO experts assist the Government in determining mode, economic range and contractual arrangements for the exploration and utilization of an indigenous hydrocarbon deposit, so far located offshore in the near coastal shelf refinery expansion and ammonia production also figure as highly rated subjects among the advisory tasks of the project."

USD 125,000 was allocated for 1978, but it was also stated that sources of assistance for two more years would be found. As 1978 drew to a close, the first Project Document was prepared. The long-range objective was borrowed from the Ministry's ten-year plan:

"... assist the Government ... to fulfill its declared objective of achieving and maintaining self-sufficiency in the production of crude petroleum products and to generate local production of intermediate products required for fertilizer and petrochemical industries."

This mandate was wide, but was narrowed down by the immediate objectives:

1. Development of Songo Songo natural gas field.
2. Seismic surveys in offshore and onshore areas, interpretation of these data leading to test drilling of new wells.
3. Expansion of refining capacities and development of downstream activities in lubricant, ammonia and bitumen production.
4. Training personnel at TPDC to man techno-economic positions at junior and middle management levels."

Even the immediate objectives left considerable scope for the team of experts to allocate their work between different tasks, but this statement proved sufficient for both the UNDP and UNIDO to support the project for several years. The Government objectives, even though vague, were accepted without any discussion of policy alternatives. Neither was there any discussion of alternative approaches to the overall objectives in the energy sector.

The project was technically complex and the UNDP and UNIDO experts who were supposed to assess it more critically could not, or did not

consider such an assessment necessary. Firstly, the Tanzanian authorities pushed for the project, and international organizations have an obligation to assist the countries with their own priorities. Secondly, the Project Document was prepared by the project personnel, and they naturally tended to argue for the approach that they had followed during the first few years of operation. Thirdly, the early results had been positive. All these factors in combination worked against a critical assessment of the project. The objectives were first discussed in very general terms that could not easily be refuted. By the time immediate objectives were introduced, the technical content tended to dominate and this did not encourage an evaluation in fundamental terms.

Monitoring Implementation and Impact Assessment

The project started in 1975 and lasted through July 1983. During eight years of operation it should have been subjected to sixteen Progress Reports, eight Tripartite Reviews and one Terminal Assessment plus an unspecified number of Monitoring Visits. The data on the first years of operation were not available as the files of older reports had been "cleaned out" of the UNDP office. However, both the correspondence and the first Tripartite Review Meeting in 1978 refer to previous Progress Reports, so it is safe to assume that they existed. From 1978 and onwards, Progress Reports were produced regularly every six months until the end of the project.

Tripartite Review Meetings were held in February 1978, November 1979, December 1980, and February 1982. This is less than recommended, but if there is no need to call a Tripartite Meeting, the UNDP office may choose not to do so. The meetings that did occur all took place at times when important decisions on the continuation of the project had to be taken. The first meeting was the most important in this aspect as it led to the extension and inclusion of the project in the Country Programme. The following summary illustrates what the decision-makers thought of the project:

"In view of the gas province last year, and the nearing of the expiry of the agreement with AGIP on the exploration of oil in Tanzania, it was felt that further assistance is required in the field of petroleum economics, petroleum exploration, refining and petrochemicals. The need for an economic adviser has been estimated to two years and an adviser on refining/processing to three years. In these years national staff could assume the responsibilities. However, in the areas of exploration an experienced adviser may be required for three to five years."

The Tripartite Meeting concluded that "objectives are being achieved", but there were no explicit objectives at this time as no project document had been written. The second Tripartite Review Meeting was more analytical but referred primarily to the delivery of inputs and achievement of the stated objectives. The exploration of the gas field at Songo Songo continued and oil had been found in one of the wells. The programme of seismic surveys was completed faster than scheduled, both in onshore and offshore areas. The expert who first came to the country could also report that his assistance was no longer needed and the national counterparts could take over his tasks in the macro-economic direction of imports, distribution and negotiation of contracts. The meeting concluded that the activities of the project were changing and more emphasis would in future be placed on surveying and exploration activities.

The third Tripartite Review Meeting in December 1980 concluded that "... project activities (were) on time and objectives reached". There were two significant developments that made the meeting recommend an extension. First, TPDC intended to start a new programme of land and marine surveys, and they would still need the assistance of the UNDP/UNIDO experts to direct and control the survey programme. They also intended to follow-up the surveys with a test drilling programme, and needed advice on the selection of sites for drilling and for entering into drilling agreements with international companies. Secondly, one multinational company had obtained an exploration contract in the Ruvu Valley outside TPDC's control, and TPDC now intended to monitor their activities too, but needed support.

The final Tripartite Review Meeting was held in February 1982. The meeting agreed that most of the objectives set in 1978 had now been achieved. TPDC had been set up and could act without external support, the UNDP/UNIDO project had successfully concluded the manpower training programmes. TPDC had many activities under way, both in exploration and downstream activities, and had developed a technical and managerial capacity in these areas. In the field of exploration, the project had organized and supervised seismic surveys over 4,000 line km, and carried out detailed mappings of 12 large size structural prospects. The experts had taken several projects through the initial stages of pre-feasibility and feasibility studies (bitumen, lube oil blending, refinery-expansion, metanol and acetylene), but, due to the lack of financial resources, they had not started implementation yet. One project had progressed further - the ammonia/urea plant which was intended to utilize the natural gas deposit at Songo Songo for the production of fertilizer. UNDP/UNIDO had been involved in advising the Government on the feasibility study and on the tendering process, engineering designs and other stages of the project. The Tripartite Review Meeting also concluded that the project had been successful in assisting TPDC control of the activities of the multinational oil companies in Tanzania. The meeting recommended that the project should be phased out during 1982 and early 1983.

The regulated number of Progress Reports were written between 1978 and 1983, and they were generally very extensive and detailed in their coverage. They reported in detail on the training programs for national counterparts, on the negotiations with oil companies and other economic activities, production of feasibility studies, et cetera. They normally anticipated the conclusions and recommendations of the Tripartite Meetings. Like the Tripartite Meetings, they faithfully recounted the scheduled progress of the project's activities and noted that inputs from various sources were delivered on time, reports produced, contracts negotiated, et cetera, in line with the project objectives. The comments of the UNDP office in their feedback to the government and to the headquarters in

New York and Vienna were rather non-committal. They noted with satisfaction that the project was making smooth progress, and they normally highlighted the more interesting achievements, such as positive outcomes of seismic surveys, indications of oil in a well, or something similar. There were no indications of any reactions from UNDP or UNIDO headquarters to the Progress Reports.

Not one, but several, Terminal Reports were produced by the project. As several experts came to be employed and they terminated their agreements at different times, they each produced a Terminal Report concerning their particular activities. The experts frequently produced technical reports that were also sent to headquarters and thus formed part of the monitoring and impact assessment system. In short, there was a wealth of documents that informed headquarters, particularly UNIDO headquarters, on the technical progress of the project. But there was no information on the sociological or political ramifications. Neither before, during or after the project, were the objectives analyzed or compared to alternative usages of the funds, to alternative energy policies or related to the dominant constraints in the Tanzanian economy.

Conclusion

When the project started in 1975, there were no objectives, nor any opinion as to how large the UNDP/UNIDO involvement would be. The international organizations wished to support Tanzania's development in the oil and petrochemical sector. The approach was flexible and left all partners free to adjust the project as the new parastatal organization, TPDC, was established and became operational. The links between the Ministry of Water, Energy and Minerals, the TPDC, the project manager and the UNDP office were close. Daily visits and involvement in many field activities contributed to the trust and confidence UNDP had in the project management. Informal contacts played a major role in generating a positive attitude to the project.

A project document was written and included in the Country Programme. As the project had already been operating for three years, the project design could be based on experience and knowledge of what was possible to achieve in TPDC. The Project Document was approved immediately, as the UNDP office supported it strongly. However, it only included activities through 1980, but as the project continued, new Documents were written and it was extended from one year to the other. Small, incremental changes were easier to pass through the approval system than one large budget. Tripartite Review Meetings that supported the continuation also helped. But the foremost factor was naturally the smooth progress of the project activities - there were no delays in the delivery of inputs, and the various targets were reached on time.

The review of progress on the project shows that the formal UNDP planning system was disregarded. Table 5.4 demonstrates the budgetary consequences. The review of the budgets also demonstrates that the figures have not served to control project expenditures. The original intent to allocate 647,000 USD to the project could not be kept to and the project ended up with a total cost of 1,120,000 USD. The Country Programme and the Country Programme Monitoring Plan were neglected; even if the planning system appears rigid, it proved to be of no importance.

Table 5.4: PROJECT BUDGETS COMPARED TO REAL EXPENDITURE (in '000 USD)

	Project Budget date (month/year)					
	10/78	9/80	10/80	3/81	5/81	12/81
1976*	150	150	150	150	150	150
1977	102	102	102	102	102	102
1978	125	112	112	112	112	112
1979	131	162	162	162	162	162
1980	139	111	92	116	116	114
1981	-	3	70	220	250	143
1982	-	-	-	206	206	300
1983	-	-	-	-	-	35
TOTAL	647	641	628	1,098	1,098	1,120

* / Includes expenditures 1975.

Source: Project Documents URT/74/028, 1978-1981.

All evaluation reports were prepared according to the rules, but the feedback information only related to delivery of inputs and progress on activities. There was one exception: an impact assessment in quantitative terms after the economic adviser had completed his work. He calculated the gains to Tanzania of the oil contracts and shipping agreements that he had helped TPDC negotiate. He also assessed the improvement of the distribution system in similar ways and discussed the advantages of the bunkering facilities in the harbour of Dar-es-Salaam (these facilities were in fact set up by the project). All the other evaluation reports centered on the practical aspects of project management. There was neither any quantitative or any qualitative appraisal of how the project contributed to Tanzania's economy. The discussion was held in technical terms. There was never any suggestion of alternative approaches in the energy sector, such as alternative importers or transportation arrangements, or different usages of the oil and gas deposits.

When the project ended, it was considered one of the most successful UNDP/UNIDO projects in the country. Without the support, TPDC would not have been able to function as an independent institution. The direct gains from the economic activities in terms of foreign exchange savings were large. Tanzania also had a better indication of the indigenous resources in oil and gas, and TPDC can now continue with these activities. The first steps have been taken in the utilization of gas resources and in fertilizer production and these are considered important political priorities.

5.5.6 Industrial Training and Consultancies

Background

Employment in industry grew from 20,000 to 80,000 between 1960 and 1980, and is expected to reach 400,000 in the 1990's. The workers often come from an agricultural background and have little or no experience of industrial organization, poor technical knowledge and seldom more than primary schooling. Vocational training is a recent

phenomenon and its capacity to supply industry with personnel is limited.

Not only is there a shortage of skilled workers, but this shortage applies to all categories of personnel. The demand for technicians, engineers, accountants, clerks and managers at all levels completely outweighs the supply. The University of Dar-es-Salaam and a variety of institutions providing diploma courses, such as the Institute of Finance Management and the East and Central African Management Institute produce a few hundred graduates a year. Nonetheless, most organizations are understaffed and new organizations are being established at an increasing rate.

Low labour productivity is one of the problems in industry, and though the causes are many, the skill factor is one of the major problems. Low levels of capacity utilization also reflect poor organizational skills on the part of management which are not only attributable to external, macro-economic constraints. To summarize, there is a clear case for efforts that would upgrade the skills of different categories of manpower, and that would improve the educational facilities.

Planning and Designing the UNDP Assistance

During the preparation of the Country Programme, the government proposed that a large share of the funds for the industry sector should be used for training. UNDP and UNIDO agreed as their analysis identified the manpower shortage as perhaps the most critical factor in the country's development. The purpose of the project was stated in the Country Programme:

"... the project is requested by the Government ... to devise and operationalise a comprehensive training strategy, particularly for the management of larger industrial undertakings..."

"... a detailed plan of action and corresponding input configuration will be prepared, estimated to entail UNDP inputs of USD 600 000..."

UNIDO recruited a consultant to analyze the training needs at different levels, review the possibilities for working in cooperation with local training institutions, and to suggest how UNDP/UNIDO could have an impact on the situation. The consultant's task was, in short, to prepare a Project Document.

The consultant commenced work in Dar-es-Salaam in January 1979 and finished six months later. However, he failed to provide a Project Document as his views on training priorities and methods were not accepted either by the Government, by UNDP or by UNIDO. Instead, the local UNDP office had to fill the gap and work out a compromise which was accepted in December 1979. By then the project had been delayed by two years and this delay continued for a further six months. This seemed unnecessary and tragic as everyone agreed on the importance of the task, in itself. The impediments were: slow decision-making in the international organization, uncertainty about where real training priorities lay, and a consultant who could not amalgamate different views.

The Project Document that finally was approved had the following immediate objectives: first, it would provide technical training for foremen and senior workers in a small number of enterprises; second, it would "train the trainers" through a similar set of courses; third, it would provide management training seminars; and, finally, it would finance a limited number of scholarships for higher studies abroad. The project started in August 1980.

Monitoring and Evaluating the Project

When the project ended in early 1982, it should have been subjected to three Progress Reports, one Tripartite Review, one Terminal Report and several Monitoring Visits. These activities all took place at the expected points in time; the formal evaluation system was followed to the letter.

The Progress Reports generally concentrated on reporting progress in the various activities. The second Progress Report stated "... there has been some progress during the reporting period, but the delay in structuring the training unit and implementing the training programmes could have serious consequences ...". This referred to the counterpart organization; the Ministry of Industries was found to be less well organized than expected. It also implied that the bureaucratic obstacles to a training programme were considerable, with consequent delays in implementation.

The third (and final) progress report seemed more positive. Several training programmes had been completed and a total of 23 weeks of instruction with 115 classroom days had been organized. There had been three courses for training officers, four seminars for middle and senior managers, two courses for supervisors or instructors in technical subjects. The courses were conducted in cooperation with local institutions, but usually relied on foreign consultants. The local institutions were commended for the good services they provided and their facilities were said to have been appropriate.

However, the Progress Report continued, "... the crash nature of the training programmes made it next to impossible to spend any time on the other two primary objectives ... to develop a comprehensive industrial training plan ... to establish a fully manned unit to administer the plan ...". In view of the difficulty of providing any long-term forecasts in Tanzania, and the poor experience of this type of sectoral plan, the practical priority of actually organizing training programmes would seem to have been well chosen. The objective of setting up a "training unit" in the Ministry must also seem less important in this perspective. The reason the conflict was mentioned at all in the progress report was probably that the expert had noted in the previous Progress Report that he had discovered that the existing national plans contained grave errors. The Ministry responded by indicating that the development of a comprehensive plan should be assigned the highest priority. It is rather odd that neither the UNDP office, nor anyone else, reacted to this change of

priorities, as it defied the logic of the project, which involved the actual operation of courses.

The Tripartite Review on the project did not serve any useful purpose in terms of feedback information. This is partly due to the timing since it took place in April 1981, when the project was too young to have achieved any results. The meeting could have served to identify and solve bottlenecks to implementation but it did not take place. The notes stated: "The meeting concluded that the prospects of achieving the projects objectives were good", and the recommendations were "to proceed along the action plan".

The content of the Terminal Report resembles that of the last Progress Report - there had actually been no further training activities. As a Terminal Report, it is more future oriented than is customary. It makes a series of recommendations on future industrial training activities, for example: "... there may be a current overemphasis on courses as a mode of development and suggests that the establishment of training functions at the enterprise level together with a wider appreciation of the potential of alternative training approaches may counter this trend" and "... a closer bond is proposed between the Workers Education Movement and industrial training developments", and something which seems relevant in view of many projects "... particular emphasis is placed on the need to avoid duplication".

It is unusual that terminal reports critically assess the project they refer to, but here is an exception. The experts noted that the approach adopted had several limitations; there was a need for serious sectoral studies before the project started, that it was not fully realized how many domestic training institutions there were and therefore there had been some duplications, and the project would have been better if it had had a wider regional coverage. Neither the UNDP nor UNIDO reacted to this and as the project was not continued after February 1982, the recommendations had little impact.

Table 5.5: PROJECT BUDGETS COMPARED TO REAL EXPENDITURE (in '000 USD)

	<u>DEC 79</u>	<u>MAY 80</u>	<u>SEP 80</u>	<u>JUL 81</u>	<u>JUN 82</u>
1979	79	62	62	62	62
1980	242	151	92	83	83
1981	256	272	271	285	235
1982	-	146	211	225	289
TOTAL	578	631	635	656	669

Source: UNDP Country Programme Management Plans, 1979-1982.

The budget review indicated that the project costs were better controlled than most. The total budget was only exceeded by USD 70,000. Even if this budget too suffered from optimism about expenditure targets in the early stages of the project and about the possible subsequent postponement of activities, it was close to the Country Programme intentions.

Conclusion

The need for an industrial training project was first identified during the Country Programming process. Before the project started a Project Document had to be written and approved. A consultant was recruited for the task and, in retrospect, it can be seen that this delayed the start up of the project considerably. First of all the recruitment took a long time, due to the shortcomings of the various bureaucracies and the need for clearances. Second, the consultant had no previous experience of Tanzania, and the problems of learning about the country, its industry and training needs, as of, more subtly, establishing trust, confidence and friendships could not be solved during the short time at his disposal. The start up of the project was even further delayed.

After the operations commenced and a new expert was recruited, the project continued in relative isolation from the UNDP office, (relative in the meaning that the cooperation was not as close as on the salt project or TPDC project). However, the evaluation system as such was followed, but it did not have any impact on the project itself. At first, there were no activities to assess, and later the Progress Reports merely stated the objectives. By the time critical assessments were produced, the project had come to an end and they did not have any impact. If discovered earlier, the recommendations could perhaps have led to a change in the project or, if the project had continued in some form, to a difference in emphasis.

It should be noted that the progress of the project itself comes very close to an ideal model of how projects should be prepared and evaluated. Once the idea has been generated, an external consultant is recruited to elaborate it into a project. New experts are recruited for implementation and the process is primarily monitored through the formal evaluation system. Budgets are managed by the use of the CPMP system, providing a view of actual costs that may be compared to the intentions. However, it seems reasonable to question the impact of the training courses themselves and to assess how effective it was to spend USD 670,000 on 23 weeks of courses, but this question was not raised at any stage in the project.

5.5.7 Leather and Leather Goods Industries' Development

Background

Cattle and goats are herded by many tribal groups in Tanzania. Traditionally livestock provide their owner with high status since wealth is often counted in heads of cattle. The nomadic tribes do not raise cattle for slaughter, but in many other areas beef and goat-meat is eaten regularly. In recent years, the government has also set up livestock development ranches. Whether brought up for slaughter or not, Tanzania has the second largest livestock population in Africa and, consequently, a huge supply of hides and

skins. Raw hides and skins have been exported for several decades, but tanned hides and processed leather goods have been imported. This situation conformed to the analysis of the role of industrial growth in national development which was predominant in the 1970's. By increasing the tanning capacity, Tanzania would integrate forward and generate a larger share of value-added domestically. The first tannery was established in the late 1960's, and two more followed in the mid 1970's, giving the country a capacity to process its total production of hides and skins. New investments also followed in shoe manufacturing, boots, gloves and other leather products. The investments were undertaken by NDC, but in 1979, the tanneries, leather goods industries and a trading company formed a separate parastatal group, the Tanzania Leather Associated Industries (TLAI).

However, the production of raw hides and skins soon fell short of the required inputs to the tanneries. Because of low prices and uncertainties concerning collection and payment, many cattle owners preferred to smuggle their goods to neighbouring countries. The shortage of hides was compounded by managerial shortcoming and lacking technological knowledge. TLAI had to rely on management contracts with Indian and Italian firms, but these could not be confined to pure management tasks. By the end of 1979, TLAI was tied up in a network of supplies of production material (chemicals, spare parts), marketing contracts and expansion plans that were all very unfavourable to Tanzania. The Ministry of Industries and the management of NDC was concerned and in this climate the UNDP assistance was started.

Planning and Designing the UNDP Assistance

The first discussions between UNDP and the government concerning support to the leather industry occurred in 1976 and 1977. A project was included in the Country Programme process, but as we have seen, the process reached a stalemate in late 1977 and early 1978. When the Country Programme finally was approved, the following directives were given:

"This UNDP/UNIDO project, requiring foreign currency inputs of USD 400,000 under the current CP cycle, will assist, from 1980 onwards, in setting up a leather footwear and leather products institute to which the Government wishes to entrust demonstration activities, training and quality control."

A project was to be prepared during 1978/1979, but UNIDO had also started two other projects in the sector, from funds outside the IPF. One of these projects rendered assistance for export marketing and the other assisted in preparing a feasibility study for manufacturing leather board. UNDP/UNIDO involvement in the leather industry was high, and in 1979, close contacts were established with TLAI. UNIDO sent a staff member to Tanzania who, during two weeks only, prepared the Project Document. The Document was rapidly approved by UNDP, the government and UNIDO - the project started in November 1979, two months ahead of schedule.

The UNIDO expert, who wrote the Project Document, recognized that the need for technical assistance to TLAI was far greater than the USD 400,000 allocated in the Country Programme. TLAI needed assistance in more areas than the proposed Leather Centre. The Project Document was unusual, as it not only contained a plan of activities corresponding to the budget of 400,000, but also outlined new activities if more funds should become available. In brief, the project was supposed to provide TLAI with support at the general management level and to direct specialized technical assistance to the shoe factories and the tanneries. There was also provisions for technical training and for assistance to the Leather Centre.

Monitoring Implementation and Impact Assessment

The project started in late 1979 and was extended in various forms to 1984. In mid 1985, it was still continuing. This study only covers the first four years of operation, and during this time the prescribed number of progress reports were produced. Tripartite Monitoring Reviews also took place regularly, but there were few monitoring visits.

The first Progress Reports contain comments on the arrival of project personnel and the practical problems of implementation. The Reports always reach the conclusion that more funds are needed for a prolongation and extension according to the alternative plans in the Project Document. The UNDP office commented the Progress Report of December 1980 as follows:

"... this project seems to be progressing well and without any major problems ... based on recommendation(s) a project revision has been prepared, extending the project activities and increasing the training component."

The Tripartite Review in January 1981 had to note that:

"... many of the projects immediate objectives as specified in the Project Document were stated in a very general, open-ended and not in a qualified way, it was not possible for the meeting to arrive at an accurate evaluation of the status of projects' activities."

However, the meeting nevertheless recommended a further strengthening of the project and it also supported the project personnel's account of achievements.

Conclusion

The project design is an illustration of the possibilities of effective planning in the UN system. However, the project that emerged did not resemble the outline or the intentions of the Country Programme. But the speed of approval and efficiency in starting up activities were unusual. The formal evaluation system has been followed closely, but it has been narrowly focused on the internal operations of the project.

The government and the project personnel soon became champions of an extended assistance. The Ministry of Industries, in particular, valued the activities of the project highly. However, the UNDP office was partly more skeptical and only reluctantly agreed to the proposals for extension.

As the project continued, major managerial problems surfaced at TLAI. The informal evaluation channels had notified UNDP and UNIDO of mismanagement, and in 1983, the General Manager of TLAI was relieved of his duties. Corruption had made the working environment of the project extremely difficult, and it was only by focusing on technical issues that it could achieve anything at all. The first four years were thus extremely difficult, but the nature of the problem was such that the formal evaluations never could openly handle the issue. It must be considered very skilful of the project personnel to actually provide technical assistance and to gain support for their work in the face of such difficulties.

5.5.8 Assistance to the Chemical Industry

Background

The chemical industry had expanded rapidly during the 1960's, and the sector was also intended to play a major role in the long-term industrialization strategy. UNIDO had contributed to this direction through its role in the planning team at the Ministry of Industries and through frequent visits to Tanzania by staff members working with chemical projects. Both the government, UNDP and UNIDO agreed that some technical assistance to the sector should start during the Second Country Programme. However, the delays affecting the entire programme also led to confusion regarding the scope of this project.

Planning and Designing the UNDP Assistance

The Country Programme Document gave a vague indication of the project's activities:

"Plans have taken shape to set up plants for the production of caustic soda, PVC, powder detergents, various pharmaceutical goods, fertilizers and for pyrethrum processing."

"UNDP/UNIDO assistance is foreseen, in the form of consultancies, to advise on suitable process technologies and to facilitate running-in and sealing-up production in selected chemical-pharamaceutical plants. The project is scheduled to start in 1980 with UNDP inputs to the tune of USD 400,000."

In early 1979, a UNIDO staff member visited Tanzania to prepare a Project Document. After a few weeks he returned to Vienna, but not until eight months later was the Project Document ready. However, the Government of Tanzania objected to the content of the UNIDO staff members proposal. The UNDP office now had to start the task anew and together with the Ministry of Industries design a project. Simultaneously, UNIDO had financed two other projects concerning the production of pesticides. A highly favourable techno-economic study had encouraged the government to go ahead with the establishment of a multiple pesticides manufacturing unit. It was decided that the UNDP financed project should continue these efforts, and in March 1980, a Project Document was approved. The project was to provide advisory services on the implementation of the pesticides unit, and it would provide training for the plant personnel and the local project managers. The project started three months after it was approved.

Monitoring Implementation and Impact Assessment

The project lasted from June 1980 to November 1982. The required number of Progress Reports, Tripartite Reviews and Terminal Assessments were produced, but the project failed to achieve its objectives. One year after the project started, the project manager reported that due to the shortages of foreign exchange, it was unlikely that the government would be able to go ahead with the plans. The government had accepted the Plan for National Economic Survival, and all new projects were shelved for the time being.

In short, the two and a half years that the project existed were spent trying to locate some source of funds for construction of the pesticides unit. The Terminal Assessment concludes:

"The economic and social viability of the proposed plant has been established beyond any doubt. It is regrettable that efforts to overcome the current difficulties as a result of the country's foreign exchange problems have not produced any positive results."

Conclusion

It is notable that none of the evaluation activities have linked the project idea to the structural constraints of Tanzania's economy. Considering the industrialization experience of the 1960's and 1970's and in view of the economic recession starting in 1978-1979, it seems unlikely that a large-scale, capital intensive project like this could ever have contributed to Tanzania's development. However, granted that it would be possible to hold different views on this issue, it is nevertheless remarkable that the problem did not emerge in the UNDP/UNIDO evaluations.

When the project came to an end, UNIDO still proposed that follow-up activities should continue and that additional funds be reserved for this purpose from the Country Programme.

5.5.9 Strengthening the National Textile Corporation

Background

The textile industry is the largest industrial sector in the country and, in 1978, it was growing fast. Still, only 15 per cent of Tanzania's cotton crop was processed locally, but the government intended to increase this ratio by new investments and by increasing capacity utilization in the existing mills. Expansion of the textile industry was in line with the processing strategy pursued in the SFYP and the basic industry strategy - utilizing local natural resources to satisfy the basic needs of the population. The government requested UNDP/UNIDO support as soon as the negotiations about the Second Country Programme started.

Planning and Designing the UNDP Assistance

The Country Programme contains a vague outline of the project activities, but it is explicit on the amounts involved and how they should be used:

"This new UNDP/UNIDO project is to assist the textile mills in improving their capacity utilization, upon the assessment, as an incipient task, of production status and profile of existing industries. The recommendations of the diagnostic mission will provide the base for remedial support measures. Total UNDP inputs of USD 506,000 are foreseen for expertise (USD 235,000), training (USD 168,000) and training equipment (USD 60,000) as the main components."

The "diagnostic mission" had, in fact, already been in Tanzania when the above was written. Their two week review of the parastatal textile company (TEXCO) resulted in a proposal for a Project Document. The objectives were to be (1) to strengthen TEXCO's technical capability to exercise its supervisory functions, (2) to assist TEXCO to control the work of expatriate management teams and (3) to assist TEXCO supervise the work and implement the recommendation of an expatriate consulting firm (who carried out a capacity utilization and productivity improvement study).

TEXCO's management agreed with the general objectives and so did the government. However, they proposed changes in the composition of the team of UNIDO experts and proposed new job descriptions. The correspondence back and forth between UNIDO, the UNDP office and the government lasted for almost one year and it was not until September 1979 that the project was approved. Operations started in March 1980.

Monitoring Implementation and Impact Assessment

The formal aspects of UNDP's evaluation system were followed in this case as well. Several Terminal Reports were written by the various experts that were employed on the project, and the UNDP's Terminal Assessment was written when the project came to an end in 1984.

The Project Document explicitly stated that:

"average capacity utilization was 50 per cent in 1980 and will be increased to 70 per cent in 1984, leading to an increase in fabric production from 74 million meters in 1980 to 103 million meters per year in 1984".

It should have been obvious that the limited capacities of five UNIDO experts, however capable they were, could not by themselves achieve such objectives. Nevertheless, the quantitative statement of objectives focused the evaluation activities on a similar assessment of the projects contributions - and explanations why targets were not met.

As an example, the Progress Report dated August 1981 concludes that the project has contributed to TEXCO's improvement in quality, productivity and in finding new export markets. However, TEXCO has problems - its supervision lacks direction, application and enthusiasm, and there are the common problems of shortages of spare-parts, energy, et cetera. Nevertheless, in one of the plants, where the project personnel have concentrated their efforts, new productivity improvement schemes have raised capacity utilization to 57 per cent. The Tripartite Review in 1981 could thus conclude that the project's design was appropriate and that the prospects for achieving objectives were good.

Conclusion

The process of designing this project illustrates how circumstances can play havoc with the blue-print approach. The conditions for support that the Country Programme and the "diagnostic mission" had assumed did not exist when the Project Document was to be approved. Thus, the government wanted to change the design, but necessary approvals lasted for so long that once again a new situation had evolved when the project started. However, no more changes were contemplated and the government in general and TEXCO in particular tried to put the UNDP/UNIDO resources to the best possible use.

The evaluations did not do anything to change the project. There was some cause for satisfaction as limited improvement in capacity utilization took place. On the whole, the projects' activities and their potential contribution remained obscure in spite of attempts at quantification. When the project came to an end, it had cost USD 943,000, but the question of whether the funds had been well utilized were not answered.

5.5.10 Establishment of the Tanzania Industrial Research and Development Organization (TIRDO)

The East African Community had set up an East African Industrial Research Organization which was to provide scientific and technical support for the development of local industries. When the Community was dissolved in 1977, this institution became Kenyan and its services were no longer available to Tanzania. Consequently, the Tanzanian government decided to establish its own "multi-branch, multi-purpose industrial research and development and technological services organization" (Project Document, URT/78/019).

The organization would be designed to cater for the technological needs of industry in a number of sectors: (1) food technology, (2) fibre technology, (3) energy and materials technology, and (4) engineering technology, including machine tools, instrumentation and electronics. It would also provide general services such as physical and chemical analysis and testing, information and documentation, and fabrication and maintenance. UNDP's response to the government's request for assistance was positive, and support to TIRDO was included in the Second Country Programme, totalling USD 665,000.

Planning and Designing the UNDP Assistance

The UNDP office suggested a separate preparatory project to write the Project Document. The task was complex, and it was assumed that neither the UNDP office nor UNIDO possessed the necessary expertise. The Project Document for Preparatory Assistance was approved in August 1978, and operations started in March 1979. A complete Project Document was ready in August 1979 and was approved three months later. The project started in 1981, three years later than expected when the Country Programme was written.

The project's objectives were to assist in the establishment of TIRDO, with the following priorities areas: (1) Food and Engineering Departments and Analysis Department, (2) Industrial Information System, (3) the electronic repair and maintenance function, (4) seeking additional foreign assistance.

The Project Document was written and assessed when the recession was starting, still the impact of a severe recession on the performance of industry or the industry's needs for TIRDO's services under such circumstances were not directly treated. The implementation plans were thus overly optimistic. At the same time as TIRDO was planned, several other institutions were being set up - TBS, TISCO, MEIDA and the Engineering Design Centre, to mention a few. The UNDP did consider whether the efforts were being duplicated, but without any real penetration of whether this was the case or not.

The Project Document did not underestimate the real difficulties of establishing an institution like TIRDO. It was noted that UNDP and UNIDO entered into a long-term commitment, and that assistance might be required for twenty years.

Monitoring Implementation and Impact Assessment

The assessment of evaluation activities is limited to the period 1981 to 1984 - the project was still continuing and, in view of the statement in the Project Document, will continue for many years more. Not only was the formal evaluation system followed (Tripartite Reviews were held every year), but a special evaluation was commissioned by UNDP and UNIDO in 1983.

Whereas the Progress Reports and Tripartite Reviews do not deviate in scope or originality from the other projects' evaluations, the Report of 1983 does go further in a critical examination of the project. In particular, it tries to assess the role of TIRDO in the structural adjustment plan, and it also critically examines the possibility of duplicating efforts in institution building.

The idea to set up a separate, external evaluation team came from UNIDO. The back-stopping officer in Vienna took an uncommonly active role on this project, and he was concerned that the macro-economic and environmental issues were not raised, or were not really answered, by the other evaluation activities. The evaluation report

was critical of the project's design and its view on the main themes were discouraging. However, the evaluators did provide constructive solutions, but the major problem became the funds for implementation. The Country Programme would have to be changed, and even if that was possible, it would not be done rapidly.

Conclusion

The project appeared well designed when it was approved, but in retrospect it can be seen that the environmental influences had not been taken into account to the extent desirable. The project came to a start much slower than originally expected, but once the project had started, it progressed smoothly. There were no major problems concerning the delivery of inputs or the competence of the personnel involved. The evaluation system functioned according to the Policies and Procedures Manual and, in addition, an in-depth external evaluation was commissioned by UNDP/UNIDO. The impact of the recommendations of this additional evaluation cannot be discerned as this is written, but the potential for an improved project design exists.

5.6 SUMMARY AND CONCLUSIONS

The description of the case studies above has demonstrated the variety of structures and processes that can be employed during the project cycle. The UNDP may appear as a streamlined organization that directs and controls activities through an efficient management system, but in fact there is a diversity of means employed to start, implement and terminate projects.

All the development objectives can be traced to a "vision" of a solution to some development problem. The development objectives are expressed in unspecific terms like "contributing to self-reliance", "improving the foreign currency situation", or "meeting basic needs", usually a combination of all of these. The ensuing elaboration in the

Project Documents relates these objectives, on the one hand to sectoral development, and on the other hand to some conceptual model for the role of industries in national development. The petroleum development project, for example, is built on a logic of increased national control over the energy sector, import substitution and exploitation of natural resources. The leather industries project centers on the existence of a huge livestock population (the second largest in Africa) and the potential for industrial development based on this resource. The textile industry project's development objective is to increase value-added in the cotton harvest by means of local production. The two projects "Assistance to the National Development Corporation" and "Support to Chemical Industries" center on import substitution of a series of products ranging from the engineering sector, pulp and paper, pesticides, soda ash and pharmaceuticals to explosives. In sum, the projects have been motivated by the priorities of the Third Five Year Plan and the "basic industry strategy". Only the textile and leather industries projects contained major elements of export led growth. Some projects have contained subsections of small-scale production, notably of salt, coal, leather and leather goods.

The entrepreneurial drive of UNDP programme officers or of project managers plays a major role, as clearly demonstrated in the salt and petroleum development projects. The same entrepreneurial push for a business opportunity, to provide a logical solution to a development problem, can be seen in the leather industries project, the establishment of a research and development organization and the textile industries project. Once the project idea is conceived, it is not difficult to motivate in terms of the basic industry strategy, which is vague enough to embrace most project ideas. The identification of development objectives does not stem from a rational and comprehensive analysis of the industrial sector in Tanzania, as presupposed by the Country Programming Method. The reason why some development projects were pursued and not others seems to vary; at times the development objectives were post-rationalizations of

existing projects (pharmaceuticals, salt, coal, support to NDC, establishing TPDC), at other times they appear to be directly derived from the TFYP by the Government authorities (TIRDO, leather, textiles, industrial training). There is also a substantial element of negotiation behind the selection of development objectives, a negotiation involving the ministerial level, parastatal authorities, the UNDP office and consultants/project advisers.

The operationalization of development objectives is mostly carried out by project personnel or by consultants. Only rarely does the UNDP office take the initiative at this stage, and the Tanzanian authorities never appeared to initiate this process. In the period 1975 to 1978, neither the UNDP office nor any other participant showed any concern for the statement of immediate objectives. Project planning did not take the explicit form of the guidelines in the manuals, but instead the entrepreneurial concept was perceived as sufficient for starting activities. The projects on salt and coal development and TPDC all operated for several years without any explicit objectives or without any elaboration of a Project Document.

After 1978, the formal rules of the game were followed more closely. One result was that project planning was delayed as the preparatory work became more detailed. External consultants were recruited which is, in itself, a time-consuming task. The average time to initiate a project using an external consultant was 18 months in the projects in Tanzania. This can be compared to the time it takes the UNDP office to prepare a Project Document - an average of eight months. The cases demonstrate that the external expertise on the whole does not do a better job than the local UNDP office. What is gained in technical expertise is often lost through a misconception of political/economical constraints in the environment.

But even if the UNDP office and its headquarters, as well as the Government of Tanzania, seldom formulate project documents, they do use their veto power. The textile project is one example of how the

Tanzanian authorities disagreed with the concept suggested by the UNIDO consultants and the first proposal on support to chemical industries is another. In both cases the Tanzanian suggestions on changes in project design were accepted, even though the negotiation process was lengthy. The UNDP headquarters in New York questioned the value of particular projects, but withdrew their objections after correspondence with the local UNDP office. The most active party in ex-ante evaluation is naturally the local office, but as it is usually involved in the project design, local office interference, which is frequent, must be studied on a continuous basis through the informal channels of communication with project personnel/consultants. The UNDP office participated in the design of all projects except textiles, TIRDO and TPDC, where its role was largely to forward opinions formulated elsewhere.

Once the projects were started, the formal evaluation system was put to use. The cases above show that the many reports and meetings prescribed, on the whole, do occur and the other cases support this conclusion. Table 5.6 below shows the actual frequency of some evaluation events as compared to the prescription of the UNDP Policies and Procedures Manuals. The only deviation is on the Tripartite Review Meetings, but these may occur less frequently if the Resident Representative decides to postpone them.

The type of information in the Progress Reports is very similar in all cases. They refer to the immediate objectives in general terms, often by stating that "progress is being made". The textile project is partially an exception, as one of the immediate objectives relates to capacity utilization in a few plants and here the project manager indicates progress by including the actual figures showing improvement. The Progress Reports are used as a monitoring system and, in spite of the prescription to relate activities to immediate objectives and development objectives, they usually discuss progress as synonymous with the activities undertaken. On the other hand, the description and documentation of activities is elaborated in detail.

Table 5.6: SELECTED EVALUATION ACTIVITIES ON THE UNDP PROJECTS

	Progress Reports		Tripartite Reviews	
	Prescribed	Actual	Prescribed1/	Actual
Pharmaceutical Plant	4	2	2	1
Salt Development	11	9	5	2
Coal Development	11	10	5	3
TPDC	16	16(2)	8	4
Industrial Training	3	3	1	1
Leather Industry	10	10	5	2
Textile Industry	7	7	3	2
Chemical Industry	4	3	2	1
TIRDO	6	6	3	3
NDC	12	12(2)	6	2

- 1/ Note that the UNDP office could reduce or increase the number of reviews according to the needs.
 2/ Estimate for the first years of operation.

Whereas all projects have both negative and positive impacts on their environment, this is not a matter for discussion in the Progress Reports. It should be noted that there is neither a quantitative nor a qualitative discussion of project impact.

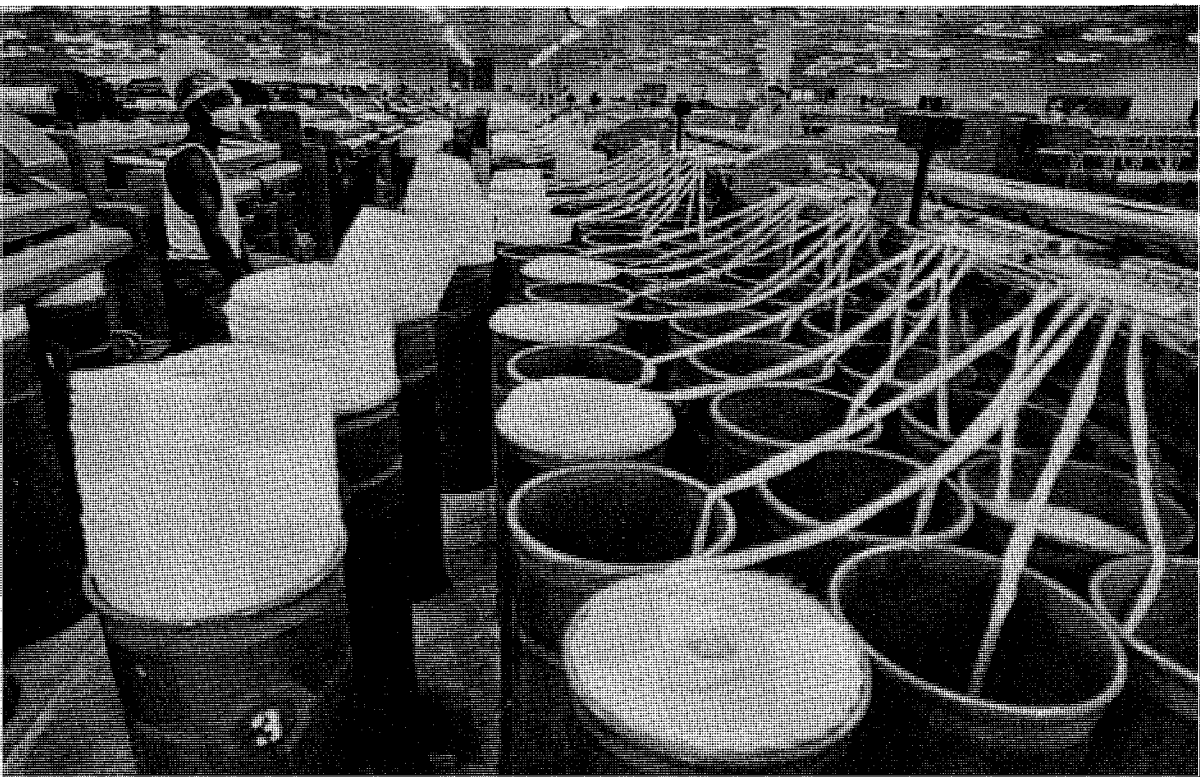
The Progress Reports should also serve as a trouble shooting mechanism because they are supposed to identify potential obstacles to the objectives. In all projects there are some problems concerning delivery of inputs, either from UNDP, from the government, from other external sources or due to transport problems, bureaucratic hurdles, et cetera. Some problems are trivial and others develop into major impediments that significantly affect outcomes. The cases demonstrate that the Progress Reports largely concentrate on these issues. Project managers also agree that this is their major channel for communicating such problems. They serve to raise the awareness of other participants and to prepare for action in, for example, Tripartite Reviews.

But in some projects, the Progress Reports are the major means of communication even for monitoring questions. In other projects,



11. UNDP assistance was directed to the textile industry, primarily to increase capacity utilization. The picture shows an interior from the weaving section at KILTEX in Arusha. (Photo; E. Knudsen, SIDA's Archive)

12. Interior from the Tanzania Friendship Textile Mill in Dar-es-Salaam. (Photo; B. Hämnestrand, SIDA's Archive)

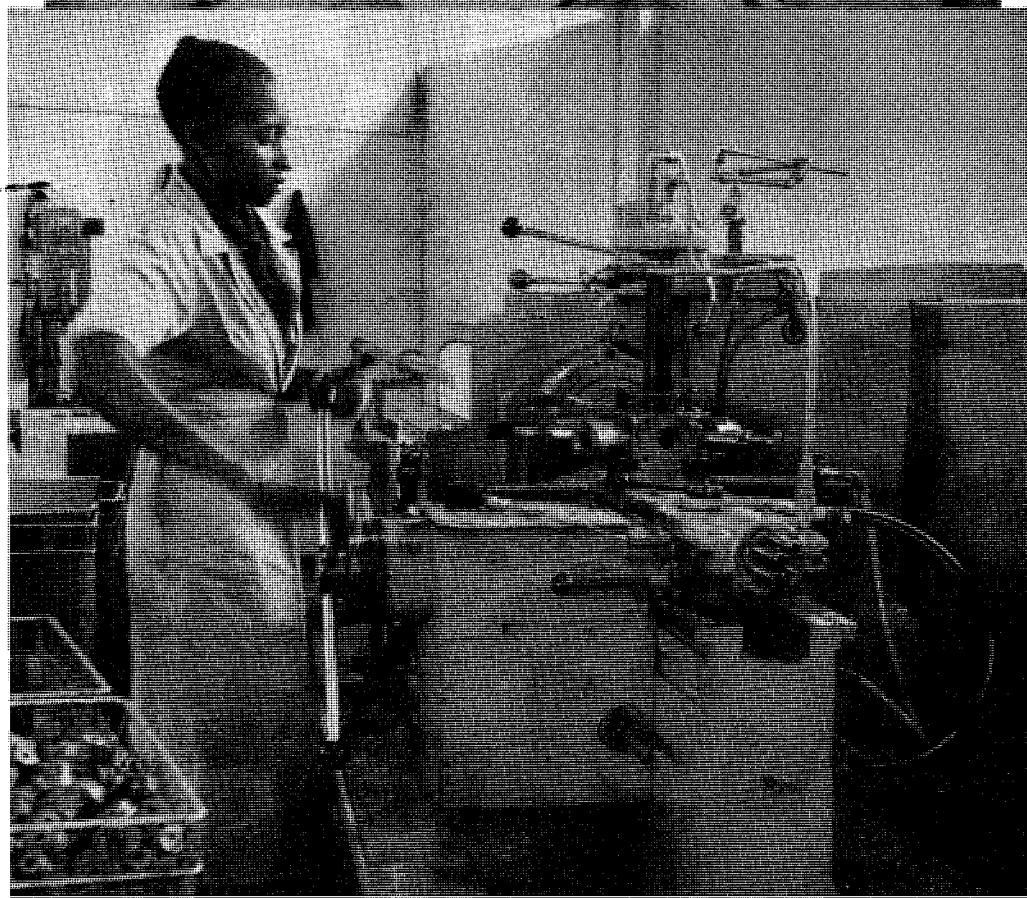




13. Steelcasting at Aluminium Africa, Dar-es-Salaam. (Photo; S. Björkén, SIDA's Archive)

- 14, 15 and 16. SIDA's support to Sister Industries has included plants to manufacture lenses for spectacles (below), clogs (upper right) and valves and other water supply fittings (lower right). (Photo; C. Thege, K. Kauppi and J. Carlsson, SIDA's Archive)







17. The town of Zanzibar is dominated by ancient swahili architecture, but East German aid has helped construct modern blocks of flats like these. (Photo; L. Åström, SIDA's Archive)

Project Reports are supplemented by lively informal contacts, which also serve to raise such questions. Among the cases described, we can see that the pharmaceutical project, TPDC, salt and NDC had close informal contacts, whereas the other projects were more isolated, more dependent on formal, written means of communication. The project manager for the salt project had good personal contacts with the UNDP office and with its UNIDO personnel. As a result, few problems occurred and it was easy to make modifications in response to the environment. There were also frequent Monitoring Visits, on the initiative or at the invitation of the project manager. The situation was similar in the TPDC project, but, after the change of project manager in 1979, the informal contacts disappeared. The project could continue because of ministerial pressure on the UNDP office, but, as the informal contacts were broken, the UNDP office became more sceptical about the value of the project. A comparison with the industrial training project, where such informal contacts hardly ever occurred, reveals how important the personal element is in enhancing the flexibility of the system. The tensions between project manager and UNDP office are reduced and most problems are easily resolved.

The conclusions on Tripartite Review Meetings are similar for the five projects above, and they are supported by the remaining projects. The Tripartite Reviews are, first and foremost, used to form a consensus around project changes, to extend a project, change the composition of inputs or to terminate operations. The decisions have often already been taken by one or several key actors, and then the Tripartite Reviews serve to communicate these decisions to other stakeholders (usually the Ministry of Finance, or some parastatal authority). Secondly, the Tripartite Reviews serve to bring pressure on partners who do not deliver their inputs to the projects, as can be seen in the pharmaceutical project and the salt project. The project manager was able to use the opportunity to act together with the UNDP office and bring implementation problems to the attention of the highest levels in the ministerial hierarchy, that is, to the Minister himself or to the Principal Secretary.

The Terminal Reports on the project should transmit the total experience of the cooperation programme to the stakeholders, both the UN organizations and the Government. They should also summarize the impact of the project and its contribution to the country's development. The case studies demonstrate that the Terminal Reports rarely go beyond the level of information given in the Progress Reports. They are confined to a discussion in terms of project activities and immediate objectives. Only in one project, support to the NDC, did a Terminal Report question the original objectives and the macro-economic impact. However, there is no indication that the points raised affected the assessment of the project. At times the rudimentary information for a calculation of cost-effectiveness is available, but there are no attempts to complete a quantitative assessment. Finally, in no instance has a post project evaluation been undertaken.

Is it possible to trace a pattern describing how the information that surfaced in the evaluation system has been used? The information relates to monitoring questions and, as such, it has been used for managerial purposes, to seek consensus around decision-making and to put pressure on some participants. But has the evaluation had any fundamental effect on the future of the projects? Has evaluation led to decisions that would otherwise not have been taken? Has it been instrumental in scanning the environment for threats and opportunities? The answer, based on this review, must be no. The information that is generated through Progress Reports, the discussion at Tripartite Reviews and the other channels of communication are too heavily focused on monitoring problems.

The minutes of Tripartite Review Meetings reveal that decisions are often based on the information in Progress Reports. In some instances (salt, NDC, TPDC), projects were terminated because the objectives had been reached. At other times, projects were prolonged because the prospects of achieving the objectives seemed good (salt, leather, chemicals). Some projects were terminated because they reached dead ends and the UNDP office unilaterally withdrew the assistance

(pharmaceuticals, industrial training). Projects like chemical industry and textiles continued until UNDP decided to terminate them, with vague explanations suggesting that objectives had to some extent been achieved and under present circumstances it was not fruitful to continue assistance. Projects continue and obtain access to funds due to other factors, that have no connection with evaluation system reports. The decision-maker's image of the value of assistance is formed by other information and, from the evidence of these cases, is based on preconceived ideas of what the development process should look like.

6. THE PLANNING AND EVALUATION SYSTEM OF SIDA

6.1 INTRODUCTION

The purpose of this chapter is to describe the logic, the design and the functioning of SIDA's planning and evaluation system. The layout of the chapter is similar to that of UNDP, so as to facilitate a comparison between the two organizations. First I will review SIDA's policies on support preparation at the country programme level, i.e. the overall long-term programme of development cooperation.

After the review of the Country Programme, I will describe how the various projects and yearly agreements between Sweden and Tanzania were actually formed, with a particular emphasis on the industrial development projects (Section 6.3). The starting point is the Agreement on Development Cooperation of 1976; which was when the industrial sector started expanding rapidly.

The following Section (6.4) describes the SIDA evaluation system, within the framework of a systematic approach to evaluation. As it is often said that SIDA does not have an evaluation system, this section faces the double task of convincing firstly those who argue that it does not exist, that, in fact, there is an evaluation system and secondly, those who believe SIDA does have an evaluation system that the forms evaluation takes may not correspond very accurately with what the believers believe.

Section 6.5 presents case studies of the planning, implementation and evaluation of industrial development projects. Each case study traces the background of the project, why it was started and on whose initiative, describing the decision-making process and the considerations in the ex-ante evaluation. SIDA has a direct role in project implementation and thus the description of the evaluation system "in action" inevitably becomes integrated with a review of the project's progress (or lack of it). Section 6.7 contains the summary and concluding remarks.

6.2 THE COUNTRY PROGRAMME AND SIDA'S LONG-RANGE PLANNING

Before reviewing SIDA's instrument of planning, a brief review of the organization and the governance of aid policies in Sweden might be fruitful. SIDA was created in 1965 after an agitated debate on development assistance, and the total administration of bilateral aid was thus concentrated to one organization. The assistance programme expanded rapidly but, starting with the budget year 1971/72 an administrative code was established which has since remained basically untouched. This administrative code embodies the Country Programme and a system of rolling plans.

From Sweden's point of view, the objectives of development assistance were formulated during the 1960's: economic growth, economic and social equality, economic and political independence and democratic development. These objectives have been confirmed by the shifting governments and Parliament and remain the same in 1985. However, these general objectives have often been complemented by other objectives and "strategies" that reflect trends in development thinking and the domestic political debate. A new emphasis on integrated rural development followed the FAO World Conference on agricultural reforms in 1974. Sweden had played an active role at the Conference and had supported the new emphasis. Similarly, environmental and energy questions have been emphasized, and in 1981 the Government requested SIDA to investigate and promote a coordinated Swedish programme of energy assistance. SIDA also has a

political mandate to support equality between the sexes and to strengthen the role of women in modernization and development.

The relations between the Ministry of Foreign Affairs and SIDA is problematic, as the "ideal" model of democratic governance does not quite represent reality. The will of the people should be manifested in elections, the Government and the Ministry of Foreign Affairs set the objectives of development assistance and indicate how to implement them. But reality is different, as Jacobsson (1984) has shown in his study of the relations between Ministries and governmental authorities; informal contacts and governance through various indirect means need to be studied if we want to understand how policies are formulated and implemented. The Public Inquiry on development assistance (Ds UD 1984:1) notes that the strategies of development assistance are often formulated within SIDA, often influenced by international tendencies, and are then subsequently accepted and legitimized by the political authorities. Due to its expert knowledge of conditions in developing countries and through its budget allocations for public information on development issues, SIDA can play an active role in deciding which issues are of interest from the Swedish point of view and how they should be handled. The various objectives and strategies of development assistance can probably often be traced to initiatives from within SIDA, but that is a suspicion which has not yet been investigated.

Effective aid requires effective management, but the division of functions between the Ministry of Foreign Affairs and SIDA has always been a contradiction, as the distribution of roles and responsibilities between the two are ambiguous. SIDA, like other governmental authorities, has a responsibility for planning and policy development within its sphere of competence, which means that it has a significant impact on policy making. It is equally true that the Ministry of Foreign Affairs often has to take decisions on details in development assistance, details that form part of SIDA's administrative mandate. Many aspects of aid administration have political significance, for example, conditions for projects,

termination of aid and budget changes; action on such issues is also interpreted as having political implications abroad. Consequently, the Ministry of Foreign Affairs has to accept these types of responsibility. The Public Inquiry (Ds UD 1984:1, p. 25) notes that, in spite of very close contact between SIDA and the Ministry of Foreign Affairs, there is still a large degree of uncertainty about "how the practical work really functions".

Development cooperation as a part of foreign policy also involves several other organizations that were established during the 1970's; the Import Support Authority (IMPOD), the Board for International Technical Cooperation (BITS), the Fund for Industrial Investments (SWEDFUND), and the Authority for Research Cooperation (SAREC). In a wider context, the Export Credit System should also be included. The overall organization is currently subject to an inquiry and the trend is towards closer integration in the future. I will leave this subject here, but note that the many organizations and their marginally different mandates are confusing and obscure, particularly for foreign partners in aid programmes.

When SIDA was reorganized in 1972, one of the changes was the introduction of the Country Division. The Country Division is staffed by programme officers who specialize in the integration and coordination of the assistance given to a particular country (for an organizational chart of SIDA, refer to Appendix 3). The establishment of the Country Division coincided with the introduction of Country Programmes as the instrument of development cooperation, as the new Division provided a means for integrating sectoral assistance. The Country Programme is an indication of the amount of development assistance that Sweden will put at the disposal of the receiving country during a three year period. The receiving countries should have the opportunity to suggest - and in many cases decide - how the resources should be utilized. The operating principle during the early 1970's was that assistance should be offered on the conditions requested by the receiver and that SIDA should refrain from influencing the content of the programme as much as possible. The

Development Cooperation Offices, i.e. SIDA's field representatives, were integrated with the Embassies in 1973 and they were given primary responsibility for the formulation of the Country Programme. The three year Country Programmes are designed as rolling plans, where yearly agreements establish the funds available for cooperation on a one year basis, and also indicate figures for the next two years.

SIDA's budget and the volume of development assistance to separate countries are debated in Parliament. Political confrontations have mostly involved assistance to controversial countries such as Ethiopia before, during and after its revolution, Cuba and Vietnam, and functional issues like the role of export credits and Swedish industry.

In 1972, the Government commissioned a Public Inquiry on Swedish Cooperation with the Developing Countries which completed its report in 1977 (SOU 1977:13). The inquiry formed the basis for a proposition on development policy which was accepted by Parliament in 1977/78. The Public Inquiry also treated the organization of SIDA but did not suggest any major changes. However, the Parliamentary Permanent Committee on Foreign Affairs emphasized that SIDA should strengthen the functions of management, long-range planning and evaluation. The Permanent Committee emphasized the need for flexibility and a progressive attitude towards changing structures and processes in aid administration.

As SIDA grew and as the reorganization of 1973 was implemented, the first aid administration handbook was published: "The Manual of Support Preparation" by SIDA's Working Group for Methods and Procedures (printed in 1973). The ideas and the procedures described in 1973 were to remain in use for a decade and have not been greatly changed in the "Method Handbook: Methods for Preparation, Implementation and Evaluation" (1983). The first step in the analysis of SIDA's planning system builds on a review of these two books, they provide a key to understanding the logic and the design of SIDA's planning. The basic trend of the first manual is accurately described

by the following quotation, reflecting the political climate of the early 1970's:

"The bilateral Swedish development cooperation is meant to provide backing for activities originally put in hand by the less developed countries themselves. Theirs is the responsibility for planning, implementing and evaluating their own development programmes and projects. Methods of preparing and implementing Swedish support must proceed from the activities in the individual recipient countries. They must never force the developing countries to adopt costly, personnel-intensive measures whose ultimate aim is to satisfy Swedish ambitions. On the contrary, they must be geared to and must make use of the development plans, project descriptions and reports of the less developed countries."
(SIDA Manual of Support Preparation, 1973, p. 5.)

The Manual does not provide any standardized techniques for aid administration but is more concerned with describing the tools of administration and raising questions concerning planning and evaluation. It is explicitly stated that the Manual is an introduction and an orientation in problems of methodology.

SIDA's Country Programme proceeds from the plans and priorities of the recipient country. It is continuously renewed according to the principle of the rolling plan. A Country Programme contains a commitment on development assistance, endorsed by Parliament, for the year ahead, plus an indication of the amounts for the two coming years. The next year the Country Programme contains endorsed commitment for one year ahead plus an indication of the forthcoming assistance for the next two years.

A Country Programme Document consists of three parts: a country analysis, an assistance programme, and an inventory of development support. The country analysis describes the situation in the country, particularly as regards the four objectives of Swedish assistance; growth, equality, independence and democracy and, perhaps, also other issues that, from time to time, interest the general public in Sweden. The country analysis also discusses the foreign policy of the recipient country, its aid from other donors as well as the progress of various sectors.

The assistance programme reviews the objectives of assistance, by sector, and describes the particular development problems SIDA may address. Sometimes the information is rather exhaustive and at other times it is merely a point of departure for support preparation. The financial planning budgets also follow the three year cycle and are established by the King-in-Council. The development support inventory gives information about specific development contributions and describes individual projects and their progress.

How does a project start? What are the requirements before a project idea comes to the stage of implementation? Normally the initiative comes from the developing country, either as a written request to SIDA or to the Swedish Embassy, but informal inquiries are also sometimes made. If there is a positive response to the request one of two possible decisions may be taken: to continue with idea preparation or to continue with support preparation. If the request is vague, the idea might have to be elaborated before a decision on support can be taken. Support preparation, on the other hand, presupposes a fairly well documented idea and leads straight to a definite proposal for Swedish development assistance. The final decision on whether the project will receive any funds is taken by SIDA's Management Committee. If the project involves relatively large sums and extends over several years, the decision will be taken either by SIDA's Board of Directors or by the King-in-Council. The project can subsequently be included in the Agreement on Development Cooperation. Figure 6.1 illustrates the process.

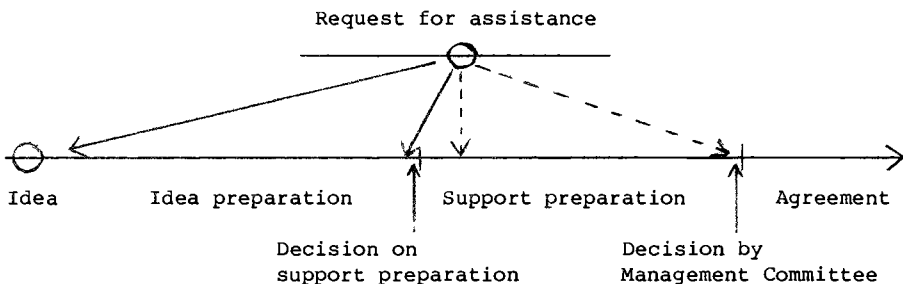


Figure 6.1: PREPARATION OF A REQUEST FOR ASSISTANCE

The first crucial question is whether the request will enter the process of idea preparation and support preparation. The "Manual of Support Preparations" does not contain such instructions, but the new "Handbook" of 1983 is more explicit on this point. Project ideas mostly appear as a result of informal contacts between SIDA, authorities in the developing country, and project managers. The ideas might spring from opportunities in other projects, continuations of project or related support in a slightly different sector. Perhaps the request comes from other aid organizations who cannot fund the activity (the multilateral organizations, for example, often support project preparation but lack the funds for implementation).

The first screening of the idea should apply three criteria. First, is the project idea given high priority and the full support of the authorities who negotiate support with SIDA (i.e. usually a Ministry of Finance and a sectoral Ministry)? Second, is the idea in accordance with the objectives of Swedish assistance? The "Handbook" notes that this criterion does not presuppose any in-depth assessment of the idea, but a common-sense analysis to screen out undesirable projects. (As examples, the Handbook points to a potential project idea to support a reorganization and extension of the recipient country's police force, or costly administrative and commercial centres!) Finally, SIDA should assess whether it has the financial and administrative capacity to implement the project. The assessment is normally carried out by the programme officers in SIDA's field office: they are the first to face a request. But even if the request should reach some other part of the organization or the Ministry of Foreign Affairs first, the field office should participate in the screening.

The idea preparation is done internally, either by the field office, the Country Division or a Sector Division. The end product of the idea preparation is an Idea Memorandum which is submitted to the Management Committee. The "Manual of Support Preparation" contains a list of questions that may be raised but also notes that the content and length of the memorandum depends on the type of activity and, in any case, should not be longer than six pages.

The "Handbook" of 1983 changes the emphasis of idea preparation. There is now supposed to be greater concentration on analysis of the problem faced, and the objectives of assistance. The estimated time for preparing an Idea Memorandum is 1-2 man/months and the task should be undertaken by the field office, strengthened by headquarters if necessary. As ideas are often vaguely expressed, the preparation should investigate what the effect of a project would be, what target groups it would reach and what side-effects it might have. The idea preparation should also assess the effectiveness of the project - not in the form of a definite quantitative analysis, but as an assessment of how reasonable it is that the resources are spent in the proposed manner, in view of other alternatives.

In comparison to the 1973 Manual, the Handbook of 1983 has concentrated on a few key questions: how to screen an idea and how to get it to the first stage of a project, i.e. to support preparation. The new instructions are simpler, more to the point and better adjusted to what is needed and what is possible in the early stages of project planning.

The 1973 Manual did not distinguish the area of information in support preparation from that of idea preparation, but indicated that the content of the former would be more exhaustive. A Support Preparation can be undertaken in several ways, whether by a SIDA officer or by external consultant groups. Often the technical preparation is so complex that it is necessary to seek external support. It is also possible to form a working group with SIDA personnel and external consultants complementing each other. The "Manual of Support Preparation" noted the possibility that the recipient country would complete the Support Preparation, but this possibility is excluded in the Handbook. (One of the sad experiences of 10 years of development cooperation?)

The Support Preparation is supposed to be a comprehensive analysis of the feasibility of a project, covering the following aspects:

- (1) Background to the project, objectives and target group. Possible side effects. Advantages and disadvantages of alternative approaches to the same objective.
- (2) Choice of technology, appropriateness and instruments for transfer of technology. Availability of scarce resources that may affect operations. Technical components and other goods should be described in detail.
- (3) Project administration and organization. Will there be a separate project organization? Responsibility for implementation, decision-making and influence over budget, personnel requirements (domestic and expatriate), educational programmes. Weak links in the chain of decision-making or dependence on other organizations for vital components.
- (4) Project costs, financing in domestic and foreign currency, plan of financial structure, budgets.
- (5) Effectiveness and profitability.
- (6) Time plan.

The approach is more comprehensive than in the previous Manual and represents an attempt to introduce more control in the stages of implementation. The support preparation now approaches the UNDP model, but it is more flexible as a tool. First and foremost, the budgets are not preconceived but, in SIDA's case, stem directly from the analysis of needs in the support preparation. Secondly, the directives emphasize a discussion of alternative approaches and a continuous evaluation in terms of opportunity costs regarding objectives, technology and organization.

The process of support preparation can be terminated if it is discovered that the project is unsuitable, but otherwise a Support Memorandum is produced, which is submitted to SIDA's Management

Committee and to the Board of Directors. Table 6.1 illustrates the process with a time plan from the estimates of the Handbook (p. 71).

Table 6.1: FROM IDEA TO AGREEMENT

Year 1	January	Request for assistance
"	January	Screening
"	January-February	Idea preparation
"	February	Idea memorandum
"	March	Decision on support preparation
"	March-September	Support preparation
"	October	Support memorandum
"	November	Decision by Management Committee
"	December	Decision by Board of Directors
Year 2	January-February	Agreement between SIDA and the recipient country

6.3 THE EVOLUTION OF DEVELOPMENT COOPERATION BETWEEN SWEDEN AND TANZANIA

Tanzania emerged as a major recipient at a time when aid was becoming a leading issue in international cooperation. But the close cooperation between Sweden and Tanzania has, in fact, a somewhat longer history. Scandinavian missionaries often settled in East Africa and Ethiopia since language was less of a barrier in the English colonies than in French, Spanish or Portuguese-speaking areas and the Protestant churches were more welcome in colonies governed by Great Britain or under British influence. The indigenous cultures were, on the whole, positive and receptive to the missionaries' influence.

The activity of the churches helped to establish personal links at several other levels, between youth movements, sports teams, political groups and many others. The friendly contacts between the countries made it natural for Sweden to increase its aid when the African countries reached independence.

Tanzania's gradual transformation towards its own form of African socialism created a crisis in its foreign relations which culminated in 1967. The Social Democratic government in Sweden, and the leading development economists, noted the socialist ideas in Tanzania with interest and sympathy. When other countries withdrew assistance to Tanzania, Sweden was ready to step in with an increased aid programme. The ideology espoused by President Nyerere conformed to values promoted in Sweden: an egalitarian non-exploitative society, democratic political development and extension of welfare via the public sector.

From an insignificant start, the industrial sector grew to take a major share of assistance from 1976 and onwards (Table 6.2). Why was Swedish assistance concentrated in the industrial sector? There are several reasons, of course, so let us start by looking at the question from the Tanzanian point of view.

A recession hit the Tanzanian economy in 1973/74 while many investments under the Second Five Year Plan were still being completed. Much of the remaining expansion was scheduled to take place in the agricultural processing plants where capital needs were huge. At the same time, the strategy of the Third Five Year Plan was in the process of formulation and investment needs in the following years appeared to be very considerable. Tanzania badly needed to secure foreign assistance, preferably by committing some of the major donors to this sector. Small-scale industries were also given priority, as we have seen in Chapter 4. At this stage, it seems likely that the Tanzanian authorities were looking for partners who (1) would provide firm and reliable assistance, unlikely to be withdrawn to exert political pressures as in the case of U.S. and U.K. assistance in the 1960's, (2) were sympathetic to the industrial development strategy, and (3) had a domestic industrial base that could serve as a resource. Sweden, more than other donor countries, fits into this picture and thus the negotiations on the areas of cooperation gradually established industry as a priority sector.

Table 6:2: THE SHARE OF INDUSTRIAL SUPPORT IN SWEDEN'S DEVELOPMENT ASSISTANCE TO TANZANIA (in million SEK)

	Total before June 1977	77/ 78	78/ 79	79/ 80	80/ 81	81/ 82	82/ 83
Total disbursements	1 258	252	316	317	304	466	410
Disbursements to industrial sector	121	70	73	60	97	104	110
Disbursements to industrial sector as percentage of total disbursements	10.5	28.2	23.2	21.4	31.9	21.6	27.2

Source: Ekengren (1984) and SIDA Yearly Registry of Disbursements, 1977-1984.

Sweden, on the other hand, also had an interest in industrial cooperation. Representatives of companies, trade unions and many others urged that the knowledge and competence of Swedish industry should be used by SIDA. Industrial development cooperation would serve the interests of Swedish companies, Swedish employees and the Swedish balance of payments while at the same time providing a form of assistance which was demanded by the developing countries. SIDA's Industry Division was developing its competence gradually and the public debate at the time also raised the idea of providing industrial cooperation through other channels, e.g. Swedfund and BITS which came into existence later. The debate led to the establishment of a Public Inquiry on Industrial Cooperation with the Developing Countries, which presented its conclusions in 1977 (SOU:1977:77). The inquiry found that the demand for industrial development cooperation was growing in most countries receiving Swedish aid. The nature of the assistance was changing since many countries sought an active involvement of private companies through equity investments and management contracts. Tanzania was mentioned as one of the countries most keen on further cooperation in several sectors, such as pulp and

paper, cement, diesel engines and heavy trucks. Consequently, the time was right for a favourable response to the Tanzanian request for industrial cooperation.

However, not only was the timing right for the Governments and for SIDA, but events at a lower level were also "running ahead", pushing for increased industrial aid, and showing that industrial cooperation was feasible and would have a positive impact. Private entrepreneurs in Sweden had established relations with the newly formed Small Industries Development Organization (SIDO) in Tanzania. Together they had worked out a concept of technology transfer and an organizational structure to support the transfer; they generated support for the project and "project champions" appeared both in SIDA and Tanzania. Support to other institutions was initiated more slowly as a result of Idea Memoranda, external consultants' contacts and "historical/personal" relationships.

The links between SIDA and the Tanzania Industrial Studies and Consultancies Organization (TISCO) appear to form a similar link at the "micro-level". TISCO received support from SIDA very early and the informal ties with Swedish aid, indeed, precede the formation of TISCO and Swedish support to it. Why was the link with TISCO important? TISCO played a major role in formulating industrial policies, generating project ideas and starting feasibility studies. Through its frequent and informal contacts with TISCO, the local SIDA office became involved in the "network" of organizations and events that laid the foundations for the projects that were to follow.

In conclusion, to understand the heavy emphasis on industrial cooperation that followed, starting in the mid 1970's, it is helpful to realize that there were processes at both the macro and micro-levels on the Tanzanian and Swedish sides, events that over a number of years reinforced each other to give the Country Programme its shape.

The Country Programme indicates the total sector support available for industrial cooperation, but the content follows from the Joint Annual Sector Review on industry (sometimes also called Annual Consultations). The Sector Review is an event that combines the functions of evaluation, negotiation, planning and decision-making for the sector support. During the Sector Review, representatives from SIDA in Stockholm meet the local SIDA office and the partners in Tanzania. The Review, lasting for one or two weeks, provides rich opportunities for informal and formal contacts, for resolving conflicts on projects, identifying problem areas, et cetera. However, the final outcome is an agreement with the Ministry of Industries on a budget for the projects for the following three years (sometimes four, sometimes two years), subject to consultations between Sweden and the Ministry of Finance. These "Agreed Minutes" are the actual instrument of control, they are final indications of resources available and they express the common intent on how they should be utilized. Table 6.3 provides an overview of the budgets for industrial assistance that were prepared at the Sector Reviews from 1976 to 1984 (note that no reviews took place in 1981).

The Agreed Minutes of 1976 comprised discussions of assistance to three programme or project areas: (1) projects financed through the Tanzania Investment Bank (TIB), (2) small-scale industries, and (3) institutions, sub-sectors and personnel. The programme for small-scale industries is, here, starting to find its future form, since it was decided to allocate money to the Arusha Industrial Estate and to start implementation of the Sister Industry Programme. During the review, members from the Small Industries Development Organization participated, together with a private company, Forsheda Idéutveckling, who sponsored the programme in Sweden. As regards the support to institutions, TISCO and a standards institute are mentioned explicitly, but the involvement was to be investigated by consultants. The consultations also recommended some form of Swedish support to the metal and engineering industries, chemical industries and to the pervasive problem of vocational training, but the content, timing and budgets were left open. TIB was also present at the

Table 6.3: TOTAL BUDGETS FOR INDUSTRIAL COOPERATION BETWEEN 1976 AND 1984: A COMPARISON OF THE ROLLING BUDGET SYSTEM (in million SEK)

Agreed Minutes from Annual Consultations	Budgets for the year								
	76/77	77/78	78/79	79/80	80/81	81/82	82/83	83/84	84/85
1976	66	68	70						
1977		68	70	30					
1978			84	114	142	156			
1979				88	117	122			
1980					138	161	161	171	
1981									
1982						136	199	170	200
1983								70	70
1984									100
Actual expenditure(1)	79	70	73	60	97(2)	104(2)	110(2)	146(2)	92(3)

- Note: (1) Actual expenditure means that the amounts have been paid by SIDA.
It does not necessarily mean that the funds have been utilized by the project.
(2) Includes dispersment to Mufindi (1980/81 34 million SEK, 1981/82 54 million,
1982/83 49 million, 1983/84 92 million , 1984/85 28 million).
(3) Preliminary figure of June 30th.

Source: Agreed minutes from Annual Consultations on Development Cooperation between 1976 and 1984.
SIDA's dispersment record (Dispositionstabla) as of June 30th, between 1976 and 1985.

consultations, which was natural since a major share of assistance went to that organization (50 million out of 68 million SEK!), but neither its funds nor the organization was discussed. At this date, the Swedish funds were used to build up the resources of TIB, but its policies and procedures were not subject to much interference from SIDA.

The next Annual Consultation on industry was held in 1977 and as we see in Table 6.3 the amounts for 1977/78 and 1978/79 were carried forward from the previous year. However, in the next year, industrial support was reduced to 30 million SEK. Table 6.4 shows that this was a reduction in the support to TIB, while the other programmes continued without change.

Table 6.4: PROGRAMMES AND PROJECTS AFTER THE ANNUAL CONSULTATION ON INDUSTRIAL COOPERATION 1977 (in million SEK)

	<u>1977/78</u>	<u>1978/79</u>	<u>1979/80</u>
Project financing through TIB and equity participation	50.0	50.0	10.0
Small-scale industries	10.0	10.0	10.0
Institutions, subsectors, personnel	8.0	10.0	10.0
Total	68.0	70.0	30.0

Source: SIDA TAN-DCO. Minutes from Annual Consultation on Industry, 1977.

The Consultations focused on support and financing of small-scale industries and coordination between large-scale and small-scale manufacturing. Possible areas for future cooperation were also considered, but the Mufindi pulp and paper mill was treated separately. The Sister Industry Programme was taking shape and the minutes noted that "According to the information presented by SIDO the feasibility of the project appears adequate and the terms under which the Swedish partner provides know-how appears reasonable". But the Minutes noted that the terms offered by the Swedish partner had

not been entirely satisfactory and further negotiations were required. As yet, no comprehensive set of policies had been established concerning the terms and conditions of the technology transfer. During the consultations, the question of whether implementation should be kept in abeyance was discussed. The alternative was to seek ad hoc solutions so the Minutes from the Consultations recommended that the first six Sister Industry Projects should be implemented as soon as possible. The additional Sister Industry Projects were almost made conditional upon future government policy as the Minutes noted "... the SIDA representative also indicated that as soon as such policies have been established the time would be opportune for the discussion on the further collaboration". The policies referred to a definition of the role of rural small-scale industry, manufacturing units owned by Ujamaa villages, cooperatives, et cetera, plus amounts and types of incentives offered to entrepreneurs.

The mission noted that the available resources for TIB would suffice for another two years and that new funds were being negotiated. TIB had a special fund for small-scale industries but has so far financed very few projects. SIDA recommended that TIB should review its procedures so it could meet the capital requirements of the small-scale industries more effectively. The industrial institutions were getting a more prominent role. The Minutes noted with appreciation that TISCO had chosen a strategy of consolidation, concentrating on a limited number of assignments and increasing its quality of work, which had been recommended by SIDA during the 1976 Consultations. The Swedish Institute of Standards signed an agreement with the newly established Tanzania Bureau of Standards in 1977, cooperation which, it was envisaged, would continue for several years. SIDA had also commissioned a study of the metals and engineering industries. The study was completed during 1977 and recommended a strengthening of the institutions as a primary field of cooperation.

A year later, the tendency to increase institutional support had become a fact, and the 1978 Consultations established a very much

wider framework for cooperation. The previous budget for 1978/79 of only 30 million SEK was dramatically increased to 114 million, and the programme now also included support to the Mufindi Pulp and Paper Mill. All projects received increased support and new institutions were added to the list, as shown in Table 6.5.

The support to TISCO and TBS remained as proposed during the 1977 Consultations, but the support to the metal and engineering sector was finding its final form. The Swedish Association of Engineering Industries (Mekanförbundet) had made personnel available for a study in Tanzania and was prepared to accept Tanzanian officials for a study of Mekanförbundet's operations in Sweden. Although a "Sister Institutions" program had not been set up yet, the possibility of doing so was mentioned.

Table 6.5: PROGRAMMES AND PROJECTS AFTER THE ANNUAL CONSULTATION ON INDUSTRIAL COOPERATION 1978 (in million SEK)

	<u>1978/79</u>	<u>1979/80</u>	<u>1980/81</u>	<u>1981/82</u>
Project financing through TIB	38.0	40.0	35.0	39.2
Small-scale industries	25.0	24.0	30.0	30.0
Institutions				
TISCO	5.0	10.0	9.0	12.0
TBS	3.0	5.0	6.0	5.0
MEIDA				
Saruji	5.0	10.0	9.0	12.0
Personnel and training				
Mufindi	8.0	30.0	57.0	65.0
Total	84.0	114.0	142.0	156.2

Source: SIDA TAN-DCO. Minutes from the Third Annual Consultations on Industry 1978.

The small-scale sector was making rapid progress even though SIDA's preconditions for national policies had not been met ("... the mission noted that the issue has not been resolved and therefore reiterates its concern." Minutes from the Third Annual Consultations, 1978, p. 10). But on the other hand, practical cooperation was making

rapid progress, the budget was more than doubled and it was even foreseen that it might have to be increased further on. The sister industry programme was extended to new projects and new industrial estates. The minutes (p. 9) also noted "... SIDA's association with SIDO during the past year has included frequent deliberations at different levels. All these deliberations have been held in an extremely open, cordial and relaxed atmosphere which augers well for the future cooperation".

TIB continued to receive the lion's share of the assistance, but it was noted that, even if new resources might be available from Sweden after 1981, TIB would have to rely on commercial credits and new loan agreements with ADB, KfW and the IBRD. The high proportion of arrears from interest and commitment fees due, as well as from principal repayments, was of concern to SIDA. Nevertheless, SIDA "... feels that a very strict application of the promissory note system could undermine financially weak companies" and recommended the Bank to negotiate revised repayment schedules with its clients (p. 13).

A curious side activity of the Consultation was its mandate to discuss environmental protection. A representative of the Swedish Board of Environmental Protection visited Tanzania and recommended establishment of an environmental protection unit in one of the Ministries. The Tanzanian delegation noted "that the development of national environmental standards and a capacity to monitor and evaluate them is just beginning" (p. 18). Nothing more appeared on this subject and it is perhaps permissible to guess that, after a demonstration of Swedish "public concern" the matter was allowed to rest. It was not mentioned further in the industrial cooperation programme!

The Consultations in the next year, 1979, did not introduce any major changes. The programmes for small-scale industries and institutions continued to increase but support through TIB was decreasing. Mufindi increased its share of total assistance. The estimated expenditure targets for 1979/80 and 1980/81 were revised downwards from 114 million to 88 million and from 142 million to 117 million,

Table 6.6. PROGRAMMES AND PROJECTS AFTER THE ANNUAL CONSULTATION ON INDUSTRIAL COOPERATION, 1979 (in million SEK)

	<u>1979/80</u>	<u>1980/81</u>	<u>1981/82</u>
Project financing through TIB	15.0	10.0	5.0
Small-scale industries	24.0	30.0	30.0
Institutions	19.0	20.0	22.0
TISCO	6.5	6.5	6.5
TBS	6.0	6.0	1.5
MEIDA	1.0	1.0	1.0
Saruji	1.0	1.0	1.0
Personnel and training	4.5	5.5	12.0
Mufindi	30.0	57.0	65.0
Total	88.0	117.0	122.0

Source: SIDA TAN-DCO. Minutes from the Fourth Annual Consultation on Industry 1979.

respectively (Table 6.6). Support to institutions continued as scheduled during the last year's Consultation.

In 1978 and 1979 the Tanzanian economy entered a sharp recession which came as a surprise after the high growth rates between 1975 and 1978. The Consultations had a special mandate to study how the harsh economic situation affected the ongoing programmes, as well as how SIDA could increase its assistance in industrial training and rural industrialization. After meetings with the Treasury and the Ministry of Industries it was concluded that:

"... although the Tanzanian Government has decided to give priority to the completion of ongoing projects in its investment programme it does not mean a halt in the preparations of new projects. Especially not for projects aiming at increased exports and/or import substitution of necessary commodities. The SIDA financed programme was considered to well suit this strategy and no major changes of the content or direction of the programme was foreseen by the Government representatives."
(Agreed minutes, 1979, p. 3.)

The Sister Industry Programme continued and several projects were mentioned for the Mbeya and Moshi estates. The budgets were not enough for implementation of the planned programme and therefore extra funds were said to be reallocated from other programmes. As a consequence of the deteriorating balance of payments situation, the Consultation recommended a long-term agreement between SIDO and the Treasury to secure the foreign exchange needed for the importation of raw materials and spare parts to the sister industries. This was the first time the import dependence of some sister industries was discussed at this level, but in the future the subject was to recur many times as the viability of programmes is dependent on continuing imports to a high degree.

TIB had been a source of increasing worries and concerns, as revealed through the weekly letters. The Consultation Meetings therefore coincided with a review of TIB together with an external consultant. As TIB had received major assistance from Norway, the review was undertaken jointly by SIDA and NORAD. The minutes noted that even though TIB was well managed and functioned well, the serious environmental problems would also affect the bank. Several Tanzanian companies were not allocated any foreign exchange for imports and they were forced to operate at low levels of capacity utilization or to close down. As a consequence, the interest payments and the debt repayments to the bank were threatened, and the Consultation Meeting concluded that the provision for bad and doubtful loans and investments in the balance sheet was much too low. Due to the bad and deteriorating arrears position, the bank's earning capacity was most probably overrated. Although the Consultations did not go into any details, the suggestion that the assistance from NORAD and SIDA could be used for working capital loans in foreign currency which the bank's clients could use for imports was discussed, thus circumventing the allocations of foreign exchange from the Central Bank. The budget for the coming three years did not include any such loans and, on the contrary, the assistance to TIB seems to have been phased out. It was, however, noted that the management of the bank needed to be strengthened by expatriate experts and that both SIDA and NORAD would support such requests.

During the following year, 1980, the recession in Tanzania's economy deepened and industrial production dropped by 23 per cent in value. The Consultations on industrial cooperation that year debated the impact of the recession on the cooperation projects, and discussed how the aid could best be used to alleviate some of the problems. As the budget figures demonstrate (Table 6.7) the small-scale industries received an increased allocation. Even though support to institutions was increasing slowly, the Agreed Minutes note that the time had come to phase out this section of the assistance. It was time for TISCO, TBS and MEIDA to show that they were viable, that they could survive without foreign aid. Instead, assistance to TIB and to special projects directly under the Ministry of Industries increased. TIB, which had been phased out the year before, was now to channel working capital loans for imports of strategic raw materials and spare parts. The bank was still in a problematic situation with regard to its arrears, but the working capital loans were expected to solve some of these problems and at the same time help industries that were hit by the foreign exchange crisis.

Table 6.7: PROGRAMMES AND PROJECTS AFTER THE ANNUAL CONSULTATION ON INDUSTRIAL COOPERATION 1980 (in million SEK)

	<u>1980/81</u>	<u>1981/82</u>	<u>1982/83</u>	<u>1983/84</u>
Industrial investment through TIB	8.0	15.0	20.0	25.0
Small-scale industries	31.0	35.0	40.0	50.0
Industrial institutions	23.5	33.0	28.0	28.5
TISCO	7.5	10.0	11.0	12.0
TBS	8.0	13.5	5.5	3.0
MEIDA	1.0	1.0	1.0	1.0
Saruji	2.0	2.5	3.0	3.5
Personnel and training	5.0	6.0	7.5	9.0
Mufindi	75.0	67.0	35.0	-
Total	137.5	150.0	123.0	103.5

Source: SIDA TAN DCO. Minutes from the Fifth Annual Consultations on Industry 1980.

The Agreed Minutes from the Consultations focused on three aspects relating to the economic crisis: (1) the preparation of new projects, that is, the need to cut back on the expanding programme, a focus on projects that were already under implementation and that had high priority in the national development strategy, (2) the problems of raw materials and spare parts for ongoing projects, the utilization of Swedish import support and other funds to strengthen the cooperation projects, and (3) the need for intensive industrial training programmes, particularly in skills with an impact on servicing, maintenance and repair in existing plants. The major conclusion was that the ongoing programmes should be accommodated so that they incorporated changes in these directions. The conclusion was (Agreed Minutes, 1980, p. 2):

"A considerable part of the SIDA assistance to the industry sector should be used for strategic investments in raw materials and spare parts in existing industries."

"The Ministry of Industries did not, for the forthcoming three year period, foresee any major changes of the cooperation as far as the already ongoing projects under SIDA financing are concerned."

One minor paragraph on the last page, with a footnote on the budget, introduced a major change in the programme. It noted that the Ministry of Industries had presented the idea of direct investments in specific industrial projects, combined with the transfer of Swedish know-how. The budget allocations were set at 11 million SEK for 1981/82, 36 million for 1982/83 and 67 million for 1983/84. However, this was a request from the Ministry and the minutes from the Consultation noted that the Ministry would contact SIDA again with more precise plans for further discussion.

In 1981 there were no specific consultations on the Industry programme; the plans formulated during the review of 1980 were carried through. The only difference was that the support envisaged for specific projects under the Ministry of Industries never materialized. As Tanzania's economic problems persisted and even grew more serious, so the industrial planning efforts became more and more

concerned with the maintenance of existing investments and the rehabilitation of industries that suffered from lack of spare parts and neglect. The "National Economic Survival Plan" had just been presented in Dar-es-Salaam by the Ministry of Planning and Economic Affairs. The plan emphasized the need to increase output from industry and indicated investment requirements of a minimum of 4.7 billion Tanzanian shillings, approximately 2 billion of which was expected to come from foreign donors. The Treasury and the Ministry of Industries had entered into discussion with SIDA and other donors. Not only investment funds, but also technical assistance of a decision-making, organizational and procedural nature would be needed for the "National Economic Survival Plan". The consultation meetings of 1982 devoted special attention to how rehabilitation efforts could be integrated into the different projects and what criteria should be used for rehabilitation investments in different sectors. The new budget is shown in Table 6.8.

Table 6.8: PROGRAMMES AND PROJECTS AFTER THE ANNUAL CONSULTATIONS ON INDUSTRIAL COOPERATION, 1982 (in million SEK)

	<u>1981/82</u>	<u>1982/83</u>	<u>1983/84</u>	<u>1984/85</u>
Small-scale industries	35.0	27.5	43.0	49.0
Industrial institutions				
TISCO	10.0	10.5	11.0	11.0
TBS	12.5	7.9	5.0	3.5
MEIDA	1.0	3.0	4.5	4.5
SARUJI	2.0	3.0	4.5	4.5
CAMARTEC		0.3	2.0	2.0
Training and personnel	5.5	7.5	8.0	8.5
Industrial investments and rehabilitation				
TIB	15.0	15.0	25.0	30.0
Ministry of Industries	2.5	6.0	70.0	91.0
Mufindi	52.0	84.0	-	-
Total	135.5	163.2	170.0	200.0

Source: SIDA TAN DCO. Report from the Sixth Annual Joint Industry Sector Review, 1982.

As a result of the economic environment, TIB's organization had been changed and more emphasis was placed on follow-up activities. The bank was to have a more prominent role in industrial rehabilitation and it was also supposed to cooperate with TISCO in preparing rehabilitation projects. Therefore, SIDA was to continue to channel funds to TIB, but these funds were to be explicitly used for rehabilitation purposes only.

The support to SIDO continued, but the various projects were also affected by the economic crisis. Many sister industries survived only because their foreign exchange needs were met by Swedish import support allocations. During the consultation, the future of import support was discussed and it was agreed that SIDA and SIDO should agree on the appropriate levels and a possible phasing out of the assistance. SIDA also reiterated its willingness to support rural industrialization in more diverse forms, through support to industrial cooperatives, rural hire-purchase funds, and micro hydro-electric power development. The initiatives to reach the rural areas reflected SIDA's ambition of changing the large-scale institutional emphasis of industrial sector support, but as the programme demonstrated there was an element of inertia affecting the efforts to achieve changes.

The Agreed Minutes of 1983 continued to emphasize industrial rehabilitation and investment. The subject was of major concern both for SIDA and Tanzania, but it was difficult to find the best forms for cooperation. Some quotes from the Agreed Minutes reveal the uncertainty on how to proceed:

"It was agreed that rehabilitation funds in the future should be concentrated to a few essential projects, where management support and import support would be combined in such a way that production increases would be achieved."

"Within the total amount allocated to industry the allocation to Industrial Rehabilitation could be reconsidered as and when detailed project proposals have been presented by the Ministry of Industries."

"It was further agreed that the possibilities of channelling funds for rehabilitation via TDFL and NBC would be studied in 1983/84."

Five areas were identified as subsectors, in line with criteria suggested by SIDA: cement industries, farm implements, fertilizer production, handicraft development and sisal-bag manufacturing. Whereas the total needs of these subsectors far exceeded SIDA's funds, it was suggested that the inputs should be coordinated with other donors, in particular NORAD and DANIDA.

The support to SIDO continued to receive a high priority. The Minutes noted that the projects were continuing satisfactorily and, in particular, that SIDO's efforts to start projects in rural areas seem to be yielding results. However, it was also agreed that the SIDA office in Dar-es-Salaam should have an increasing influence on project proposals for the Sister Industry Programme. Both the field office and the Industry Division had doubts about the relevance of some new project proposals from SIDO and Forsheda Idéutveckling, and thus wished to increase their control.

Table 6.9: PROGRAMMES AND PROJECTS AFTER THE ANNUAL CONSULTATION ON INDUSTRIAL COOPERATION, 1983 (in million SEK)

	<u>1983/84</u>	<u>1984/85</u>
Small-scale industries	30.0	30.0
Industrial institutions		
TISCO	11.0	10.0
TBS	5.5	3.5
MEIDA	1.5	1.0
Saruji	3.5	3.0
Camartec	1.0	
Industrial rehabilitation and investments	11.5	15.0
Personnel and training	6.0	7.5
Total (excluding Mufindi)	70.0	70.0

Source: SIDA, Report from the Seventh Annual Joint Industry Sector Review in Tanzania, February 14-28, 1983.

The Consultations again reiterated the determination to phase out support to the institutions, and the budgets for TBS show this determination. TISCO, MEIDA and Saruji had minor cuts in their budgets, and TBS presented a programme for relying on its own resources.

When the Annual Consultations started in 1984, the rehabilitation programme had crystalized. The Swedish funds would be used for the cement industry, farm implements and printing industries. During the year there had already been consultant support in these sectors, and import support funds had been allocated for raw materials, spare parts and machinery. However, it was still unclear how further funds should be channelled to these industries: should they be in the form of direct grants, loans via TIB or some other financial institution, or what? First and foremost, it was decided during the Consultations that rehabilitation funds for the cement and printing industries would be channelled via TIB, but SIDA and the Treasury should be consulted on the terms. Furthermore, rehabilitation funds for small-scale and rural industries would be channelled via the National Bank of Commerce, which would also receive SIDA funds via the Treasury as a loan. Support via NBC enabled SIDA to achieve several objectives at the same time: the channelling of funds to rural industries, the support of rehabilitation outside the large, national industries and the support of farm implement manufacturing. SIDO-promoted industries would also benefit and, thus, many instruments were now used to achieve the same objectives; support to SIDO went not only directly into its budget but was also given in the form of import support, NBC funds, farm implements and even through MEIDA, as will be seen later.

The gradual phasing out of support to TISCO, TBS and MEIDA continued. The expert postings were reduced and the foreign inputs were increasingly taking the form of short-term consultancies. During the consultations, both SIDA and the Tanzanian authorities agreed that the institutions had to emphasize activities that related to the rehabilitation programme, and measures that could be undertaken were discussed. The budget only covered one year, as can be seen in Table 6.10.

Table 6.10: PROGRAMMES AND PROJECTS AFTER THE ANNUAL CONSULTATION ON INDUSTRIAL COOPERATION, 1984 (in million SEK)

	<u>1984/85</u>
Small-scale industries	25.0
Industrial institutions	
TISCO	10.0
TBS	3.5
MEIDA	1.0
Saruji	1.0
Camartec	1.0
Industrial investments and rehabilitation	
via TIB	8.0
via Ministry of Industries	9.0
via NBC	5.0
Personnel and training	6.2
Mufindi	30.0
Total	100.0

Source: Agreed Minutes and Report from the Eight Joint Annual Industrial Sector Review. Tanzania, February 13.25. Ministry of Industries and SIDA.

What conclusions can now be drawn about the planning of industrial sector support? First and foremost, it seems that the attention must be directed at the processes of change. The sector support in 1976 was only just finding a form for cooperation - it was a form of assistance given predominantly on the terms of the recipient. Tanzania's need for investment funds to implement the Third Five Year Plan was met through support to TIB. SIDA's control of how the funds were utilized was limited. But, even in 1976, SIDA's objectives were influencing cooperation; support to small-scale industries, which was SIDA's major "ideological" concern, was starting and, as we have seen, small-scale and rural industries continued to be a major programme component through 1984/85. The attempts to direct Tanzanian policy in 1977 never achieved much, but must, in retrospect, be regarded as rather clumsy. During the planning in 1983 and 1984 SIDA's attitude was different. SIDA continued to emphasize rural

industrialization on a general level, but it also increased its control of the implementation phases. Both TIB and SIDO now submitted their rehabilitation projects to SIDA for assessment and approval. Several projects of dubious priority had passed through the approval stage and the increased control was primarily an initiative from the field office to direct the programme towards its interpretation of Tanzanian needs.

The subject matter of the sector support changed significantly, but three separate phases can be distinguished. In the initial period of cooperation, in 1976-1979, a considerable volume of funds were channelled to new investments via TIB in support of the Third Five Year Plan and, simultaneously, the small-scale sector received support for new investments in import-substitution projects. In the second phase, from 1979-1981, TIB had been discredited and there was an emphasis on the institutions that acted as change agents in the industrialization process: the consultants, the standardization bureau and voluntary cooperation in the engineering industry. Support to SIDO continued but there was increased concern for the "appropriateness" of the projects. During the third phase, there was pressure on the institutions to become self-reliant and to phase out Swedish support. Industrial rehabilitation had become the key word and all efforts were directed towards this end and even the institutions were modified to comply with this role as far as possible.

Over the period of these eight years, from 1976-1984, SIDA sector support was responsive to Tanzanian requests. The support reflected the problem conceptualizations and the political will of the dominant group of Tanzanian economists: the President's advisers, the Ministry of Planning and Economic Affairs and the Ministry of Industries. Of course there was also some tension between the different groupings among the Tanzanian authorities and between different groups at SIDA, and this was reflected in the budgets. The allocation of funds between large-scale industries using sophisticated technology versus rural industrialization, Mufindi versus village blacksmiths,

illustrates how the sector support struck some sort of balance. On the whole, though, sector support was gradually able to change the composition of programmes and projects to respond flexibly to the problems of the Tanzanian economy.

The planning process has several notable features. The frequency of planning events and the widespread involvement clearly differs from UNDP planning. SIDA headquarters, often supplemented by external consultants, SIDA's field office and many authorities in Tanzania meet every year to plan ahead, monitor and evaluate the support and to take critical decisions. Table 6.11 illustrates the personnel involvement during the consultations. Naturally, there are several other meetings, but these are better described at the project level. Another characteristic of the SIDA process is the integration of evaluation and planning. Each consultation is a major evaluation event in itself. It is also a forum for discussing separate evaluation reports that have been produced during the year, and it is, at the same time, the occasion when plans are formulated.

The planning document itself, the Agreed Minutes on the Consultation, is a strange amalgam of general ideas about development issues, recommendations to the Tanzanian government on policy matters, preconditions for SIDA support, expressions of satisfaction with persons and institutions, initiation of control measures, and finally, budgets. The review above shows that the allocation of resources varies surprisingly from one year to the next. Support that is being phased out in one year is given an increased budget of 20 million SEK the next year. A priority area for rehabilitation measures vanished from the discussions one year later. But let us now turn to the evaluation system and then to a review of how each project fared.

Table 6.11: PARTICIPATION IN ANNUAL CONSULTATIONS ON INDUSTRIAL COOPERATION

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
SIDA Headquarters									
Industry Division	1	3	2	2	2		2	3	2
External Consultants to SIDA Headquarters	1	1	1	3				1	
SIDA Field Office	2	2	2	1	2		2	2	3
President's Office		1							
Ministry of Finance	3	3	x	x	x				1
Ministry of Industry	4	6	x	x	x		x	x	15
Ministry of Planning									1
Regional Authorities		x						x	
TIB	1	3	x	x	x		x	x	3
SIDO	2	3	x	x	x		x	x	2
MEIDA				x	x		x	x	2
SARUJI			x	x	x		x	x	2
CAMARTEC								x	1
TBS	1	2	x	x	x		x	x	2
TKAI									1
TDFL							x	x	
TWICO							x		
NBC								x	2
TISCO	1	3		x	x		x	x	3
NDC	3	2	x	x	x		x	x	2

x = participated in the consultations, but the number of persons represented is not known.

Source: Agreed Minutes on Industrial Cooperation, 1976-1984.

6.4 THE EVALUATION SYSTEM

It is ironical that the definition of a system excludes the evaluation system of UNDP from the "systems family", but includes the SIDA evaluation system, although SIDA does not pretend to possess an evaluation system. A system is above all characterized by the cohesiveness of its parts; together they give the system properties beyond that of each individual component. Thus a system cannot be analyzed and divided into parts without losing aspects of the whole which are essential to understanding the system. Chapter 5 demonstrated that the UNDP evaluation system may very well be analyzed in its component parts, without losing any property of the whole and it would therefore seem to be disqualified as a system. SIDA's system is however very difficult to take apart and analyse since all the parts hang together and can only be analysed with continuous cross-references and much difficulty. As the description proceeds, it will become evident that the structure of SIDA's evaluation system is very vague indeed, but the evidence, in terms of visible feed-back information (and action based on such information), reveals its existence.

The main categories of SIDA's evaluation are: (1) the informal project follow-up by the field office and headquarters, (2) the commissioned evaluation studies and (3) studies undertaken on initiatives from other organizations. The logic behind this particular categorization is that the evaluation structures and procedures differ significantly between the informal and formal internal evaluation activities and the external activities. The conditions under which evaluations are started, implemented and concluded varies in between these categories. Furthermore, the use of evaluation results varies according to which category of evaluation is involved.

The activities that constitute the internal, informal evaluations are part of the daily work of project personnel, field office staff and headquarters personnel. The generation of feed-back information is based on the conditions under which these people work: the division

of tasks, the channels of communication and the organizational culture. It is rare for experts in SIDA projects to be as closely identified with projects as in UNDP. Personnel are recruited to fill posts and are assigned tasks according to (often vague) job descriptions. The duration of the assignment is usually two years - with a possibility of extension for another two years, and, in special circumstances, even longer. The concept of working on a project is weak, as SIDA emphasizes the function of support in its recruitment; the expert will, for example, work on systems of debt monitoring at an Investment Bank rather than join an "Investment Bank project". The difference may perhaps seem rather subtle, but it is important as it implies that the personnel do not become loyal to, and uncritical of, a particular "project idea".

The programme officers at SIDA's field office work closely together with the organizations that receive support and the expatriate experts on SIDA contracts. As the programme of assistance takes the form of sector support, with a functional emphasis on areas of assistance, the management of project activities also involves the field office personnel. First of all the project budgets are usually not specified in advance and therefore frequent contacts between the field office and the recipient are necessary to agree on what expenditures can be undertaken. If budgets are specified, they seldom cover more than one year at the time and consequently the budgets for one year have usually just been settled when it is time to start new negotiations. Secondly, SIDA often plays a major role in the execution of the activities that form the support - recruiting personnel, arranging training programmes and purchasing equipment. The SIDA field office, and particularly the programme officer in charge of the industry sector, are furthermore involved in these activities, even when a corporation is subcontracted as project coordinator. But the most important factor shaping contacts between the SIDA field office and the recipient organizations is the explicit emphasis on follow-up and evaluation in the programme officers' job descriptions. Not only do budgets and division of tasks facilitate evaluation, but the division of work is also a reason for maintaining

frequent informal contacts. There is a similarity between Monitoring Visits in the UNDP and the contacts that sometimes develop between project personnel and UNDP field office staff, but the magnitude of these exchanges is altogether different.

The role of headquarters personnel mirrors that of the field office. The backstopping officers are closely involved in the sector support and have executive functions in various projects. Within the Industry Division there is a group in charge of the projects in Tanzania (and from 1980, Mocambique). The group, in fact, only consists of two persons, one of whom worked in the field office in Dar-es-Salaam until 1979. How does the "Tanzania group" become so closely integrated with the progress in different projects? Let us first look at the project personnel recruitment, i.e. experts and consultants. Even though the terms of reference are sometimes worked out by the field office, they pass through the Tanzania group and will be modified and changed until both partners agree on the content. Although the Personnel Division advertises for personnel, screens the different candidates and interviews them, the Tanzania group is also involved and has a voice in the final decision.

Equipment and training are treated similarly; SIDA has a purchasing department but the Tanzania group coordinates and monitors purchases for the industrial projects. The Tanzania group is directly involved in contacting companies in Sweden and, for example, purchasing steel for projects. As for the contacts with firms that SIDA subcontract to implement projects, the Tanzania group negotiates contracts and continuously monitors implementation. The Tanzania group has a voice in the implementation of all major decisions: recruitment of personnel, selection of areas of support, the composition of training programmes and, perhaps most important, the doing, or the neglect, of evaluation studies. The Tanzania group participates in setting the terms of reference for project studies, ex-ante appraisals, monitoring and impact assessment studies and evaluations of economic efficiency. Determining the subject-matter of a study and setting the terms of reference involves a consensus building process, but the

Tanzania group and the field office are the most powerful sources of influence.

The channels of communication are the second factor in the informal SIDA evaluation system. We have already seen how the division of tasks leads to an overlap that necessitates, as well as facilitates, frequent contact between project personnel, Tanzanian organizations, the field office and headquarters. Which are then the informal channels of communication? Or, in the words of Seers (1972), who meets whom? How often do they meet? What do they talk about?

The project personnel usually meet field office personnel every week. In larger projects like TBS, TISCO and Saruji, the project managers have contacts with the field office at least once a week and sometimes make daily visits there. Many of the experts working directly in ministries, banks or other organizations meet the field office personnel several times every week. However, those who do not have project manager positions on the larger projects may have very infrequent contacts with the field office, and the same applies for those who work outside of Dar-es-Salaam. Personnel who have been working in Mbeya, Moshi and Arusha seldom have contacts with the field office more than once every three months.

The executive officers of the Tanzanian organizations which receive support also have frequent contacts with the field office. The senior managers in NDC, Saruji and TIB have reason to contact SIDA every week, whereas the directors of SIDO, TBS and MEIDA have daily conversations with SIDA. Similarly the desk officers in the Ministry of Industries and the Treasury have very frequent contacts with SIDA. Naturally the frequency varies with the content of the support and there are periods when the interaction becomes less intense. The time period that I have studied was characterized by the starting-up of several new activities and consequently there was a form of crisis management which necessitated a joint approach to the management issues.

The facts of geography and air travel limit the number of contacts between field office personnel and headquarters. Nevertheless the frequency of contacts between the two is surprising. First of all the organization makes use of its non-specialized approach; if someone from Dar-es-Salaam visits Stockholm, they usually meet the Tanzania Group in the Industry Division even if they are not directly concerned with industrial assistance. There are thus several parallel channels for gossip and other forms of loosely structured feed-back to headquarters. The field office has an average of 10 program officers and if each officer visits Stockholm twice a year, as they do, this is definitely a frequent personal contact.

The Tanzanian counterparts in the Ministry of Industries (i.e. the Minister, the Principal Secretary or one of the Directors) also visit Sweden frequently. Depending on the level of the visitor, he will meet the SIDA Management Committee or the Foreign Office, but the Tanzania Group will be involved as soon as the Industry Programme is discussed. Not only the Ministry but also other organizations visit Sweden regularly. The Directors of SIDO and TBS come to Stockholm annually and the Directors of Saruji, NDC and MEIDA somewhat more seldom. The Tanzania group can thus maintain very close contacts with their partners in Tanzania and get their opinions on the progress of projects, the need for changes in the composition of inputs and all the other management decisions.

Personal contacts are not the only informal channels of communication. Telexes, letters and "notes to the file" are also important and they must also be classified as informal. Content and spirit cannot be neglected and the correspondence in SIDA's project files does not show the same concern for appropriateness, style and formality as at UNDP. SIDA's correspondence is frequently more sloppy, more wordy and less clear in meaning, but may also be very critical and cover difficult questions that the UNDP has no language for. The quantity of correspondence between headquarters and the field office is 2-3 cables per day on average and 2-3 letters per week (on industrial assistance).

The one most important item in the informal and internal evaluation system is the weekly letters. The letters may be characterized as an institutionalized spontaneous communication channel; the fact that they are supposed to be weekly and that they are part and parcel of the organizational system does give them a formal character, but the content is definitely highly informal. The weekly letters go from headquarters to field office and field office to headquarters and consist of notes from the programme officer in charge of industry to the Tanzania group and vice versa. In spite of the name, weekly letters are not sent every week. In point of fact the average is once every three weeks, but the variance is high. During outbursts of hectic activity weekly letters are sent every week, but during holiday seasons and when there is a slack in the programme they may not be sent for over a month.

The content of the weekly letters corresponds with that of other informal communications and with the documentation from annual reviews. In short, it is a strange mixture of in-depth analysis of the impact and efficiency of projects, perceptive comments, discussions of monitoring problems, ideas on the planning of new projects, misgivings about the competence of project personnel or Tanzanian counterparts (and praise) and, finally, personal reflections concerning everything from the prospects for growth and democracy in Tanzania to the lack of tooth paste in the supermarkets of Dar-es-Salaam. The weekly letters make amusing reading and the outside observer is, above all, struck by the variety, the redundancy of much information and the absolutely critical and quite confidential nature of some letters.

The third category of analysis when discussing the informal internal evaluation is the organizational culture. Much has been written on this subject but, so far, no rigorous definition of the terms or any commonly accepted methodology have emerged. The one thing researchers agree on is that organizational culture is important when we try to understand why people in organizations act the way they do. The purpose here is not to resolve any questions about what

organizational culture is and how it can be studied, but merely to comment on some phenomena that seem to be of importance when discussing evaluation but that do not permit analysis under any other heading. Organizational culture is, of course, a wider concept than either planning or evaluation. Organizational culture affects the process and procedures of both planning and evaluation, and the description of communication channels above is a relevant illustration. The aspects of organizational culture that I will mention here can be called "the missionary spirit", "conflict avoidance", "the acceptance of uncertainty" and "the continuity of loosely structured networks".

If I apply the label "missionary spirit", I want to indicate that the personnel in SIDA are dedicated to their own ideas of what constitutes development and that they implement these ideas in project designs and in their choice of sectors for cooperation. Contrary to UNDP and UNIDO where the backstop officers often have a technical background, the SIDA personnel mostly have a background in the social sciences: economics, sociology and political sciences. It would seem that social scientists are more interested in discussing and thinking about problems concerning development and its political impact. The objectives of SIDA assistance are also quite clearly stated in political terms and this encourages discussion of projects in political terms. The main point here is not what political preferences people have, but that they do have such preferences and continuously discuss their work in such terms. The Sister Industry Programme in Tanzania may serve as an example; whereas some project champions have argued for the benefits of rather sophisticated technologies for small-scale industries, others have questioned the project because of its continued dependence on outside support, its negative effect on the equal distribution of development benefits and its positive impact on Swedish exports. Even if a definite answer has never been reached, the awareness of positive and negative effects has increased and the debate continues at a more sophisticated level.

The issue of "the missionary spirit" lead directly into a paradox concerning the next aspect of organizational culture: "conflict avoidance". The zeal with which the missionary spirit pursues an approach to the development problems seems to create conflict, and in one sense it does. Different persons do indeed have different solutions to development problems and try to enforce them as well as they can by competing for resources. But the latent conflict is never brought to its logical conclusion, there is rarely a winner as that would imply an open confrontation. Instead people have different opinions but continue to work together on the same programme of assistance, each striving to influence the projects in accordance with his opinions but usually not arriving at a final decision. The Sister Industry Programme will serve as an illustration: at times the Head of the field office has had a different opinion than the Tanzania group on the viability of some "sisters". There has been a continuous debate, but the field office has not taken decisions that directly counteract the opinions of the Tanzania group though it could formally. Instead some form of consensus has been worked out, even if it has taken a long time, and the differences surface again when new decisions have to be taken.

Working in an environment which is, above all, characterized by turbulence and where processes and procedures within the organization are vaguely and implicitly defined, requires a mind that accepts such uncertainty. Hofstede (1980) and Laurent (1980) suggest that uncertainly avoidance is one of the dimensions that differentiate national culture and also point to Sweden as a culture that accepts a high degree of uncertainty. The concept was used at the national level and it is not clear whether it would discriminate between organizational cultures generally. However, the climate for tasks, personnel and strategies that involve uncertainty in SIDA contrasts with the atmosphere in UNDP and does seem to be an aspect of SIDA's organizational culture. Acceptance of uncertainty is necessary both to accept the debate and criticism of projects within SIDA and to subject the projects to external evaluations in the manner commonly employed in SIDA.

The boundary between SIDA's organization and its project personnel and consultants is fluid. Many of the experts who have been in Tanzania are retained by SIDA and are called in to prepare new projects, evaluate ongoing ones and to fill vacant posts in SIDA. There is a "loosely structured network" of consultants who, though normally employed somewhere else, can be called upon for a variety of assignments in the assistance programme in Tanzania. The names of consultants who worked for SIDA in Tanzania during 1976 appear again in later years, and also in 1985. The major advantage is that their knowledge is being used and that it accumulates; the consultants, like the project officers, develop a sense of the history of cooperation. The drawback of the "old boy network" is that new ideas do not penetrate so rapidly. Working in Tanzania fosters loyalties and idiosyncracies in reaction to enterprises, organizations and persons. Consultants, like everyone else, react accordingly but are supposedly neutral to such influences. This is the other side of the advantage of having experience from the field, but it is part and parcel of the "old boy network".

Evaluation means the generation and transfer of feed-back information and the evaluation system consists of the structures and processes which perform these tasks. Channels of communication, division of tasks and organizational culture should not be seen as evaluation systems in themselves. The concepts of communication, division of functions and culture overlap each other and also overlap the planning system and the formal internal and external aspects of the evaluating system. The latter aspects are easier to study but they do not give us the entire truth about the function of evaluation. SIDA's administration could not be understood if the informal and internal aspects were not included in the description.

The formal SIDA evaluation system is decentralized. The Sector Divisions at headquarters and the field offices are responsible for evaluation of their own activities. All units have budget resources for preparatory work on projects (i.e. appraisals and feasibility studies) and evaluations. In addition, the Policy Development and

Evaluation Division at SIDA has a coordinating role; it assists the Sector Divisions and field offices with the preparation of terms of reference for evaluation studies, advises them on methodological issues, and accumulates and disseminates the results of evaluation studies. The evaluation group also strives to increase the centralization and long-range planning of SIDA's evaluation activities.

Three types of evaluation studies can be identified (a) those built into the projects, (b) special evaluation studies and, (c) country reports. The Annual Sector Reviews discussed in Section 6.3 are also supposed to address evaluation problems and can thus be treated as part of the formal evaluation system. Category (a) is common in projects where an external organization has an executive function and where SIDA is not closely involved in daily management. In such cases the project personnel produce a Quarterly Report covering expenditures, activities and equipment. The Quarterly Reports address monitoring questions; they are not supposed to treat issues involving the impact or effectiveness of the assistance.

The special evaluation studies are sometimes built into the project from the start, and the agreements on cooperation may state that the project will be evaluated after three years (or whenever), but the normal procedure is that such decisions are taken as the need arises. The initiative for such "ad-hoc" evaluations is often taken when a project is nearing its end, or when SIDA is considering a change or prolongation. These evaluation studies usually address questions concerning the impact of projects and their economic efficiency.

Until 1984, such evaluation studies were initiated on an ad hoc basis. Some projects were subjected to several special studies but others remained untouched. The same applies to whole sectors of assistance and to countries; evaluation activities are unevenly distributed at all levels. During the budget year 1984/85, the Policy Development and Evaluation Division introduced a three year rolling plan of special evaluation studies that are supposed to cover all

projects, sectors and countries. The purpose of the reform is to coordinate the evaluation studies through an increased measure of central control, and to ensure that no projects are allowed to escape from a scrutiny of their impact and efficiency.

Both special evaluation studies and evaluation built into projects are concerned with project level support. A much more extensive review of aid and development is produced in the country reports. Each "Memorandum on Development Cooperation", which is submitted by SIDA to the Government, includes a review of the progress of the country on the criteria for Swedish aid (growth, democracy, equality and independence). The background information stems from the Quarterly Reports prepared by the field offices, but also includes brief status reports on the different projects. The review in the Memorandum has a wide scope and more or less forces all personnel in SIDA to consider the contextual environment of the projects and how their future will be affected. A Memorandum on Development Cooperation gives rise to a debate in Parliament and frequently individual Members of Parliament will raise an issue concerning projects, which SIDA will have to answer by means of special enquiries. The Country Reports are important because they generate outside debate and criticism of SIDA, but they also raise the general awareness of the ultimate objectives of assistance and encourage a constant evaluation against this background.

Finally, the external evaluations also play an important role in SIDA's evaluation. Again, they cannot be classified as part of SIDA's system in a narrow sense, but they cannot be neglected in an enquiry into the function of evaluation. Even external evaluations are frequently initiated from within SIDA. The programme officers often set the standards of public debate on development issues and, due to their expertise, may focus on the issues they find interesting. The general public, journalists, students and researchers frequently give the impression that they are discussing the issues on the basis of SIDA's conceptualization of problems.

Furthermore, SIDA has several ways of funding external research. SAREC funds academic research on development issues, much of which is related to SIDA's projects. SIDA also provides funds for undergraduate work at universities, much of which, again, is related to SIDA projects. Journalists and newspapers receive funds for coverage of development problems and, among the many applications for such funds, it seems quite clear that SIDA selects those that pose problems that interest SIDA personnel.

Public authorities in Sweden are open to the general public. The authorities' reports, letters and working documents are available to anyone who is interested in studying them, unless they have been marked as confidential. SIDA uses the confidential classification sparingly and has not been criticized for obscuring the principle of public access. This encourages and enables external evaluators to have an impact; they get access to the data that is needed but could not be obtained in Africa, Asia or Latin America and they have a fair chance of developing their expertise and arriving at interesting conclusions.

External evaluations are published in the form of books, research papers, articles in the press and theses at the universities. However the criteria for including them in SIDA's evaluation system are twofold. First, SIDA has an impact on their origin, funding and access to data. Secondly, SIDA makes extensive use of the results they arrive at. The weekly letters, annual reviews and quarterly reports bear witness to the fact that external evaluators have influenced thinking in SIDA. The boundary between the internal and external evaluation systems is permeable and the organizational approach to evaluation cannot be understood without incorporating both.

As a summary of SIDA's evaluation system, Table 6.12 describes the activities within SIDA that answer the evaluation questions of Section 2.4. This can be compared with Table 5.3, though I have chosen not to include a time dimension for SIDA projects. As the system is primarily ad-hoc, the activities cannot be said to occur at

Table 6.12: EVALUATION ACTIVITIES ON A SIDA PROJECT

Evaluation Questions on;	Answered in, or during;
Project Planning	Idea Memorandum Support Memorandum Memorandum on Development Cooperation Weekly letters Annual reviews
Monitoring Implementation	Inbuilt project evaluations Quarterly reports Project specific evaluations Weekly letters Annual reviews
Impact Assessment	Project specific evaluations Country reports Memorandum on Development Cooperation External evaluations Annual reviews Weekly letters
Economic Efficiency	Project specific evaluations External evaluations Weekly letters Annual reviews Memorandum on Development Cooperation

prespecified or regular intervals, except, of course, for the obvious case of weekly letters, quarterly reports and annual meetings. The Table demonstrates that a wealth of evaluation activities exist and can indeed be conceptualized as a system. However it is characteristic of this system that it is ad-hoc, that there are significant overlaps (many activities/reports correspond to several evaluation questions) and that the system is clearly an aspect of the organizational culture.

6.5 CASE STUDIES OF INDUSTRIAL DEVELOPMENT PROJECTS BETWEEN 1976 AND 1984

6.5.1 Introduction

This section describes how the support for projects was initiated and which steps were taken before implementation could start. Each case study follows the same format. First, I present the political and economic background of the project and its contextual environment. Second, the planning and design phase are described and the evaluation activities are reviewed. Finally, in the concluding remarks, I relate the evaluation activities to the performance of the project and whether there are indications of any generation of feed-back information and, if so, whether the information has contributed to improving the project.

The description and analysis are intertwined with Section 6.3, which described the evolution of development cooperation between Sweden and Tanzania. As the concept of a project is not always a well defined unit, continuous cross-references between the different levels of analysis are necessary. Still, the project concept is useful for analytical purposes because many planning and evaluation activities occur at the project level. The boundary between projects, and between areas of assistance, is also fluid and may cause inconvenience. We will, for example, find that assistance to small-scale industries is not only financed via the budget for SIDO-support, but

is also channelled in the form of funds for Industrial Rehabilitation, Investment Banks, Farm Implements and Import Support. On the other hand, support to Farm Implements manufacturing might come from the budgets for SIDO, Import Support or Industrial Rehabilitation. It is not my task to apologize for SIDA's "messy" system, but I hope the reader will have patience if I try to explain the intricacies of the organization.

The case studies that follow represent all the financial and technical assistance to Tanzania in the industry sector with one major exception: the Mufindi Pulp and Paper Mill. The reason for including all assistance is chiefly to increase the validity of the conclusions and also because the projects tie into each other and therefore, for analytical purposes, it would be difficult to exclude any. The Mufindi is an exceptional case; SIDA's contribution to the project has amounted to SEK 250 million, plus another 100 million for the first few years of operation (primarily scheduled for 1984-1987), but the World Bank and the aid organizations of West Germany, Kuwait, OPEC, the Commonwealth and the European Community have also participated. The planning and evaluation of the project has been coordinated by the World Bank group, SIDA's planning and evaluation system has been short-circuited, and thus Mufindi has little relevance for this study.

The projects included here are:

- (1) Support to the Tanzania Investment Bank
- (2) Support to the Tanzania Bureau of Standards (TBS)
- (3) Support to the Tanzania Industrial Studies and Consulting
 Organization (TISCO)
- (4) Support to the Metals and Engineering Industries
 Development Association (MEIDA)
- (5) Support to the Tanzania Saruji Corporation (Saruji)
- (6) Support to Small-Scale Industries
- (7) Support to the Arusha Appropriate Technology Project
 (AATP)
- (8) Industrial Rehabilitation

6.5.2 Support to the Tanzania Investment Bank (TIB)

Background

Immediately after the Arusha Declaration, major banks, insurance companies and corporations were nationalized to gain control of "the commanding heights of the economy". The Government intended to ensure that industrial investments were made, and that they were made in accordance with the priorities set by the national development policy. An Investment Bank to channel resources to the emerging parastatal industries and to medium and large size investments in the private sector was a fundamental institutional need in Tanzania, and so TIB was established in 1970. Since its creation, TIB has been the major long term financier of industry and investments in large-scale agriculture and the infrastructure.

Several agencies have extended funds to TIB, e.g. the World Bank/IDA, the African Development Bank, and the bilateral aid organizations of Canada, the Netherlands, Norway, Finland, West Germany and the European Community. During the first years of operation hardly any Tanzanians had any experience of investment banking and the need for technical assistance was high. UNDP supported TIB until 1979, but expert advisers and scholarships were also financed by other organizations.

TIB lends capital at a minimum rate of 10 per cent per annum, as approved by the Bank of Tanzania. The loans normally have a repayment period of seven to ten years and a grace period of one to four years. The maximum intervention in a single project is TSH 50 million and the smallest loan given is for TSH 200,000. TIB loans cover the foreign exchange portion of project costs but the exchange risk is transferred to the client. Since 1981, TIB has provided working capital loans to cover the importation of raw materials and spares. In practice, these loans are a method of allocating foreign currencies independently of the central bank. TIB also takes up equity, corresponding to approximately ten per cent of outstanding loans.

SIDA's assistance to TIB dates back to 1971 and, by 1976, SEK 112 million had been advanced.

Planning and Designing SIDA Assistance

Investment capital was the principal constraint on Tanzania's industrialization in the early 1970's, at least as the problem was seen at the time. When Sweden gradually shifted its aid to the industrial sector, it thus became primarily a problem of channeling investment capital to industry. At the time SIDA, and most other "progressive" development planners, restrained their interference in the recipient country. The ideal aid programme was supposed to be based on the administrative resources in the country. The foreign donors were not supposed to try to create institutions similar to those in their home countries in order to satisfy their own views of appropriate administrative behaviour, but were to accept the existing structures and processes in the recipient country. This, in retrospect, overly optimistic view of the capacity of newly created organizations led SIDA to rely heavily on TIB for an impact on industrialization.

The first Agreement on cooperation dates from 1971 and it gives TIB almost complete freedom to allocate Swedish aid funds according to its own operational policies. SIDA restricted its role to assessing the projects which TIB proposed and, though it had a veto right to block the use of Swedish funds, this was never used. The Swedish support to TIB reached its peak during 1975 to 1979 when around 40 million SEK per annum was disbursed. However, TIB was never very effective in drawing on Swedish know-how and industrial resources. As early as 1978, there were efforts to channel resources to Tanzanian industries in other ways. Table 6.13 shows the budget allocations to TIB during each of the Annual Agreements.

Table 6.13: PLANNED SUPPORT TO TIB (in million SEK)

Annual agreement dated:	Budget year following the Annual Agreement			
	1	2	3	4
1977	50	50	10	
1978	38	40	35	39
1979	15	10	5	
1980	8	15	20	25
-				
1982	15	15	25	30
1983	6	8		
1984	8			

Note: Budget year one of the Annual Agreement dated 1977 means 1977/78, budget year two is 1978/79, budget year three 1979/80. Budget year one of the Annual Agreement 1978 is 1978/79, budget year two is 1979/80, and so on.

Source: SIDA, TAN-DCO. Annual Agreements on Development Cooperation 1977 - 1984.

Assistance to TIB was being phased out in 1979, but in the following year's Annual Agreement it was increased again. The signs of the economic crisis were becoming more visible in 1979 and the policies of TIB were questioned. SIDA intended to withdraw from further financing of traditional capital intensive investments via TIB. SEK 35 million was allocated in the Agreement of 1978 for the budget year 1980/81, but the sum was reduced in the subsequent Agreements, first to 10 million and then to 8 million. However, by 1980, TIB had found a new role through the proposal to forward working capital loans with foreign exchange to its clients. SIDA responded favourably and, as we can see, the budget allocation increased. However, the implementation of the new policies were not successful. TIB was allocated SEK 25 million in the Agreement of 1982 for the budget year 1984/85, but the sum fell to 15 and 8 million as 1984 approached.

Monitoring Implementation and Impact Assessment

The question of evaluating assistance to TIB is closely associated with the evaluation of TIB's onward lending. During the first eight years of assistance SIDA confined its role to that of financier and partner in the dialogue on sectoral priorities; SIDA did not assess the viability of different projects. TIB's management had close contacts with the field office and the relations were cordial and friendly and SIDA had confidence in TIB's organization and its capacity to select sound investments. Apparently SIDA's review of TIB's project proposals did not induce any change of mind until the late 1970's.

At first, neither weekly letters nor quarterly reports, country assessments or any other part of the evaluation system indicated any dissatisfaction with TIB. But from 1978 onwards, SIDA expressed increasing concern for rural industrialization, small-scale technology, self-reliance, et cetera. The general awareness of the import dependence of the country's large industries was rising, i.e. the problems of TIB's clients. By implication, TIB had not been careful enough in its feasibility studies, particularly not in its analysis of the contextual environment. As a result of the poor performance of TIB clients, SIDA started to question TIB's role.

The first initiative for an evaluation study was taken by the SIDA field office, who also financed the study. The field office, headquarters and the Government of Tanzania (including TIB) agreed on the terms of reference. It should be noted that it did not take the form of an evaluation of TIB but took the form of a study of financing institutions. Two external consultants undertook the task during 1982 and presented a voluminous report on TIB, the Tanzania Development Finance Company, The Tanzania Rural Development Bank and the National Bank of Commerce. The report presented a wealth of organizational and financial data on all these organizations. The consultants concluded that "TIB is a well-organized and competent development bank playing an important role in the process of

industrialization in Tanzania. As a consequence of the capacity utilization in Tanzania's industry and drastically reduced output, TIB's operations have been affected: the number of ailing clients is increasing and, as a result, the quality of the loan portfolio is deteriorating." The consultants recommended that SIDA should support working capital loans through TIB and recommended SEK 10 million for 1983/84 and 15 million 1984/85. As Table 6.13 indicates, SIDA only allocated TIB 6 and 10 million.

The consultants report failed to reach the conclusion that SIDA desired. During 1982 and 1983 TIB prepared projects for rehabilitation support that were severely criticized by SIDA. After many delays, questions and reservations SIDA finally approved the proposals forwarded by TIB for the budget year 1982/83. The programme officers at the field office became increasingly sceptical of the competence of TIB personnel, but could not terminate assistance on their own initiative. As a result, the rehabilitation projects, i.e. working capital loans that were forwarded to industries in 1984/85 have been initiated by SIDA in cooperation with the Ministry of Industries. TIB is no longer an intermediary between SIDA and project level support. Its organization has been short-circuited and SIDA discusses and prepares project proposals in direct contact with companies. After a project has been approved TIB is called in to channel the Swedish funds to the company. TIB's cooperation with SIDA contrasts completely with the situation in the mid 1970's when TIB was entrusted with the disbursement of 50 million per annum. Ten years later, TIB was not deemed capable of handling the 8 million it was nominally allocated.

Conclusion

During the fourteen years of support to TIB, and to industrial investment via TIB, only one study of the impact of the support was made. This report treated the problems of capital for development generally and it was not particularly controversial in its assessment of TIB. Many SIDA employees were more critical than the external evaluators and they acted as if their misgivings had been proved right.

Support to industrial investments via TIB were phased out from 1978 onwards. The working capital loans created an instrument of useful cooperation with TIB, but, after the first two years, SIDA found TIB's project proposals unrealistic. The present support via TIB is regulated in detail by SIDA. Technical support to TIB was terminated during 1984 and there are no Swedish experts in the organization any longer.

The Swedish support to TIB is more likely to have caused damage to the country's development than to have done good. TIB's lending policy has been such that it has contributed directly and significantly to the recession from 1978 and onwards, and this policy was only possible with external aid. SIDA did act to cut back investments when the recession was emerging and, though support to TIB continued, SIDA tried to ensure that the project quality was high (albeit not successfully in all cases). Could SIDA's personnel have anticipated the recession and influenced TIB, or cut back its support, as early as in 1975 or 1976? Some Tanzanian economists did raise warning signals but opinion at large supported the country's policy and therefore it may not be reasonable to expect SIDA to have had more foresight than most politicians, economists and others at the time (though it would have been desirable).

6.5.3 Support to the Tanzania Bureau of Standards

Background

Standardization has several important functions in a country's industrialization. Standards define the quality of products by specifying design and performance criteria. Standards can reduce the variety of products that are imported or produced domestically, thus simplifying repairs and the purchase of spare parts and reducing the costs of handling and stock keeping. Standards can be used to grade products, e.g. vegetables, fruits, skins and hides, and thus ensure that the farmer gets paid according to product quality. Standards also help industrial enterprises get inputs of an even quality and

may ensure that correct export prices are paid. There are several examples of Tanzanian exports of high quality raw materials (e.g. cotton, cloves, cardamom) where prices are too low because the quality is not guaranteed according to any accepted standards.

Standards can also safeguard consumer interests by, for example, ensuring that food-processing is undertaken cleanly and that the products do not contain hazardous ingredients. Electrical products, chemical compounds, et cetera, also need to be checked for safety. Finally, the concept of standardization includes metrology, the calibration and maintenance of testing devices and ensuring that various quantitative measurements are correct.

Even though standardization is a relatively late phenomenon (most industrialized countries did not introduce standardization until the early 20th century), it could prove important in developing countries. The functions mentioned above are equally important in the Third World and a functioning standards bureau could play a role in the transfer and adaptation of technology. Much of the waste and inappropriate applications could perhaps be avoided if international standards were available.

These considerations led to the establishment of the Tanzania Bureau of Standards (TBS) in 1975. Initially, TBS had a Tanzanian Director, with an engineering background, who was the champion of the organization. There were also four expatriate standards engineers but as TBS had no offices or laboratories, the latter were working directly in enterprises. TBS approached UNIDO and SIDA for assistance but, the former organization confined its role to training programmes and some assistance to laboratories for food testing.

Planning and Designing the Assistance

During preparatory talks before the Annual Agreement of 1976, Tanzania suggested that SEK 1.5 million be used to set up TBS over a three year period. SIDA contacted the Swedish Standards Institute (SIS) who proposed a preparatory study of a standards institute in

Tanzania, suggesting what it might contain, how it should be set up and what their own contribution could be. In May 1977, SIS presented a project outline to SIDA which gave priority to four factors: (1) finance for buildings and equipment, (2) the provision of consultants from SIS to TBS, (3) a training programme for standards engineers at TBS, and (4) a training programme for team leaders and senior managers at SIS in Sweden.

SIDA reacted positively, but estimated the cost of assistance at no less than SEK 15 million, spread out over seven years. There was a lively correspondence between the field office and headquarters and a Memorandum of Support Preparation was accepted during the summer of 1977. In January 1979, two and a half year after the request, a contract was signed, enabling SIS to go ahead with the project. Table 6.14 shows the budget for the cooperation.

Table 6.14: PLANNED SUPPORT TO TBS (in million SEK)

Annual Agreement of	Budget year after the Annual Agreement			
	1	2	3	4
1978	3.0	5.0	6.0	5.0
1979	6.0	6.0	1.5	
1980	8.0	13.5	5.5	3.0
1982	12.5	7.9	5.0	3.5
1983	5.5	3.5		
1984	3.5			

Source: SIDA TAN-DCO, Annual Agreements on Development Cooperation 1978-1984.

SIDA had approved the project before the contract was signed but the details of drafting the contract and agreeing on terms delayed the start by almost a year. SIS set up a subsidiary SIS Service AB (SISSAB), for the project in Tanzania. The contract, which is formally between TBS and SISSAB but financed by SIDA, entrusted many of the tasks normally undertaken by SIDA to SISSAB. The latter would be responsible for recruiting personnel, purchasing equipment and conducting training programmes. They were to submit a Quarterly

Report to SIDA and bill them for services but otherwise SIDA headquarters were not much involved in the daily work. The field office did, however, retain close contacts with the SISSAB personnel as it had to assist them in many daily tasks and, at times, act as mediators between them and Tanzanian organizations. In the initial project phase, the field office had almost daily contacts with TBS but, as the project got under way, the frequency of contacts became a matter of weekly meetings.

The budgets in Table 6.14 reveal the uncertainly involved in planning even a fairly clear task like this. The rate of implementation is always overestimated and whereas it is realized that expenditures cannot be so large next year, they are exaggerated for the year thereafter. The possible rate of phasing out assistance is also consistently overestimated. The most expensive item in the support to TBS was the construction of new buildings and the purchase and installation of laboratory equipment. After these installations were completed, the project expenditures levelled out at an annual average of SEK 3 million.

The first phase of the project was completed in 1982 and an evaluation was undertaken to study the impact of the project and to determine the need for future assistance. As all the partners accepted its conclusions and recommendations, a new contract between TBS and SISSAB was signed in January 1984. This provided for continued SIDA assistance until 1987.

Monitoring Implementation and Impact Assessment

Apart from the Quarterly Reports from SISSAB to SIDA, contacts remained very close between the Director of TBS, project personnel, the field office, SISSAB and headquarters. As long as training programmes, buildings and everything else progressed smoothly, SIDA found no reason to interfere with the project. The only major problem concerned housing for the expatriates. This matter was raised at Annual Reviews and was finally solved in 1982. The Country Reports comment favourably on the project and the Minutes from Annual Reviews also reveal that it worked well.

However, the delivery of project inputs and activities to TBS is one thing, its impact on industrialization is another. The evaluation study of 1982 addressed a wide range of questions concerning TBS and had as its objectives to:

- analyze TBS's present and long-term role in the development of of industry,
- review the conceptual framework of TBS on the basis of experience gained,
- evaluate TBS performance in relation to the Act of 1975 and the contract with SISSAB in 1979,
- review internal organization and working procedures with regard to efficiency, creativity, flow of information, staff development, et cetera,
- analyze the need for future assistance.

The terms of reference indicate that those who commissioned the study expected a review of the operation and administration of assistance and its present and future impact on Tanzania. Let us now see what answers the evaluation provided.

First of all the evaluators concluded that TBS "has been established". In 1982 the main functions were staffed by qualified personnel and the buildings and laboratories had been set up. TBS could thus perform the duties assigned to it in the Establishment Act of 1975, even though some of the engineering sections within the Standards Department needed to be strengthened. The first phase of assistance was thereby concluded on time.

The evaluators followed the preparation of standards and concluded that the technical committees worked efficiently, but that follow-up was lacking. Once a draft standard was approved, it took a long time

to document, publish and make it available to the public. Some organizational changes were suggested to improve the performance. In 1982, TBS had given priority to standards for the domestic market, but the evaluators concluded that the highest priority should be given to standards affecting external trade, where the short term savings would be highest.

The evaluators pointed out that one of the most important factors affecting the success of TBS would be its capacity to recruit, train and retain qualified personnel. The turnover of engineers was high because of the competitive salaries offered by other companies. They pointed out that TBS had to develop a system of fringe-benefits, including housing, that compensated for the low wages they had to pay, as a parastatal organization.

In their review of buildings and equipment, the evaluators stressed the utmost importance of maintenance and "... if the laboratories cannot be kept in a proper condition and enjoy a good reputation they should rather be shut down." They proposed a continued SIDA/SSISAB assistance to train personnel and supervise the maintenance function. Other sections of TBS also had minor deficiencies, e.g. the documentation services and the quality assurance departments. However, the report notes:

"... it is too early to determine if there is efficiency in the organizational structure, working procedures, decision-making processes and flow of information. In our opinion there are prerequisites for creativity within TBS. There are proper job descriptions. The training program is adequate. The guidelines and instructions for the technical and administrative work are good."

Concerning the contextual environment and TBS's impact on the Tanzanian economy, the evaluators noted that there were several critical issues. First of all, TBS was not well-known at the company level and needed to market itself aggressively. If not, TBS would not generate any incomes and the evaluators proposed that TBS must be able to finance around 70 per cent of its current expenditure from

its returns. Secondly, TBS would always need foreign exchange for spare parts, supplies and international cooperation. This need might be met from SIDA allocations up to 1987, but TBS must prepare for life after that. In sum, the evaluators were of the opinion that the logic behind standardization was valid in Tanzania, and they argued that if TBS became more market oriented, standardization could have a very positive impact. The establishment of TBS through the cooperation with SISSAB had been very successful, but it remained for TBS to prove its worth.

SIDA accepted the evaluation and agreed to its conclusions. A new contract for cooperation between TBS and SISSAB was signed in January 1984, gradually phasing out the assistance. But even though SIDA did not commission any further evaluation of TBS, it had to tackle the question of its assistance again. A Swedish Member of Parliament questioned the Foreign Minister on SIDA's policy and particularly pointed to TBS as an example of irrelevant and misleading assistance. The MP argued that since Sweden had not introduced standardization until quite recently, why should Tanzania do so now in view of its weak industrial basis? Had not SIDA made a mistake when it approved support to TBS?

The Foreign Office forwarded the question to SIDA who prepared a reply in December 1983. SIDA argued that Tanzania's situation in 1983 could not be compared to that of Sweden a century ago, or even to 20 years ago. The need for quality in external trade, the demand for consumer protection and the economics of spare part supplies, stock-keeping et cetera, on the macro-level, justified the support. Furthermore, as the evaluation report noted, TBS could have a positive impact even during the current economic crisis and this assumed a continued Swedish support.

Ekengren's evaluation of SIDA's industrial support (1984) reaffirmed the effectiveness of SISSAB's assistance, but he also questioned the timing of the project. Given Tanzania's economic crisis, it was perhaps not correct to allocate scarce resources to TBS now. Either

TBS should have been established earlier so that it would have been equipped to help the country meet its current challenges now, or the project could have been delayed until the worst short-term problems had been solved.

Conclusion

The cooperation between SIDA-SISSAB and TBS has worked very well. The time schedules for the project were maintained and the budgets were not exceeded. SISSAB's role in project planning helped it mobilize resources for implementation at an early stage. SIDA made good use of the Swedish resource base which seems to have contributed to the efficient planning and implementation of the project. SIDA's role in the delivery of inputs was minor, but it kept in close contact with the experts on the project and TBS management throughout the venture. The direct monitoring did not, however, lead to any interventions, as the project made fairly smooth progress.

The impact assessment in 1982 posed the most critical questions regarding cooperation, as did the parliamentary debate in 1983. Since then TBS has become more conscious of the need for publicity and for selling activities. The management has changed the emphasis of its activities away from domestic standards to various supporting activities for external trade. Even though both activities existed before, and in fact complement each other today, the change in emphasis is derived from the evaluation study of 1982.

The evaluators were external agents, not associated with either SIDA, SISSAB or TBS. Their terms of reference were wide, but as shown on page 264, posed fundamental questions about efficiency, impact and survival of TBS. Their results were on the whole positive towards the cooperation but they pinpointed organizational shortcomings and critical areas in the future development of TBS. The study had an impact and the recommendations were incorporated in the plan for assistance until 1987.

6.5.4 Support to the Tanzania Industrial Studies and Consulting Organization (TISCO)

Background

The Government's aim to "control the commanding heights of the economy" was the reason for establishing TISCO and its forerunner - an Industrial Studies and Development Centre had been operational since 1965. Supported by the UNDP/UNIDO, the centre was closely tied to the Ministry of Industries and had focused on sectoral and pre-investment studies. During eleven years of UNDP/UNIDO assistance, a core of skilled consultants were trained and a number of studies were prepared by the foreign advisers, but the organization did not have the impact on industry that the Government desired. The financial dependence on the Government and foreign aid, plus the organizational affiliation to the Ministry, hampered its growth.

Everything connected with the old centre (staff, projects, files, et cetera) was transferred to TISCO in 1976. "The need to retain project formulation experience in an indigenous consulting firm and to create an institutional framework for developing internal consulting know-how were the primary reasons for establishing TISCO", as the Director General noted in the first Annual Report for TISCO. This was conceptually in line with Tanzania's industrialization policy in the mid 1970's. Heavy, capital intensive industries involved a large increase in importation and retaining foreign technology. Through its central position as the parastatal consulting company, TISCO was awarded several privileges. It had a formal first option on any consultancy assignment for industry in Tanzania requiring foreign expertise. In addition, all industrial research information and reports produced in the country had to be furnished to TISCO, which made it the centre for intelligence on industrial activities.

TISCO had four major activity areas, the first was consulting and advisory services primarily related to feasibility studies and project implementation. Then there were sectoral studies and

investigations of broad industrial issues such as technology transfer, coordination of industrial research and long range development of the industrial sector. Third, TISCO was to be a centre for industrial information and documentation, i.e. acting as a repository for studies and research papers and maintaining an extensive library of industrial literature. Fourth, TISCO developed indigenous consulting capacity through on-the-job training, internal and external education.

In short, TISCO was meant to be a multidisciplinary consulting organization, concentrating on industrial development, promotion of modern technology and management techniques. Its services were available to government and private institutions in and outside Tanzania. However, by 1984 the majority of clients were other parastatal companies and TISCO has only competed for and won a foreign project once (in Botswana).

Planning and Designing the Assistance

The reasons why UNDP/UNIDO did not continue to support TISCO are not clear, but well before its establishment, the Ministry of Industries asked for SIDA's assistance. A consultant was appointed to study the institution, both in terms of the best solution to the problems of the Industrial Studies and Development Center and the need for external support from SIDA. The consultant, Åke Rusck, had previously worked as a UNIDO expert on the project and was very familiar with the institution, with Tanzania and SIDA. His report was published in May 1976 and became known as the "Rusck Report". Rusck identified the lack of trained personnel to carry out consulting work as one of the main shortcomings in development, and saw a unique opportunity to develop this function. Although Rusck supported the development of all the functions proposed by the Government in the Establishment Act, he proposed a gradual approach, where first priority was given to sectoral studies, industrial policy and planning. He also recommended that the recruitment of foreign experts should have a heavy bias towards technical consultancy in mechanical, chemical and

civil engineering, and food technology. The team of foreign consultants was to be headed by a chief consultant who would also be a counterpart to the Tanzanian Director General. An important feature of the recommendations was on the job training rather than formal, overseas training to develop TISCO's staff. Rusck suggested that TISCO's internal organization should be kept loose and unstructured; teams should be formed to carry out individual assignments.

However, Rusck noted that as such a venture (to set up a consulting firm) had not been carried out before as an aid project, there was some uncertainty concerning the scope of assistance required and the ways and means of meeting this uncertainty. The total contribution from SIDA over a three year period was estimated at SEK 6.6 million, but yearly reviews were to be conducted jointly by the Ministry of Industries and SIDA. In December 1976, two Swedish consulting firms submitted proposals to SIDA with details of technical support to TISCO. SIDA held discussions with both firms and it was decided that they should collaborate. The Consultants for Trade and Industry (CTI) signed a contract with TISCO in April 1977 and another contract stipulating the agreement between CTI and Allmänna Ingenjörssbyrån (AIB) had already been signed. CTI and AIB supplied seven consultants to TISCO and CTI reached an agreement with an Indian firm who made another five available. The personnel component was thus very heavy from the start and it continued to form the core of assistance. In sum, the form for assistance to TISCO and the viability of the project was assessed very quickly. It took one year from the conclusions of Rusck report to the decision by SIDA to support the project, select consultants and have the contracts signed. The project was operational in June 1977.

Monitoring Implementation and Impact Assessment

From the very start, TISCO's management (Tanzanian and Swedish) kept in very close contact with SIDA's field office. The formal monitoring reports were quite frequent, there were Quarterly and Yearly Reports from the chief consultant, and SIDA also paid the fees to CTI and AIB

after they submitted invoices approved by TISCO. The field office therefore had constant information of the physical delivery of inputs in terms of consultant man-hours, training programmes, back-stop services from CTI and AIB in Sweden and the minor items of equipment that were included.

The fact that the Swedish embassy and the field office shared the same building as TISCO from 1977 to 1980 also explains why contacts were frequent and friendly. The programme officers met TISCO personnel on a daily basis and knew virtually as much about the organization as those employed directly.

The weekly letters reflect an operational concern with TISCO in matters such as housing, the use and abuse of vehicles, recruitment of staff, et cetera. But more fundamental questions were also raised, the first of which concerns the indigenous staff. TISCO, like other parastatals had no problems in recruiting promising university graduates, but after some years expensive on-the-job training, they left for better paid jobs. The problem was crucial and it occurred on other projects as well, but no viable solution has ever been proposed. Secondly, the weekly letters at times raised the problem of apparent duplication of effort. Other institutions had similar capacities and the mandates between TBS, TIRDO, TIB, TISCO and others at times overlapped, a duplication which might seem more wasteful in a country where resources are as scarce as in Tanzania. Third, the weekly letters at times expressed regret about the sophisticated technology and capital intensive production methods which often originated with TISCO, and fourth, the correspondence also expressed concern about the proliferation of feasibility studies and the lack or delay in implementation. These and other questions finally formed the basis of a major evaluation of TISCO which was undertaken in 1980 for SIDA and the Ministry of Industries. The terms of reference were worked out jointly by TISCO and SIDA (field office and headquarters) and the contract was awarded to SWECO, international management and engineering consultants. The terms of reference were, in brief:

- A review of TISCO's concept and performance for indigenous consultancy
- Evaluation of external relations (clients, domestic institutions, foreign collaborators, i.e. CTI and AIB)
- TISCO's markets and its capacity to meet the demand
- Financial and organizational aspects
- Long-term strategy suggestions

The recommendations and conclusions of the report were accepted by TISCO and the commissioners. A very large share of TISCO's contracts, 80 per cent, was for feasibility studies ordered by parastatal clients. The evaluators noted that TISCO should devote more capacity to implementation work, including trouble shooting, rehabilitation and maintenance. These directives were taken note of by the Ministry of Industries and TISCO has shifted its emphasis since 1980 and feasibility studies accounted for a minor share of its incomes in 1984. There are several reasons for the change; first of all virtually no new projects were started in Tanzania during the recession. Contracts for feasibility studies were also often smaller and administration more cumbersome, it was therefore more profitable for TISCO to change its emphasis. Their market analysis concluded that TISCO had a realistic potential for a fivefold increase by 1985 from the 1980 level of paid consultancy assignments, the change away from feasibility studies met both national aims and TISCO's need for profits and real life orientation for training of local professionals.

The evaluators concluded that the risk of duplication concerning information and research was very real and they suggested that TISCO should interpret its mandate from the government in this area rather narrowly, i.e. restricted to internal documentation and research linked to consultancy assignments and depository functions.

TISCO's organization was found to be top and bottom-heavy, with 45 professional consultants and 60 supporting staff. The evaluators proposed a restructuring of the organization for reduced control spans and easier, faster interaction between sections. They suggested that an expansion of operations up to 1985 should contain a shift of emphasis away from organizational growth towards more integrated work with sub-contracted expertise. SIDA supported the recommendations and have emphasized the need for consolidation during the Annual Reviews. A major restructuring of TISCO started immediately in 1980, along the lines of the evaluation.

The review noted that TISCO's channelling role - as envisaged at establishment - assumed review of present policies and contractual arrangements in order to meet development, general expansion and financial goals. There was a need for more active and concerned participation with the contract partners (CTI, AIB and the Indian firm, NIDC); back-up services and short term consultancies should be used more. Finally, the evaluators noted that TISCO should break the trend of increasing operating deficits, low capacity utilization and increasing capital expenditure. They outlined a strategy of consolidation and sub-consultancy for expanded operations, intended to reach a break even target by 1985. They assumed that, in the consolidation alternative, TISCO could achieve 60 per cent of paid internal consultancy man hours by 1985, but this goal would be too far-reaching if the organizational imbalances and uncontrolled expansion of 1980 and previous years continued.

Some of the policy issues brought up by the evaluation were accepted readily, notably the functional change towards implementation and the organizational review, but others remained problem areas. TISCO is still dependent on external assistance and has not been able to increase sub-contracting and overseas cooperation as envisaged. This fact has been brought up during Annual Reviews, as well as in between, but SIDA nevertheless continued its support and agreed to the budget increases proposed by the Tanzanian partners.

Conclusions

During the lifetime of the project, SIDA kept a close control of the delivery of inputs and various activities, primarily through very close personal contacts but also through continuous Progress Reports. The support to TISCO was only subjected to one major evaluation, in 1980. The terms of reference for this study developed out of the operational problems seen by the field office and subsequently discussed in weekly letters and at Annual Reviews.

The evaluation study of 1980 was very comprehensive and it examined both the impact and the efficiency of TISCO. Many of its conclusions were critical of TISCO's selection of clients, projects, its internal organization and its cooperation with CTI and AIB. However the study was received favourably, and many of its recommendations were implemented immediately, although some others are still discussed. Neither SIDA nor any other partner has seen a need for any further evaluation.

Ekengren (1984) noted in his review of industrial development assistance that the ultimate objective was to create a local consultant who could compete with international firms in East Africa. Ekengren reviewed a series of TISCO studies but concluded that, though some are of a high quality, others "are not as penetrating and conclusive as should be the case". TISCO did not yet have the capacity and quality consciousness of a firm of international consultants. Considering that the organization had been supported for almost twenty years, including UNDP/UNIDO support from 1965 to 1976 and SIDA support thereafter, it should be clear that the difficulty of technology transfer of this institution building character had been, and continues to be, severely underestimated.

6.5.5 Support to the Metals and Engineering Industries Development Association (MEIDA)

Background, Planning and Designing the Assistance

The metals and engineering industries were designated priority areas in the industrialization strategy and they were also a priority area in development cooperation with Sweden. During the discussions between SIDA and the Ministry of Industries, an idea emerged sometime during 1976 that a branch organization, some form of voluntary association, might be useful; it could act as a catalyst for innovation and cooperation and could perhaps be an inexpensive way of promoting development in the sector.

The model in the minds of the planners was the Swedish Association of Engineering Industries (Mekanförbundet), an organization of high repute which has served the Swedish industries with consulting studies, training programmes, research funding, political lobbying, international contacts, resource banks, et cetera. Furthermore, a Task Force composed of representatives of ministries, companies and the University submitted a report to the Government in 1976. They found that there was a need to establish linkages between the engineering companies for an exchange of experience, coordination of investment and training, better use of capacity and increased subcontracting. The study also pointed out that the sector had technical and commercial interests that could be better promoted through some form of association.

SIDA asked Mekanförbundet's advice and a preparatory study was undertaken in July 1978. The consultants prepared an outline of an organizational plan for the Association, and prepared a list of priority activities in line with the purpose suggested by the Task Force. They recommended SIDA to support a loose cooperation between Mekanförbundet and the Association. In short, the cooperation meant that Mekanförbundet would provide consultants, training advisers and back-stop services.

The first step to form an Association was taken in May 1979 when the Ministry of Industries convened a seminar to discuss the proposal. Public and private companies and institutions such as TBS, TIB and UNIDO were present, as well as representatives from Mekanförbundet. The proposal to form an Association was unanimously adopted and MEIDA was legally registered in August 1979.

MEIDA's secretariat was set up and the new manager and his associates were invited to Sweden, to visit Mekanförbundet and study its activities. Immediately afterwards, consultants from Mekan went to Tanzania for further discussions of MEIDA activities. A resident Swedish consultant started to work for MEIDA in February 1980, and the cooperation contract between Mekan and MEIDA was signed in May.

Monitoring Implementation and Impact Assessment

MEIDA is one of the smallest projects but it has played a larger role in Swedish support than its budget reveals. There has not been any impact assessment nor any study of the efficiency of support, but SIDA has been closely associated with the project throughout its lifetime. The resident consultant and Mekanförbundet have had close contact with SIDA all the time, explained partly by the fact that SIDA financed most of MEIDA's activities under other budget headings.

MEIDA's activities includes publishing a sector survey to help and stimulate companies use each others resources. MEIDA also publishes a Newsletter about its member's activities, policy issues, et cetera. The most important activities are, however, the administration of Swedish Import Support Funds. SIDA allocated between SEK 2-3 million yearly to the sector for the import of strategic spare parts and materials, and this fund went to MEIDA for distribution to its member companies. Though the amounts were small, they were often extremely important for the companies. The funds were a very powerful incentive for becoming a MEIDA member. Furthermore, SIDA's Problem Oriented Training was also administered by MEIDA. The "POT" idea means that training was done locally at the companies in connection with

problem solving. POT training started as a pilot project in 1981 and has since continued with two major programs, each costing around SEK 2 million. The training has been geared to the rehabilitation of existing machinery and preventive maintenance. MEIDA also organized a standing committee for listing local manufacturers and subcontractors who could supply ancillaries to the TAMCO project (a joint-venture between SAAB-Scania and the State Motor Corporation). The latter three activities were to a certain extent managed jointly by SIDA and MEIDA, the latter taking responsibility for local, practical work and administration but with SIDA involved in all decision-making.

Even though no impact assessment or efficiency study has been made, there has been a frank exchange of opinions on these matters, largely emanating from Mekan. In a memorandum from 1982 Mekanförbundet assessed the project in the following terms:

"The achievements of MEIDA during its short history must be regarded impressive"

"From the point of view of foreign aid the MEIDA project is very cheap..... with possibilities to generate considerable spin-off effects."

But the Memorandum indicated several negative aspects of the cooperation as well:

"Far too much of the success of MEIDA can be explained by the work of the Swedish resident consultant. It is not to exaggerate to say that if the consultant was withdrawn, MEIDA would collapse in a very short time. This can be explained by the very weak local staff of the MEIDA secretariat. Lack of initiative and incapability to implement decisions are predominant factors."

"Another negative factor is the rather bad backing of local currency from the Government's side."

The frank and critical statements of Mekanförbundet were shared by SIDA and by the MEIDA Board. The Manager and other key personnel were replaced and, by the middle of 1983, MEIDA was completely reorganized. MEIDA's accounts were also in disarray and in mid 1983

MEIDA could not account for its actual disbursement of Swedish Import Support. The Board and the new manager found this situation alarming and so did SIDA. They agreed on a special audit project and a Swedish accounting firm undertook to bring the accounts up to date while at the same time establishing accounting procedures that would satisfy SIDA. By the middle of 1984 the situation was under control and an accounting system introduced, even if it was not fully operational.

The cooperation agreement between Mekan and MEIDA was terminated in July 1984 and the resident consultant was withdrawn. However Mekan said that it would agree to cooperate in the form of a "sister organization", to offer expertise and consultancy in areas of special importance to MEIDA and the engineering industry in Tanzania. SIDA was also positive about future cooperation and made a budget allocation of SEK 1.5 million for 1984/85, but the future form of support will be worked out on an incremental basis.

Ekengren (1984) concluded that the MEIDA's achievements were remarkable in view of its brief existence and the relatively small means at its disposal. This may not have coincided with the views expressed by Mekan and SIDA, particularly not the statement that poor accounting was the only problem identified with MEIDA. Both SIDA and Mekan raised several critical problems, but nevertheless the project seems to have been brought to a successful conclusion, probably due to the critical monitoring and the swift corrective actions in 1983.

Conclusion

The starting phase of the MEIDA project was remarkable because of its speed. The gradual approach of feasibility studies that, in fact, only assessed quite small, marginal activities, combined with concrete proposals for action, which were also implemented, contributed to this. SIDA's and Mekanförbundet's involvement was very high throughout, with several visits by Mekan in Tanzania and by Tanzanian personnel to Mekan.

The various activities undertaken by MEIDA with further SIDA support have also progressed one step at a time. The pilot project for Productivity Oriented Training was soon followed by POT I and POT II. The first test of allocating import support funds was favourable and others followed, but always by commitments of only one year at a time. But even though the steps were short, the pace was high. The amounts involved, in administrative work and in cash contributions, were also high.

Even though impact assessments and efficiency studies were not undertaken, the relevant questions were raised. Mekan made a very critical assessment of its support to MEIDA. SIDA followed up and the consequent changes seem to have resulted in a viable institution. Even though it is too early to assess MEIDA on its own contribution to the engineering industry, it does seem to be an efficient intermediary between other forms of Swedish support and the local industry. Because the monitoring functions so well, SIDA and Mekan do raise questions of impact and efficiency, but to date they have only received tentative, though perceptive, answers.

6.5.6 Support to the Tanzania Saruji Corporation

Background

Production of cement is one of the oldest and largest industries in Tanzania. It is very important for the entire construction industry and in an expanding economy there is an increasing demand for cement. The product itself is heavy and bulky, and therefore expensive to transport. The raw materials, on the other hand, are often available locally, or are less costly to transport. From a location point of view it therefore makes economic sense to produce cement close to the markets. Cement production started when the Portland Cement Co. set up a subsidiary in Dar-es-Salaam. After the Arusha Declaration in 1967, the cement industry was nationalized. A separate parastatal located under the Ministry of Industries was set up for cement and other industries supplying construction material.

Cement production was also one of the priority areas in the TFYP. New production plants were constructed in Tanga and Mbeya, and, with the plant in Dar-e-Salaam, the total capacity was intended to be 1.1 million tons. The expansion plans were much criticized but the Minister for Industries at the time responded that "cement is gold". The promoters of the industry argued that domestic bottlenecks with regard to storage and distribution could be solved and that export markets for excess production could easily be found.

However the development of the cement industry has been sad. The Dar-es-Salaam plant produced 290,000 tons in 1980 but only 125,000 tons in 1983, or 25 per cent of rated capacity. The new plant in Tanga was commissioned in 1980 but its production in 1983 was only 137,000 tons, or 27 per cent of rated capacity. The Mbeya plant has a rated capacity of 250,000 tons but did not start operating until late 1983, and production in 1984 has been as low as in the other plants. In spite of the total failure to meet production targets of 1.1 million tons, the transport and storage capacities have never been sufficient. Demand for cement has, however, been high and domestic prices have increased sharply due to inefficiencies all along the production chain.

Most of the foreign assistance to the sector has come from DANIDA. Danish tied aid credits have financed machinery and equipment for all three factories. DANIDA has also financed training of personnel in connection with the installation and commissioning of the plants. In retrospect it is quite clear that those critical of the expansion plans have been proved right and, though external factors have affected Tanzania, it is heavy capital intensive investments like these which have aggravated the impact on the economy.

Planning and Designing the Assistance

As the Third Five Year Plan was being prepared, the Government of Tanzania approached SIDA to discuss possible support for the cement industry. A pilot study of the cement industry was undertaken by an

independent consultant, Professor Birger Warris. This study assessed the market for cement in the country, discussed alternative production capacities and expansion plans, technological requirements, manpower plans and aspects of distribution. It came to be the foundation of further involvements of SIDA in this sector.

SIDA contacted Cementa AB, the cement producer in Sweden and also a major producer of other construction materials. Cementa was interested in some form of cooperation, and in July 1977 one of the managers from Cementa visited Tanzania.

The recommendation was to strengthen the management team of the Saruji for a period of two or three years. Cementa would also supply short-term consultants to Tanzania when needed, conduct training programs for technical personnel and provide technical services in the form of laboratory analyses. The management team was to consist initially of a technical and an administrative manager. After the recommendations had been reviewed and accepted by the authorities in Tanzania, and at SIDA, a contract was signed in May 1978.

The project started in 1978 and in the subsequent Annual Sector Reviews it was prolonged beyond the two/three years initially intended. The type of assistance changed with the personnel involved. Saruji and Cementa included a manager for the trucking company (subsidiary of Saruji) to strengthen the distribution function, and intended to recruit an export manager in 1983. SIDA approved of these and a few similar changes but, on the whole, abstained from any further control of the project, or involvement in the sector.

Monitoring Implementation and Impact Assessment

Once the management contract was signed and the project had become operational, SIDA's involvement became marginal. The only formal monitoring activity were the Quarterly Reports from Cementa's team leader in Dar-es-Salaam. In a few pages they provided a brief summary of the activities of the team, without entering into any details or

touching any problem areas. The Annual Reviews included a visit to Saruji and a meeting with its management team. The informal contacts between Saruji, the Cementa team and the SIDA office were also much more infrequent than for any other project.

SIDA seems to have been assured that the inputs to the project were delivered and that Cementa managed the cooperation smoothly. SIDA did not consider it necessary to subject the project to an evaluation of impact or efficiency. The problems of the cement industry were large and complex, but this project was quite marginal. As long as the Tanzanian counterparts and the Ministry of Industries thought the contribution was worthwhile, SIDA did not disagree. Furthermore, the only project cost was the management contract with Cementa. The fact that SIDA was increasingly criticized in the 1980's for not using the resource base of Swedish industry could have contributed to their laissez-faire attitude towards Cementa.

1983 was a critical year for the cement industry, production continued to fall rapidly throughout the year and the plants stood still because of technical breakdowns, shortages of spare-parts and supplies. A major evaluation of the cement industry had been commissioned by DANIDA. The consultants were highly critical and very pessimistic about the future prospects, concluding that; "... under the present economic climate and into the foreseeable future, the cement industry in Tanzania is likely to remain non-viable in conventional economic terms" and "... the decision to grant aid will have to reflect, for the foreseeable future, a political wish to support an economy in crisis, rather than a viable industry."

Already in 1982 some of SIDA's assistance for rehabilitation, channelled via TIB, had been used for the cement factory in Dar-es-Salaam (TPCC). The team leader of Cementa approached SIDA again in 1983 and suggested that part of the budget for 1983/84 be used for technical consultancy at TPCC. SIDA agreed, a team of engineers from Cementa examined the plant and prepared a rehabilitation proposal. However, once a proposal has been forwarded

it involves expenditures for implementation. Saruji and the Ministry of Industries argued strongly for using SIDA's funds for industrial rehabilitation to support TPCC.

During the first half of 1984 an agreement for aid to TPCC was negotiated. It consisted of the following three components:

- (1) SEK 12 million of investment funds for replacement of machinery, to be channelled through TIB on the banks normal terms.
- (2) SEK 15 million per annum in import support for materials and spare-parts, purchased by CEMENTA for TPCC.
- (3) SEK 5 million per annum for Cementa production management services, consisting of seven experts plus back-up services. This was estimated to be required for five years.

Conclusions

Since the first request for support to cement production, the planning and implementation of the assistance has been in the hands of Cementa. Apart from the initiative to finance the feasibility study by Professor Warris, SIDA has largely acted in response to requests from Tanzania and Cementa. The regular monitoring procedure has provided very meagre feed-back information but it has apparently been enough for SIDA's requirements. As long as nothing was seriously wrong on the project and the Tanzanian authorities requested extensions, SIDA let the project develop along its own lines.

When the crisis in cement production occurred, SIDA responded fast with a flexible use of resources. Import support, rehabilitation funds and TIB funds were channelled to TPCC which increased the chances that it would have an impact. But the inherent contradiction between the need for fast action in a crisis situation and the desire for a careful scrutiny of project viability surfaces here. As the EIU

reported, cement production may not be an economically viable industry in Tanzania today, and though EIU's figures may be disputed and contradicted, SIDA has not convincingly done so. The decision involving the huge expenditures for 1985 and subsequent years may serve Tanzania's short-term interests but it seems less certain that cement is a viable long-term development project.

6.5.7 Support to the Arusha Appropriate Technology Project (AATP)

Background

The concept "appropriate technology" has often been raised in the development debate. In any effort to define the concept, a stand must be taken on whether to emphasize the technical or the adaptive element. Is appropriate technology a matter of developing new techniques that are particularly suitable to the environment (and if so whether to the demand or supply side), or is it a dynamic process of introducing changes in production and ascertaining that these are absorbed? AATP has formulated its position as follows:

"Appropriate technology is a field of development. It is a process much more than any specific technology. It is an approach whereby technical innovation and adaptation is placed subordinate to social and cultural integration."

The founders of AATP wished to set up a small centre for product innovation, development and the rediscovery of old techniques. But the emphasis was not to be on technological development but on promotion and extension services. The technology was to serve the needs of rural communities and was to assist in the exploitation of local resources more efficiently. Moreover, the technology was to be suitable for use at the village level. AATP would direct itself to rural needs. During the first years of operation, AATP introduced hand-pumps, wind-mills and systems for the production and use of bio-gas. At the same time AATP personnel worked intensively in the villages to get the products accepted. The designs had to be changed frequently but this process of improvement under local conditions was naturally an aim in itself.

Planning and Designing the Assistance

The project concept was originally developed and proposed to the Tanzanian authorities by an external firm: Appropriate Technology Project Inc. of Minnesota, USA. The Small Industries Development Organization (SIDO) found the proposal interesting and sought SIDA's assistance in financing the foreign exchange components. During the Annual Reviews, SIDA repeatedly stressed rural development and the need to promote appropriate technology at the village level. The concept of this project coincided well with SIDA's opinion of valuable assistance. SIDA was presented with a completely designed project proposal and therefore only had to decide whether to support it or not. There was no need for any preparatory design phase. The promemoria was written speedily and the project started in January 1977, a few months after it had been proposed to SIDA.

Monitoring Implementation and Impact Assessment

The evaluation system designed for AATP bears some resemblance to that of Saruji. The project personnel wrote Quarterly Project Reports. The reports did not touch monitoring questions nor did they discuss efficiency, but were solely concerned with the impact of activities. Each year one of the reports described in more detail new product developments, implementation in rural areas and cooperation with other institutions. SIDA personnel were not actively involved in either monitoring or impact assessment. The project was going well according to the experts and the Tanzanian authorities. Furthermore, it was located in Arusha and thus it could not develop particularly close informal contacts with the field office. The Quarterly Reports, Annual Reviews and occasional visits sufficed to convince SIDA personnel that the project was developing as intended.

AATP soon became well-known in Tanzania. The local newspapers wrote favourably about the project and other institutions, such as the University and the Development Management Institute soon travelled to Arusha to learn from AATP and to study its approach. Even UNDP and

UNIDO took an interest and incorporated AATP in a global network of institutions for appropriate technology. Many foreign visitors came to see AATP's products, both from other developing countries and from Embassies, et cetera. At one time the AATP personnel complained that they received too much attention and did not have enough time for their own work!

After four years of operation, contacts with Appropriate Technology Projects Inc. were terminated. The U.S. experts and the Tanzanian personnel both felt that AATP did not require any further technical assistance. A final report was written in June 1980: "A.T. as a Development Strategy. Four years of on-site experience. Arusha Appropriate Technology Project under the auspices of Appropriate Technology Project, Incorporated." The report reviewed the concept behind the assistance and attempted to measure its impact. It provided an in-depth review of its accomplishments and of the difficulties encountered along the way. However, the report assumed appropriate technology to be "the solution" to rural development problems. Even though the report raised fundamental issues concerning the concept of development, the arguments are more in the form of propaganda than questioning and evaluating. Nevertheless, the conclusion was that, after five years of assistance, AATP had become a viable institution that could continue to work on an indigenous basis. AATP might need financial support, but it had the staff and other local resources to continue on its own.

The future of AATP did, however, seem threatened. In October 1981 the Tanzanian Parliament passed a Bill which provided for the establishment of an "Agricultural Mechanization and Rural Technology Centre", CAMARTEC. AATP would be incorporated in this institution. In 1981, sentiment in SIDA was against the creation of new institutions and their accompanying bureaucracies. When Tanzania asked SIDA to provide assistance to CAMARTEC, there was a lack of enthusiasm on SIDA's part, if not downright refusal. SIDA commissioned TISCO to produce a study of AATP, particularly with regard to its future activities within CAMARTEC.

The Act establishing CAMARTEC included the activities of AATP among its lengthy list of objectives. The question remains: Will the new organization allow AATP to continue along the lines it started, with a heavy emphasis on extension work and local adaptation in the villages? TISCO concluded that this depends on the position and inclination of the new Director General, and that this remained to be seen. Consequently, SIDA decided to continue its financial support to AATP but not to further any other activities within the new institution. SIDA also made the continuing support conditional on the retention of AATP personnel in their positions. During the next three years, 1982 to 1985, assistance to the AATP activities within CAMARTEC continued at around SEK 1 million per year. No formal monitoring or evaluation occurred, but during the Annual Reviews, meetings were held with AATP and CAMARTEC personnel.

Conclusions

The case illustrates an activity where SIDA has only been marginally involved. The project proposal arrived at the right time and, as a result, the decision to support the project could be taken immediately. The substantial information that made SIDA continue assistance and convinced the field office that the project was good came from external sources. The public attention attracted by AATP and the praise coming from academic circles, international organizations, et cetera, were seen as sufficient assurances that the support was worthwhile.

6.5.8 Support to Small Scale Industries

Background

The idea of small scale industrialization rests on a number of cherished values. Whereas large factories often do not generate much employment, small scale industrialization has been regarded as a tool for the creation of jobs and incomes. Furthermore, large industries are mostly concentrated in space, but small scale industries can be

established at "growth poles" all over a country and can reach out to the rural areas. Small scale industrialization was said to be a development strategy that spreads the benefits of growth more evenly than any alternative.

The technology and the management practices of large enterprises usually presumes an education and a tradition of work which is non-existent in the developing countries. In small scale industries the technology is less complex and it can often be accommodated to the prevailing situation. Management involves fewer people, fewer products, close sources of supply and less complicated markets; in short, the scope for mistakes is not so large and, if they happen, the effects are not so disastrous. Many economists and politicians have promoted small scale industries on these grounds (Schumacher, 1973; Kohr, 1979) as well as statesmen like Ghandi, Kaunda and Nyerere, but the main point of their argument is even more profound.

Small scale industries rely on appropriate technology, that is technology that is developed by the users, by people who understand it and remain in control of its use. In this sense appropriate technology is promoted because of its democratic implications and because of its fundamental harmony with surrounding human and material resources. These philosophies have deep roots in Tanzania and as we saw in Chapter 4, the political establishment has repeatedly stressed the need for small scale industries.

The Small Industries Development Organization (SIDO) was established in 1973 by an Act of Parliament. It is a parastatal organization under the Ministry of Industries, responsible for planning, coordinating, promoting and offering almost every form of service and technical assistance to small scale industries. SIDO is headed by a Director General and, after two major reorganizations, has four directorates, two departments and twenty regional managers. The organization has grown rapidly since its establishment (e.g. the number of extension workers was 24 in 1976 but 300 in 1981). However, there has also been a marked revival of small scale manufacturing since 1974 (ILO/JASPA, 1982).

Planning and Designing the Assistance

When industrial cooperation emerged as a priority area in the relationship between Sweden and Tanzania, both partners agreed to emphasize small scale manufacturing. SIDA appointed a group of consultants who undertook a major survey of the prospects for small scale industries, factors impeding the sector's development and possible means of assistance. The consultants presented their report in 1976, and since 1976 SIDA has supported a wide range of SIDA activities.

The consultants concluded that small scale manufacturing would play an increasing role in Tanzania's development. The dangers of the capital intensive industrialization strategy, its weak linkage effects, et cetera, could perhaps be mitigated by a small scale sector providing employment and domestic manufactures. The consultants also emphasized the need to establish industries with linkages to agriculture, producing farm implements and processing farm output at the village level. The report did advise SIDA to support SIDA as its activities were well in line with the objectives of Swedish assistance.

In the years that followed, SIDA's assistance was channelled to several different programs and projects which supported small scale industries. Table 6.15 shows the budgets for 1977 through 1984/85. Support increased rapidly from 10 million in 1977 to 25 million in each of the next two years and to 30 million in 1981. By 1984, the support had dropped to 25 million again. During 1980 and 1981, the levels were intended to increase even further, up to 50 million four years thereafter, but this never materialized. The practical constraints on disbursing the money to sensible projects meant that the figures of around 25-30 million were retained.

Table 6.15: ASSISTANCE TO SIDO (in SEK million)

Annual Agreement	Budget year from the date of Agreement			
	1	2	3	4
1977	10.0	10.0	10.0	
1978	25.0	24.0	30.0	30.0
1979	24.0	30.0	30.0	
1980	31.0	35.0	40.0	50.0
1982	35.0	27.5	43.0	49.0
1983	30.0	30.0		
1984	25.0			

Source: SIDA, TAN-DCO, Agreed minutes from the Annual Industrial Sector Review, 1977-1984.

The commitment to assist SIDO was steady over the years and the budget figures do not reveal any major fluctuations. What they do not show is the import support granted to the Sister Industry companies that formed part of SIDO, as well as occasional support, related to SIDO, but coming from other budget posts (mainly farm implements manufacturing). It has been more common to channel funds to SIDO through other budget items since 1981-1982. This has served to counter the effects of inflation and there has in fact been a small increase in the level of support.

The components of the support to SIDO have changed somewhat. The largest share has gone to the Sister Industry Programme: software and hardware to promote the transfer of technology from Swedish companies to newly established Tanzanian companies (including training, management support, et cetera). The Sister Industry Programme has led to the establishment of 25 industries, with four to five more in the pipeline.

The Sister Industry Programme has been implemented at three of SIDO's industrial estates. The estates were a tool to promote industry by offering new companies' access to buildings at low rents, technical and commercial assistance, access to tools and machines, et cetera. SIDO plans to establish one industrial estate in each region as a "growth pole" for industry, but by 1984 only five estates had become

operational. Each estate was supposed to have a common facilities workshop where simple repair of machinery and tools could be undertaken and spareparts manufactured. SIDA has supported the common facilities workshop in Arusha, Moshi, Mbeya and Iringa industrial estates through personnel, training and equipment. The workshops have standard machines, such as lathes, drills, presses, grinding and welding machines, suitable for manufacturing dies and moulds, spares and simple machines.

The industrial estates and the sister industries are confined to the regional centers, all located in fairly large cities. Rural industrialization is an altogether different issue and as the Sector Reviews show, SIDA has tried to have an impact on village level industries. SIDO operates a "Rural Hire Purchase Fund" which provides finance to small projects in rural areas, i.e. projects which are too small for other financial institutions. Many of the loan objects have been grain mills, establishments making carpentry and blacksmith tools, with an average loan size of less than TSH 100,000. SIDA has supported the rural hire purchase funds since 1974 with a total of SEK 46 million through 1984/85.

SIDO has also promoted industrial cooperatives, an activity which SIDA supported by financing an expert in cooperative organization for three years. Furthermore, SIDA has channelled funds to handicrafts development, an activity supposed to support basket weavers, potters, carvers and textile workers in the villages by helping them with tools, raw materials and access to markets. The support to industrial cooperatives was terminated, and the handicrafts development programme suspended, in 1983.

Finally, SIDA has supported SIDO's central administration by providing experts at headquarters level. Their function has varied: some have been planners and economists, other organizational consultants and accountants, others, again, have worked with training programs. Personnel and training have accounted for SEK 3 to 4 million per annum. The actual work performed has varied in accordance

with SIDO's needs and the capacity of the personnel involved. In sum, the support to small scale industry has taken many different forms and one could speak of hundreds of projects rather than one. The composition of the support has varied from one year to the other, mainly as directed through informal contacts between SIDO's Director General and the field office. Sometimes the Annual Agreements have reflected a change of emphasis, but equally often the budget allocations have been undertaken during the year as the need arises for funds for special projects within the small scale sector. The close and cordial contacts between SIDO and SIDA have helped to maintain a steady level of assistance and a common view on different projects, and to permit flexible action.

The assessments of different projects, whether to support Sister Industries, Rural Hire Purchase Funds, Personnel or some other activities, have all been in qualitative terms. The criteria that have been assessed are: (1) possibilities of import substitution, (2) rural impact, (3) the potential for efficient implementation, (4) technology transfer, (5) utilization of local raw materials and other linkage effects. In no instance has any cost-benefit analysis or other quantitative ex-ante evaluation served as a basis for approval.

The details of projects under the Sister Industry Programme were not assessed by SIDA when the programme started. Starting in 1982, SIDA has assumed more responsibility for the projects and now screens the proposals carefully. Evaluations in 1980 and 1981 revealed systematic weaknesses among some "sisters" and SIDA found that the project proposals were often deficient in their assessment of future performance. The Swedish project consultant occasionally took a different view from SIDA's field office on the technology needed in Tanzania and thus the field office blocked some projects in 1982/83. Even though the Sister Industry Programme as a whole was not subjected to any quantitative ex-ante appraisal, each individual company prepared an investment analysis which was assessed by SIDO, and later also by SIDA.

The institutional framework around the Sister Industry Programme differs from other support to small scale industries. SIDA has contracted a Swedish firm, Forsheda Idéutveckling (FIDE), which found Swedish entrepreneurs willing to act as "senior sisters". FIDE arranged the training programmes for Tanzanian personnel in cooperation with the Swedish companies, delivered equipment and supervised the future management cooperation (usually for five years after the start of a "sister project"). However, the contracts regulating the cooperation were between SIDA and the Swedish firms for each "sister project". SIDA also had a contractual relation with FIDE, enabling FIDE to act as the link between SIDA and Swedish firms. Finally, SIDA's role was to channel funds to SIDA, paying for the services, and, as financier, to control that the assistance fulfilled the objectives of Swedish aid.

Monitoring Implementation and Impact Assessment

As the support to small scale manufacturing involves so many different activities, it may be convenient to split up the analysis of monitoring and impact assessment into different levels. The highest level concerns the cooperation with SIDA, the effectiveness of SIDA as an organization for promoting small scale industries. The next level of analysis covers the different programmes that SIDA supports, for example the rural hire purchase fund, the sister industry programmes and others. The lowest level of analysis concerns the plants, companies or projects supported through the programmes, for example cooperatives borrowing from the rural hire purchase funds or a common facilities workshop on an industrial estate.

Not only are the projects and programmes interrelated with each other, but the generation of feedback information from any one single level also has implications for the evaluation of other levels as well. Different projects indicate how well the sponsoring organization fulfils its role regarding the mandate it has from Parliament, and therefore feedback information of both monitoring and impact assessment at lower levels reflects the effectiveness and

impact of higher system levels. Similarly, evaluation of higher organizational levels has a direct bearing on how lower levels are assessed. Finally, there are horizontal linkage effects between feedback on different projects. Monitoring implementation could reveal weaknesses or problems that were undetected, but nonetheless present, in other programmes. Similarly, the impact of some project, intended or unintended, may highlight similar problems in other areas. From SIDA's point of view, feedback information on a sister industry project may thus have a direct implication for actions concerning the rural hire purchase fund, to cite one such example. Obviously such linkages occur between all evaluations of the aid programme, but they are more pronounced, more frequent, at the level of support to a sector like small scale manufacturing.

In no other instances have informal contacts played such an important role in both the planning and evaluation of support as between SIDA and SIDO. Even the Agreed Minutes on development cooperation note the "friendly and cordial atmosphere" as a reason for successful project implementation. SIDO's Director General normally talks to the programme officers at the field office daily. The two directors since 1976 (the former Director became Minister for Industries in 1981) have visited Sweden every year, usually with one or two other senior staff members. Table 6.11 reveals that the frequency and level of SIDO's participation in the annual consultations has been high throughout the years, which is to be expected considering the size of assistance.

The many different activities falling under the umbrella of support to small scale industries have also necessitated a personnel-intensive administration. Planning has been incremental and, even though project consultants such as FIDE have been responsible for implementing the projects, the field office has been involved in the daily decision-making. The point is not that SIDA has been managing activities, but that, as SIDO has been highly dependent on Swedish assistance, it needed to consult SIDA, check opinions and work out a consensus.

Because of the close cooperation, SIDA has been concerned about the organizational effectiveness of SIDO. Feedback information on this level of analysis come from the experts working in the organization. Many of these experts confronted problems that the field office personnel never noticed even though they had close contacts with SIDO's Tanzanian management. Bureaucracy, nepotism, neglect and corruption occur at lower levels of the organization far from the eye of outsiders and often unknown to the Tanzanian management. But the reports from experts in the organization do reveal such problems - such reports are made at the end of assignments or simply included in daily conversations. Sometimes the weekly letters also touch upon such issues, but the result remains a fairly widespread recognition that irregularities do exist as a normal part of the developing country environment. SIDO is no worse, and probably much better, than many other organizations.

SIDA has tried to evaluate the situation more formally and also to rectify it. TISCO reviewed the SIDO's organization and in 1982 a Swedish firm of chartered accountants studied the accounts. Primarily as a result of the TISCO study, SIDO produced an organizational review of its own which arrived at a proposal for reorganization in 1982. The first two studies were made on the initiative of SIDA, with the support of the Ministry of Industries and SIDO. The terms of reference were agreed in consensus, but it appeared as if the leadership of SIDO was not happy with the TISCO study. All the reports have pinpointed organizational problems caused by rapid growth, top heavy organization and lack of efficiency, particularly as regards the rural extension work. SIDO's accounts have been a special problem. This was first pointed out by the experts working with SIDO, later confirmed by the TISCO study and finally the subject of a special evaluation by chartered accountants. SIDO's book-keeping was two years out of date and in 1985 the latest audited report was for 1979/80. Despite government budget allocations, subsidies via aid from Sweden and other countries and profits made by SIDO-owned companies, SIDO has accumulated huge losses (some TSH 57 million by June 1982). SIDO and SIDA agreed to recruit expert personnel in

accounting and financial control, but by early 1985 the situation had still not improved. Ekengren's report (1984) noted the same problem and stressed that SIDA must make serious efforts to improve the situation.

Another area of weakness in SIDO is the preparation of feasibility studies and its internal information system; that is, its evaluation system. This has been of increasing concern to SIDA since much of the effectiveness of support relies on the implementation in SIDO. If SIDO does not have the capacity to identify good projects and to implement them, SIDA or its consultants will have to increase their responsibilities. Ekengren (1984) noted that SIDO's project plans contained inconsistent data, lacked serious market analysis, neglected financial analysis, et cetera. These criticisms had been previously treated in weekly letters and during the annual reviews, but without any effective follow-up to improve the situation. The response of SIDO and SIDA was been to increase the role of foreign consultants in project preparation and to centralize project approval.

The second level of analysis concerns the support to SIDO's programs: the Rural Hire Purchase Fund, the Sister Industry Programme, the industrial estates, and others. No area of assistance in Tanzania has been subjected to such a close scrutiny of its impact and effectiveness as the Sister Industry Programme. External consultants, research teams from several universities, thesis writing students and the press have published a number of studies. Some of these have been financed by SIDA and some not. Twelve major studies were written between 1979 and 1984, and one external study of the impact of the Rural Hire Purchase Fund was made in 1982 (by TISCO).

The studies concentrated on the impact of the assistance, the performance of the newly established companies and their contribution to economic growth. Some studies have focused on implementation and all studies have touched upon the efficiency question. The praise for the projects was unanimous, both from internal and external sources.

The Sister Industry Programme has been a very efficient way of setting up new plants, transferring technology and establishing industrial cooperation and it has been free from unnecessary bureaucracy. The companies under the programme are now capable of producing a wide range of items and have often acquired innovative skills to meet market demands and overcome production difficulties.

The reports have also raised critical issues: (1) too many projects were dependent on imported raw materials, (2) insufficient emphasis on management, marketing and accounting skills, (3) loan repayments were poor in spite of the fact (4) that entrepreneurs made too low equity contributions in relation to the loans received from SIDO. Some evaluations noted that (5) the projects benefitted an entrepreneurial class and created an unequal distribution of incomes, contrary to Tanzanian policies and the objectives of Swedish aid. Others have noted (6) that the products were not always well suited to Tanzanian needs (plastic toys, spectacles, clogs, frames, weaving and knitting synthetic fibres) but many products were (educational aids, pump valves, nails, screws, rivets, electric motors, knives, secateurs, ploughshares, locks, fences, disinfectants and detergents, et cetera).

Several sister industry projects were planned and implemented during the favourable economic climate of the late 1970's and therefore those who planned the assistance did not foresee the foreign exchange crisis that followed. As a result, the active criticisms were correct in several cases - for example many sister industry projects relied on imported steel, other metals or chemicals. Both SIDA and FIDE have been more aware of this problem since early 1980, largely thanks to the very significant evaluation study by Alänge et al (1980).

Other activities that fall under the heading of cooperation with SIDO have also been evaluated for their impact and implementation; "Report on Operations of CFW", FIDE-SIDO May 1984 and "Report on the Operations of Training and Production Centres", FIDE-SIDO May 1984. TISCO made an evaluation of the Rural Hire Purchase Fund in 1982.

Apart from these reports, no other studies of the cooperation with SIDO have been made, so the emphasis on the SIP is very heavy.

The evaluations by FIDE and SIDO were problem-oriented and they focused on implementation rather than on the impact or efficiency of assistance. They noted that the "CFWs perform a reasonably good job appreciated by their clients" and that "as they assist in the maintenance of expensive equipment purchased from abroad the foreign exchange efficiency of the CFWs should be relatively high". As usual they also concluded that the organizational structures were confusing, that accounting systems did not function and that there was a further need for expatriate staff and training.

The study of the training-cum-production centres revealed that the utilization of their facilities was low and that SIDO headquarters needed to monitor them more closely. The goods produced in the centres were of low quality but nonetheless found a ready market. It would have been desirable to study the financial results of the activities, but as there was a backlog in accounting and no clear separation between training and production, such an analysis was not feasible.

TISCO's evaluation of the Rural Hire Purchase Fund focused on the impact of loans. The Fund was found to have a bias towards projects situated in urban areas and these tended to be large-scale operations. The regional distribution was not even, the industrially developed regions benefitting more than others. Half the number of projects were grain mills and the remaining were dominated by carpentry, tailoring and metal-working units.

The selection criteria for projects under the Rural Hire Purchase Fund seemed very unclear and TISCO recommended that more precise criteria should be developed. Concerning the operations of the Fund, TISCO noted that the financial discipline should be more strict and that debt collection should be improved. On June 30th 1981, SIDO had received TSH 51 million for the Rural Hire Purchase Fund, of which one third could not be accounted for.

The latest review of the support to SIDO is included in Ekengren's (1984) study of the industry and infrastructure programmes in Tanzania. His analysis did not go beyond the evaluation reports already noted, but in several instances he noted that SIDA had not yet acted on the information from these sources, particularly not as regards the Rural Hire Purchase Fund.

Conclusions

Swedish support to small scale industrialization has been channelled through SIDO. The small scale sector has been given priority because it is consistent with the objectives of Swedish aid and also because of the effectiveness of the projects that were initiated in 1976-77. Success has been followed by an increasing allocation of funds. The relations between SIDO and SIDA have been very good and the spirit of "concerned partnership" has also promoted efficiency in the cooperation and, frequently, good use of evaluation results.

However, a major problem and contradiction is that SIDO itself is in great need of support. The organization is supposed to be a source of strength, inspiration and assistance to small scale industries, but it is often weak, confused and in disarray as pointed out by all evaluation reports, its own included. As a result, several of the projects within its sphere of influence have not been well conceived and SIDO's implementation has been poor. The successful projects have been concentrated to one or a few Tanzanian companies, and the level of training and management assistance has been very intense. The Swedish consultants have had a major role in the implementation of these projects; close cooperation between SIDA, FIDE and Swedish companies has been a precondition for their notable success. Nevertheless, even some of the "success-stories" have been questioned by the various evaluations and criticized for their lack of foresight, import dependence and choice of products.

SIDA has responded to the criticism and to the problem of SIDO's weakness. Personnel assistance to SIDO headquarters has been

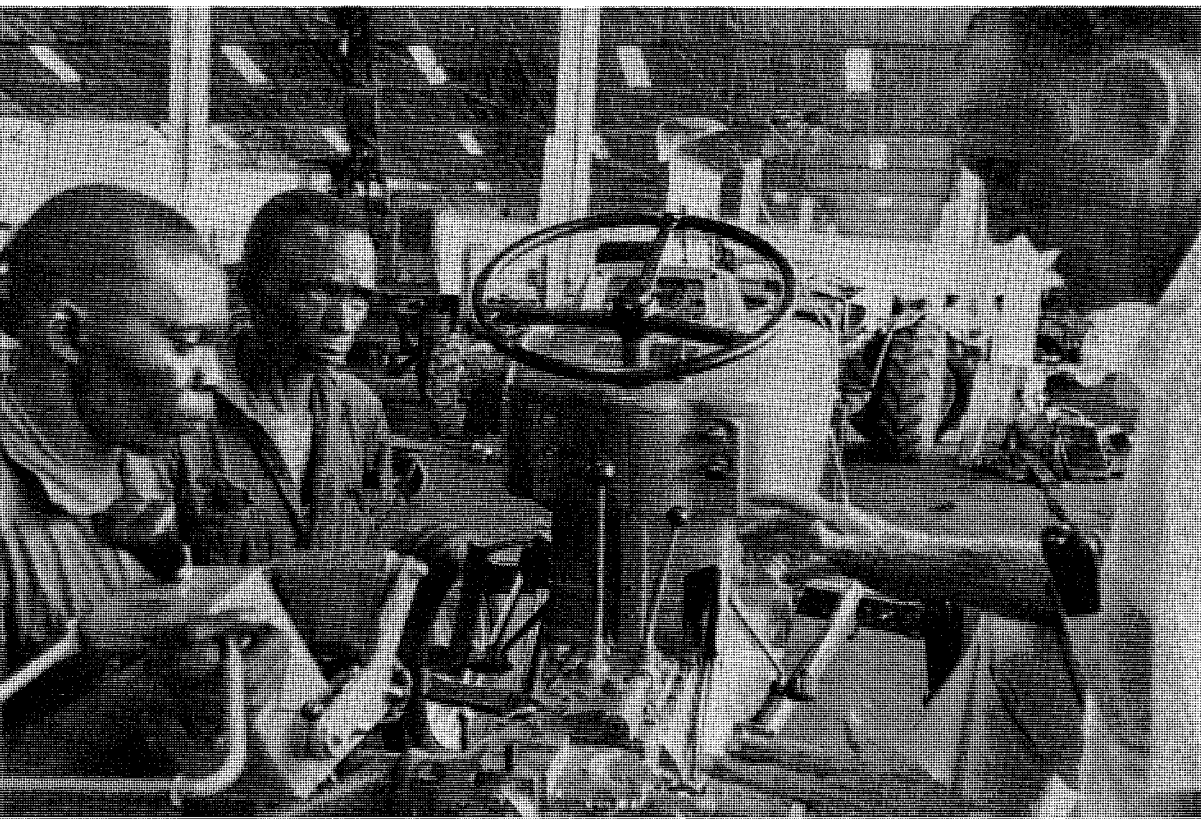
increasing since 1980, and in 1984 there were two to three expert advisers to the Director General. Project proposals are now closely screened by SIDA before they are approved. The projects that have been approved since 1981 and 1982 have not repeated the mistakes of the late 1970's - no new factories for plastic toys or clogs have been approved. The knowledge generated primarily by Alänge et al (1978, 1980) has had an impact on the assessment and implementation of new projects. However, other evaluation reports have been neglected, and there remain some areas of support to the small scale industries that have not been studied at all.

In short, SIDA's support to small scale manufacturing has been hampered because the instrument for such assistance, SIDO, itself needed to be strengthened. More control of project approval, reliance on external consultants and increasing personnel assistance are all examples of a flexible response to this situation. SIDA has also objected to new project proposals, and, in some instances, the funds to some sectors have been cut off. However, the role of SIDO itself has never been questioned in the evaluation system. Is it appropriate to channel assistance to entrepreneurs via a parastatal institution or can the real objectives of assistance be achieved by other means? The paradox remains that small scale manufacturing has been quite successful in Tanzania - but not because of any assistance from SIDO. The economic crisis and its accompanying foreign exchange difficulties have opened up a need for substitutes for both producer and consumer goods. Entrepreneurial drive has flourished in the suburbs of Dar-es-Salaam and other cities, as well as in the countryside, but often against the will of politicians and administrators.



18. SIDA's support to vocational training has included mechanical engineering in Kibaha. (Photo; A. Wieslander, SIDA's Archive)

19. Various Nordic funds have contributed to the assembly plant for Scania lorries and Valmet tractors, also in Kibaha. (Photo; ILO, SIDA's Archive)





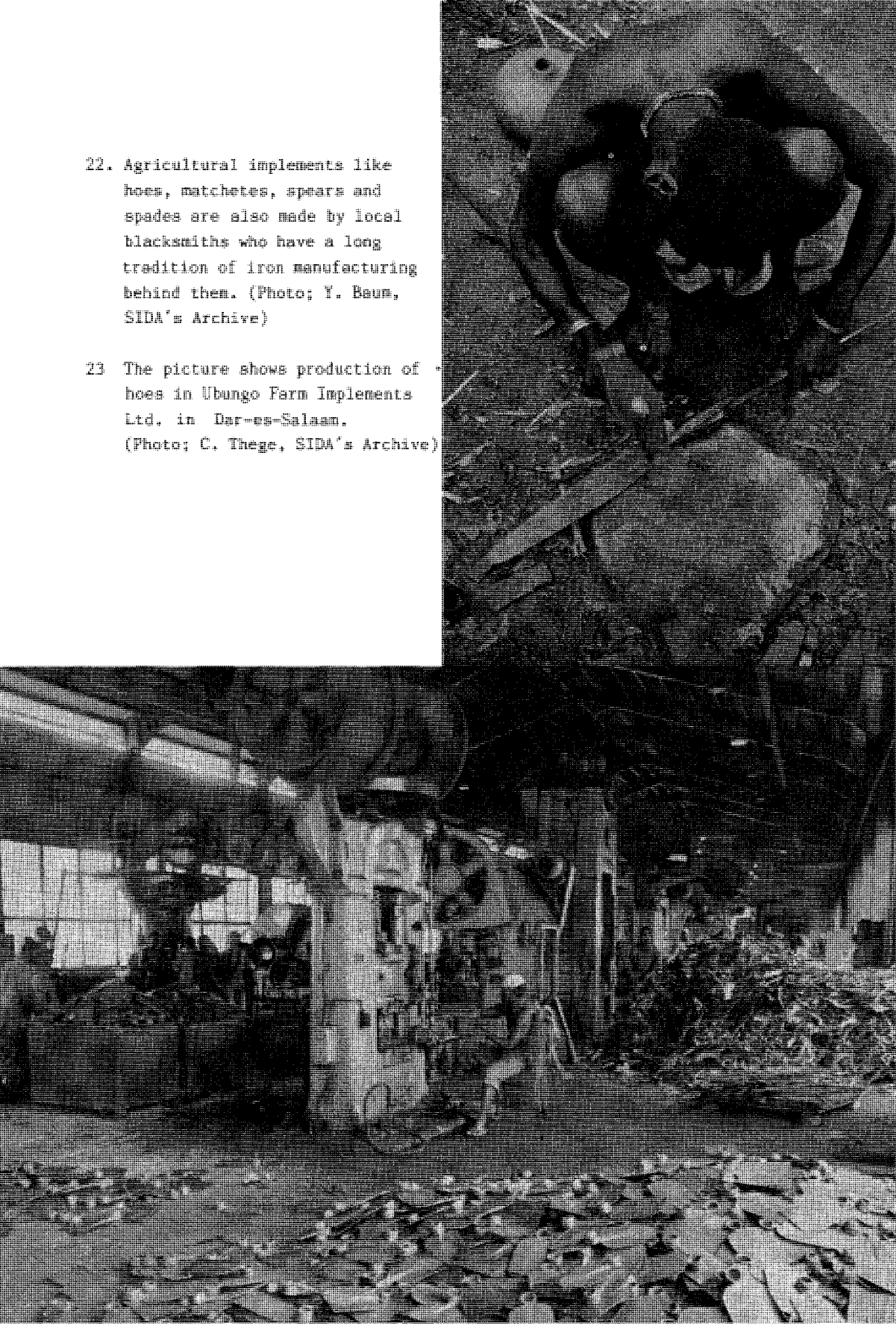
20. The linkages to agriculture have a high priority. Farm implements, particularly hoes, is one example of an industry with high linkage effects in this respect. (Photo; M. Markefelt, SIDA's Archive)

21. Building and construction activities expanded rapidly, but since the recession started cement has often not been available. (Photo; M. Håkansson, SIDA's Archive)



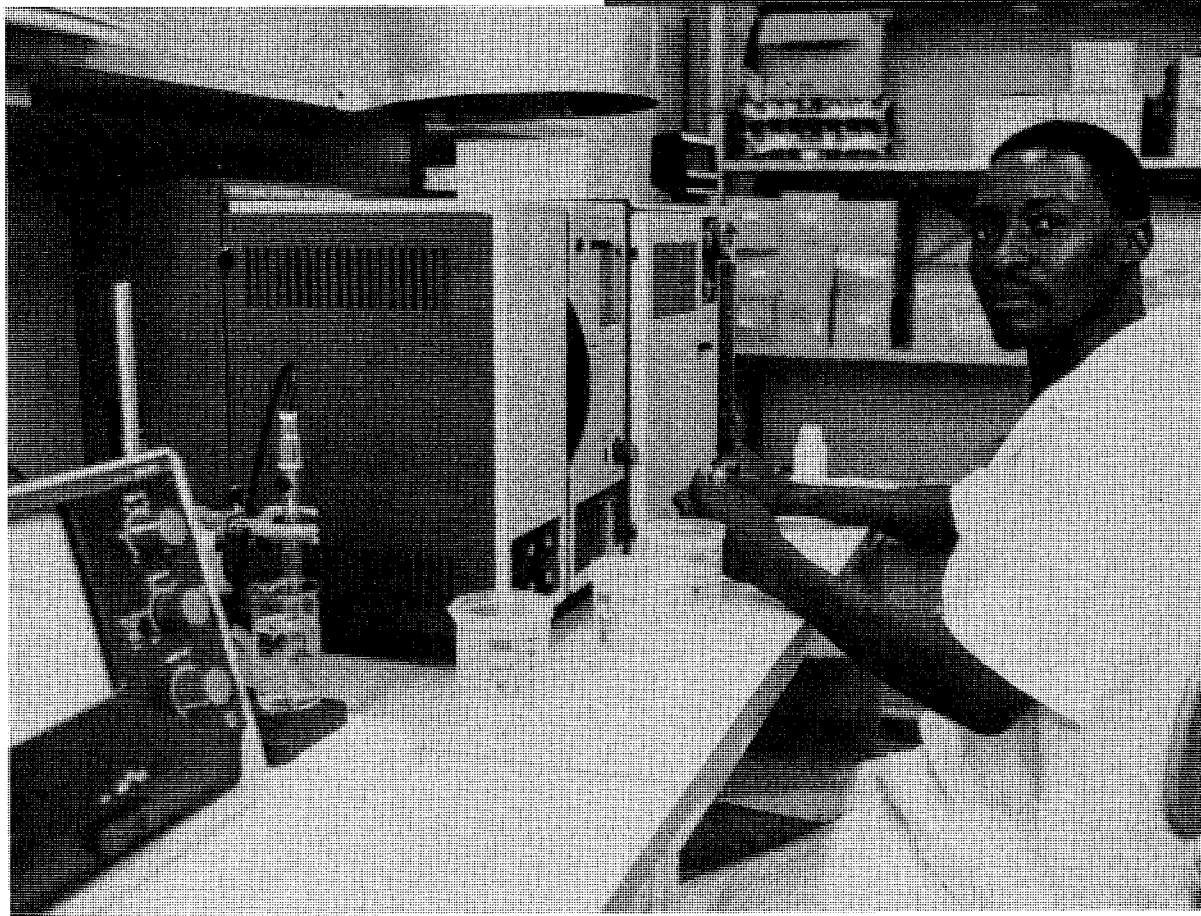
22. Agricultural implements like hoes, machetes, spears and spades are also made by local blacksmiths who have a long tradition of iron manufacturing behind them. (Photo; Y. Baum, SIDA's Archive)

23 The picture shows production of hoes in Ubungo Farm Implements Ltd. in Dar-es-Salaam. (Photo; C. Thege, SIDA's Archive)



24. The first Sister Industry project was a plant to produce pressure turned aluminium vessels. (Photo; FIDE, SIDA's Archive)

25. SIDA has supported the establishment of a standardization Bureau (TBS). The picture shows the newly constructed laboratory for chemical analysis. (Photo; K. Kauppi, SIDA's Archive)



6.5.9 Support to Industrial Rehabilitation

Background

The preceding case studies should have demonstrated that the problems Tanzanian industries face are based on three basic conditions: (1) over-investment, (2) neglect of maintenance and repair, (3) shortage of strategic inputs. Together they have added to the economic crisis and, in combination with the external factors discussed in Chapter 4, led to the rapid decline in production. At the level of macro-economic planning the Tanzanian government responded with the "Plan for National Economic Survival" in 1980 and the "Structural Adjustment Programme" in 1981, but the latter assumed a loan agreement with IMF, and as long as no agreement is reached, the former policy document is supposed to guide decision-making.

The objective of rehabilitation efforts would be to achieve high capacity utilization in industries that produce high priority goods, either because of their foreign exchange earning capacity or because of their domestic linkages. The Ministry of Industries is responsible for the review of investments and should assign priorities for the replacement or addition of equipment, spare parts and raw materials. This procedure has largely been overtaken by events. As the foreign exchange pinch has been increasingly felt, the discretionary powers of the Bank of Tanzania to allocate foreign exchange have increased. The administrative machinery has not been capable of handling the intricate and delicate planning functions and the bureaucracy in the Ministry has not been able to act on time. The result, so far, indicates that suboptimal allocation of funds has been more frequent during the crisis period than previously.

Foreign aid organizations have increasingly responded by either participating in Tanzania's decision process or taking the decision process over totally where the use of donors' funds is concerned. SIDA has also responded by monitoring the import support programme more actively and involving itself more closely at subsector and project levels.

Planning and Designing the Assistance

During the Annual Sector Reviews in 1982, 1983 and 1984, SIDA discussed rehabilitation measures with the Tanzanian authorities. At first, the Ministry of Industries proposed to select projects itself and to channel the funds directly to the chosen firms. SIDA and the Ministry of Finance and TIB were of the opinion that TIB could be used for this purpose. TIB was redirecting its operations towards working-capital loans for rehabilitation purposes, and as an investment bank they were supposed to assess bankable projects and allocate resources in accordance with government guidelines.

During 1983, SIDA's opinion changed, as parastatal firms contacted SIDA directly to secure funds. Together with the Ministry of Industries, SIDA worked out approaches for direct rehabilitation, and thus involved itself closely in the choice of firms and activities for rehabilitation. One of the major factors contributing to the field-office's active role was its disenchantment with the project proposals forwarded by TIB in 1982 and early 1983. Section 6.5.2 shows how TIB was forced to accept a secondary role in rehabilitation packages and in fact only handled the technical side of loans, while decisions were taken by SIDA, the Ministry of Industries and the Treasury.

The sector review of 1983 set down four criteria for the use of rehabilitation funds:

- (1) The production in question meets social and economic needs of high priority, or alternatively, promotes exports from Tanzania.
- (2) The existing production capacity provides a sufficient base for rehabilitation.
- (3) Sufficiently skilled management and staff are available.
- (4) Reasonable chances of achieving increased productivity within a reasonable period of time.

The first subsector that was chosen was production of farm implements. SIDA had always stressed the need for close linkages with agriculture, but often to no effect. But in 1982, the President and Parliament again focused on agricultural production; one of the reasons for the drop in agricultural output was the lack of farm implements. Consequently, the Ministry of Industries was ordered to give priority to such products. The time was ripe for industrial projects that reached the farmers, either with tools or technology for self-help. However, the production of farm implements is a complex network, and SIDA could not agree on which levels to support. Firstly, there are three large scale, capital intensive factories (two of which were operational in 1984) producing hoes, spades, machetes, ploughshares and other tools. Secondly, a number of more or less modern small scale companies in the metal-working sector could presumably convert to production of farm implements if they were assured of sales (many of these MEIDA members). Thirdly, in the villages traditional blacksmiths melt iron and make hoes, machetes, knives and other tools. Finally, production was not the only bottleneck but the distribution network may also have contributed to an inefficient supply of tools. In some provinces there was a shortage of all implements, but in others there were surpluses, but the state trading organizations remained paralysed.

SIDA appointed a group of consultants who studied the need for additional production (if any and if so how much), the need for additional production capacity at different levels and the prospects of improving the distribution system. SIDA wanted to confirm that support in this area would actually improve the living conditions of the farmers, and also wanted to establish a strategy for their assistance. The consultants made an in-depth study of the problem area which clarified many of the questions concerning the type of tools, actual demand and supply, production locations, constraints on production, et cetera, that neither the Ministry of Industries nor anyone else had previously known. The study laid the foundations for a discussion of activities with a potential impact on production. The distribution system, though deficient, was not given priority. The consultants proposed:

- (1) Support to production in the two existing large scale units in the form of management support, training, spare parts, some new equipment and raw materials.
- (2) Import support for raw materials and components for some MEIDA members, one sister industry project and a number of rural blacksmiths and ox-cart manufacturers, all under the auspices of SIDO.
- (3) Support for a testing and extension programme for the development of improved ox-equipment through e.g. CAMARTEC.

Table 6.16 shows that the support to large scale manufacturing received the highest priority followed by the MEIDA and SIDO activities. SIDA acted fast on the suggestions and, in fact, had already foreseen some recommendations as some import support for 1983/84 was allocated for farm implements manufacturing. During 1984 the recommendations were discussed in detail and even though the whole programme was not operational by late 1984, many of its components, particularly the use of import support for raw materials, had been supplied.

Table 6.16: PROPOSED PROGRAMME FOR FARM IMPLEMENTS MANUFACTURING
(in million SEK)

	<u>1984/85</u>	<u>1985/86</u>	<u>1986/87</u>
Large scale industries	35	35	35
MEIDA members, small scale manufacturing and rural blacksmiths	15.2	12	12
Development and extension	<u>2.2</u>	<u>2.5</u>	<u>2.5</u>
Total	52.4	49.5	49.5

Source: Mothander, Kjaerby, Havnevik, "Farm Implements for Small Scale Farmers in Tanzania; Proposals for Support to Manufacture and Development, Vol. I, Introduction, Summary and Recommendations.

The printing and packaging industry is the second priority area for industrial rehabilitation measures. SIDA has expressed three major reasons for supporting this sector. Firstly, the three printing and packaging companies in Dar-es-Salaam operated at very low levels of capacity utilization (20 per cent) and minor faults in the equipment could have led to a complete halt of production. Secondly, newspapers are central to a democratic society and regular news reports were a high political priority for the government. The packaging industry is also of key importance, without packages many other products could not be transported. Thus, both printing and packaging were regarded as high priority industries. School-books and other educational material would also be endangered if printing activities stopped. Thirdly, the feasibility studies for the Mufindi pulp and paper mill presupposed a domestic demand for paper of 60,000 tons. Actual consumption in 1982 was around 30,000 tons, but in 1984 it was down to around 10,000 tons due to production stops, lack of spare parts, et cetera. SIDA argued that as there was now a domestic source of supply of paper (with the logic of production for domestic needs as the reason for a USD 250 million investment) and the need for paper for school-books, newspapers and packaging was high, the resources for rehabilitation of this industry would have very high backward and forward linkages.

The first initiative for support to this sector occurred in June 1983 when the parastatal company in the sector, Tanzania Karatasi Associated Industries, wrote to the SIDA field office and requested support for the import of spare parts. Some programme officers from the field office visited Karatasi, and together with consultants from TBS and the Ministry of Education, suggested a more comprehensive rehabilitation programme, including technical assistance. The Ministry of Industries and the Treasury were brought into the picture later, but agreed to the priority area and the activities outlined by SIDA and Karatasi. The first consulting work took place in early 1984 and a larger programme of technical assistance will follow.

The third priority area, support to the Cement Industries, has a similar history. As SIDA supported a management contract between Cementa and Saruji (see Section 6.5.6), it was natural for Saruji to request SIDA's continued support for some of their rehabilitation needs. SIDA's first response was to propose changes in the current management contract to increase the technical support components, but to reduce the administrative personnel. Saruji and Cementa agreed and a team of engineers came to Dar-es-Salaam in September 1983 to study the operations in the cement factory there. The team proposed a rehabilitation programme encompassing spare parts and raw materials that could increase production immediately, to be channelled to the company as a working capital loan through TIB.

In short, the three rehabilitation proposals crystallized during the period February to July 1983 and the first preparatory consulting work took place in September 1983 (cement), September to November 1983 (farm implements) and April 1984. Support, in the form of limited import support started immediately in 1983, and larger programmes for paper and cement started during 1984. The approach to farm implements has remained unstructured, and the consultants' report had not been made operational by December 1984. Apart from the slow start of a comprehensive programme in the farm implements sector, SIDA has acted fast in channelling support to the other areas. The gradual approach, involving preparatory work coupled with pilot assistance, has been successful. It has prevented a complete collapse of the Tanzanian enterprises and has enabled SIDA and the companies concerned to work out a well composed programme of assistance.

6.5.10 Summary and Conclusions

The description of the cases above has demonstrated the variety of structures and processes that can be employed for the planning and evaluation of projects. The variety is clearly seen at the project level, but when it comes to the level of sector support and country programme, the information is integrated at a higher level of

analysis. The institution of annual consultations and weekly letters, for example, ascertain an integration of planning and evaluation, formal and informal consultation, to the decision-making process. One of the distinguishing features of SIDA is thus that it allows many different planning and evaluation procedures at project levels without losing the overall coherence of the organization.

The long-range development objectives that have set the framework for SIDA's assistance have been few. The support to TIB was very soon supplemented by support to small-scale industrialization. The latter had an immediate appeal because of its implications for Sweden's development cooperation policies. TIB was a choice of channel to fund industrial investment during a period of fast growth and optimism. Support to institution building following the strategy of the TFYP also started early and became an important element in the cooperation. A fourth objective emerged with the economic crisis: rehabilitation. These objectives have formed the base for Swedish support to Tanzanian industrialization since 1976. Although the support to investments has not been prominent in this review, it existed. Since support to TIB was reduced in 1978 and 1979, SIDA instead took part in the financing of the Mufindi pulp and paper mill (which was excluded from this study). The objectives were operational and have served as guidelines and a framework for identifying projects. They do not appear to be post-rationalizations as is so often the case with UNDP. They also correspond to the national objectives, contradictory as they are, stated in the TFYP and the CCM guidelines.

The review in Section 6.3 shows that there were more requests for support than the number of projects included in the country programme. The selection was primarily done by SIDA, though in consultation with the Tanzanian authorities. The entrepreneurship of the programme officers is not so visible in the identification and choice of projects as in the UNDP case. Instead, the programme officers are more closely involved in idea and support preparation, but the decision on what ideas to prepare is controlled by the frequent Annual Consultations and the close contacts between the Tanzanian government, the field office and headquarters.

The operationalization of the projects normally involved consultants and the organizations that were later to implement the projects; Cementa was involved in the preparation of support to Saruji, SISSAB to TBS, Mekanförbundet to MEIDA, and FIDE to SIDO. However, SIDA remained closely involved and so did the Tanzanian partners. The preparations were not only preparations, but in themselves also contained elements of direct support. The preparation of the rehabilitation projects had terms of reference that included the review of plant layouts, immediate suggestions on changes in production, et cetera. The rehabilitation projects in the areas of cement and printing/packaging differed from other project preparations; they did not consist of multi-disciplinary teams.

SIDA's evaluation system was described in terms of (a) informal internal systems, (b) formal internal systems, and (c) external systems. The informal internal system played a major role in identifying critical constraints on projects. Contrary to what could be expected, the environmental assessment originating in the internal evaluations were highly critical and perceptive. The division of tasks and the communication channels are categories that describe this informal and internal system, and so is the organizational culture that was tentatively outlined in Section 5.3. When SIDA's field office, and headquarters, have been closely involved in decision-making, the feedback channels have transmitted large amounts of unstructured information. In terms of the cybernetic model, the receptor's functions have received "signals" about the rate of implementation and the impact of projects. At times, the question of efficiency has also been raised, albeit in a vague manner and without being answered.

The formal, internal evaluations consist of planned evaluation activities such as quarterly reports and annual reports from the field office to headquarters, and occasionally from projects to field office, and, most important, the annual reviews. The latter bears some resemblance to UNDP's tripartite review, but they occur at the level of Country Programme rather than projects, they involve

more personnel and often external consultants, and they are at the same time a forum for planning and decision-making besides evaluation. The formal internal evaluation activities do not appear to reveal problems or obstacles in themselves, but they serve to spread the information about problem issues both internally and to the Tanzanian authorities. They raise the level of awareness and prepare a consensus solution to the problems.

What has been termed external evaluations above covers all project assessments that are undertaken by others than SIDA employees. Sometimes such studies are commissioned by SIDA, at other times they are initiated by external sources but funded by SIDA, and, yet other times, they are completely independent. The review of projects reveal some interesting and unexpected conclusions about the role of external evaluation studies. First, when such evaluations are commissioned by SIDA, it is rare that they go beyond the terms of reference and thus generate some unintentional or unexpected knowledge about projects. Second, the completely independent evaluations rarely reach the level of analysis which takes place in the internal evaluations. The one exception to that rule is the AATP, where the reputations of the institution played a more significant role in determining SIDA's attitude to continued support than the internal evaluations could have done. The best evaluations, in terms of the quality of analysis and actual impact, are those that have involved SAREC funds or some other form of cooperation with SIDA without being directly commissioned. Third, it is quite clear that evaluations have had an impact on the programme of assistance. Evaluations have led to changes in objectives, changes in the composition of inputs to projects, changes in activities and to completely new activities.

However, not all projects have been subjected to external evaluations. The internal evaluations are also unevenly directed and a few projects have received much more attention than others. From SIDA's point of view, it would be possible to call this "evaluation by exception". When the projects appeared to run smoothly, there was

not any need to intensify the interaction, but when SIDA received signals that the projects were problematic it commissioned evaluations studies or increased the informal contacts with authorities and project personnel.

SIDA's programme of assistance has run through three separate stages: first a period of unstructured support to industrial investments which was soon concentrated to one large project - Mufindi. This phase was transformed into an emphasis on industrial institutions starting around 1977 and has continued to 1985, but with another role for the institutions than was originally expected. The third phase emphasized rehabilitation measures in line with the Tanzanian structural adjustment plans, starting from the sector review in 1982. Parallel to these phases, small-scale industrialization has received a continuous support from the start in 1976 and to 1985. In its totality, SIDA's support to Tanzania's industrialization has responded flexibly to environmental changes. The programme has followed Tanzanian priorities, but it has also contributed to a change in priorities, largely due to a rather effective evaluation system. The emphasis on rehabilitation measures influenced SIDA's planning sooner than it reached many other national and international institutions. In spite of its relatively small share of investments, SIDA support has had a large catalyzing impact. As such, it is even more important that it has responded fast and effectively to environmental events and has identified threats and opportunities early.

7. CONTRASTS AND PARALLELS – A COMPARATIVE ORGANIZATIONAL ANALYSIS

7.1 INTRODUCTION

Since it is impossible to describe two organizations without comparing them, I assume that the reader has not been able to avoid an implicit comparison of SIDA and UNDP. In this chapter, the models presented as elements of a theoretical framework are introduced once more to explain and understand the two organizations. The models do not, of course, give the full picture – other elements have been introduced in Chapter 6 (for example the notion of organizational culture). But here a limited number of criteria will be used for the comparison and related to the performance of projects and Country Programmes.

First of all the planning systems: is it possible to use Faludi's dimensions of planning to characterize the planning style of SIDA and UNDP? If so, what can we learn from this comparison? If the two planning styles are so different, perhaps they are not equally effective (if they were, the differences would of no interest?). To pursue the analysis, it becomes necessary to establish indicators of the projects' development effects and to search for patterns in the planning style that are common features of the successful projects.

Secondly, the evaluation systems: does an evaluation system contribute to the effective operation of a Country Programme or is it merely an empty show off (Brittain, 1982), reflecting the political

bias of the evaluator (Elzinga, 1981)? Do evaluation systems identify important environmental events, and if they do, can the projects be improved? In brief, can relationships be established between the structures and processes of an evaluation system and the development effect of projects? These questions are discussed in section 7.3.

But evaluation and planning need to be integrated into the total management progress, as Bachrach (1980) argued. First planning and evaluation must themselves be integrated and the artificial, but for analytical distinctions necessary, separation between the two abandoned. Some tentative questions concerning governance and control in social systems point to new areas of research on aid administration.

7.2 COMPARATIVE ANALYSIS OF THE PLANNING SYSTEMS

The distinction between planning and evaluation will be retained for another few pages, but only for analytical purposes. Chapter 2 contained a review of the dimensions of planning. By describing the planning systems of UNDP and SIDA, it should now be possible to locate them on these three dimensions. The combination of these dimensions provides a picture of the two planning styles. The model serves to explain the underlying assumptions of the planning systems, and thus helps us to understand why the systems behave as they do.

Taking the dimension of blueprint versus process planning first, the Country Programme approach of UNDP emphasizes the production of a Document. During the years preceding the Country Programme Document, the organization is geared to producing the plan, but once it has become a fact, there is little effort at planning until a new Document is to be produced. In contrast, planning in SIDA is a continuous process. Each year a new agreement on cooperation is formed and there is also a considerable amount of project planning overlapping planning at the Country Programme level.

This reflects different ways of thinking about projects - different degrees of control by the planning agency and different views of the desirability of control. As both organizations operate in the same environment, one in which turbulence is a chief characteristic it can be safely assumed that their perception of this "reality" does not differ widely. But the organizational response does. Whereas UNDP regards projects as a tightly connected set of objectives, activities and inputs, SIDA's project concept is overlapping. At times the project is as tightly defined as in UNDP, at other times it is more appropriate to speak of "programmes" or "sector support" which organize themselves in a complex network of objectives and activities.

The planning of projects and Country Programmes in UNDP builds on an assumption of control. UNDP's response to environmental challenge has been to increase its power to control approval of projects, change in project design, and delivery of project resources. In the face of increasing environmental turbulence, the organizational response has been one of centralization, formalization and an attempt to create a rational bureaucracy in Weber's sense. There is a similarity between an aid organization like UNDP and the approach of companies under environmental threat as described by Lawrence and Lorsch (1967).

The desire to control and the ability to do so are not the same, though they are intertwined. The Country Programming of UNDP and the system of project approval demonstrate that the UN system desires to control these processes and in one sense this is achieved, as the case studies of the planning and design of projects also show. But does that mean the organization effectively directs aid in accordance with objectives of the recipient government and its own governing board? Section 5.3 above described a process where "rational control", in the spirit of the Policies and Procedures Manual, was notable through its absence. The desire to erect a Country Programme and the ability to finally do so did not lead to an effective assistance programme. The blueprint approach failed to let the organization establish structures and procedures which achieved the organization's objectives.

SIDA's Country Programme is, on the other hand, a typical example of process planning. The planning document itself is very unassuming in its appearance and does not regulate projects in great detail. The framework is reviewed every year and, though the Country Programme is supposed to establish the amounts available for development one year ahead, and indicate amounts for the next two years, Section 6.3 demonstrated a high degree of flexibility, even concerning this process. It would seem as if the personnel in SIDA have a much more dynamic image of the development process, characterized by a greater awareness of uncertainty.

Process planning implies shorter time lags and therefore forces the organization to react to the fast pace of social and economic change - while at the same time enabling it to do so. The blueprint approach, on the other hand, neither encourages nor necessitates such reactions. Process planning reflects a lower degree of control in SIDA; budgets in future years, project objectives and activities, remain uncertain. The planning itself is a consensus building activity, where headquarters, field office and the recipient government meet intensively to establish priorities. Consensus building thus makes the implementation of the plan easier and direct, formal, centralized control unnecessary. But the lower degree of control facilitates the organizational objectives in terms of development aid and it encourages flexible responses to environmental change. The experience of UNDP indicates that a blueprint plan cannot be implemented in Tanzania, but a process approach to planning may be effective.

Looking at the level of project support rather than Country Programmes supports the hypothesis. Two UNDP projects appear better conceived and implemented than the others; Salt Development and The Tanzania Petroleum Development Cooperation. Both projects started before the formulation of the Second Country Programme and, though the attempt to include them in the Country Programming Process was successful, it meant little in terms of the objectives and activities of the projects and did not harm the process of implementation. Thus,

where UNDP project planning approaches the process mode, we find evidence of more effective aid.

Let us now turn to the second dimension of rational-comprehensive versus disjointed-incrementalist planning. SIDA presents a clear-cut case of disjointed incrementalism, both at the level of Country Programme and projects. Just as there are no grandiose attempts at social change through blueprint plans, there are no rational-comprehensive approaches to the problems of industrialization. SIDA's projects constitute an overlapping patchwork of activities; witness, for example, the support to Industrial Rehabilitation. Rather than devising a strategy for rehabilitation, SIDA proceeded with a series of marginal contributions; import support, grants and technical assistance, gradually building up in their totality to a network of mutually supporting interventions. SIDA's other projects grew in a similar manner, all the industrial institutions gradually became major projects after informal contacts, consultant studies, development of institutional networks. The support to small-scale industries is most typical, and illustrative, of this approach; it never takes a definite shape, it is constantly changing in emphasis. Maybe even Lindblom would have looked for a stronger word than "muddling through" to describe its administration.

UNDP planning is more difficult to place. One could describe it as rational-comprehensive; this is, at least, clearly the ambition of the systems architects. The Country Programme is supposed to be a coherent whole, a consistent framework for development cooperation. Likewise, at the project level, the procedures for project identification and planning illustrate this ambitious approach as clearly as the statements of development objectives and immediate objectives do. But at the same time the conduct of planning could be described as disjointed-incrementalist by default. Establishing the Second Country Programme came to rely more on the two critical variables of political pressure and expediency than on any rational-comprehensive approach to industrial development problems. At the project level, none of the comprehensive approaches notable in

the pharmaceuticals project, leather and textiles, or industrial training, survived the first half year of implementation. The UNDP field office, and the project managers, had to adapt and to implement changes where they could, postpone other actions and seek influence over project activities through political channels, et cetera. On the other hand, the early projects like Salt Development, Coal Production and The Tanzania Petroleum Development Corporation, which gradually grew and reached prominence in the project portfolio, could, after reconstruction in 1978 and 1979, appear as successful examples of rational-comprehensive planning. In fact, they achieved success through the manipulations of a limited number of project personnel without any initial vision of what the end product would yield.

Concerning the final dimension of normative versus functional planning, the difference between the two organizations is one of degree rather than overall approach. Both organizations apply a normative approach in the design of projects and programmes, but SIDA appears to be more consistently normative, particularly when the impact of evaluation is considered. What would it mean to apply a normative approach to planning in the context of aid administration? It would imply that the personnel, from programme officers to project managers, are encouraged, willing and able to reason in terms of the substantive rationality discussed by Mannheim (1940) and Weber (1947). The activity of planning would question the project in terms of the contribution to human development, not only to economic growth. Furthermore, substantive rationality would imply that projects are designed in conformity with traditional culture and, although change is introduced no suffering or damage will be caused. Is it possible to find such projects, or to find awareness of such problems, in the planning of UNDP and SIDA?

The first question has to be answered with a no for the time being, but the review of SIDA's Country Programme and its projects reveals an ongoing attempt to resolve such issues. The continuing emphasis on rural industrialization is one piece of evidence, the interaction between rehabilitation efforts and wider social goals another. SIDA's

organization encourages conflict over issues of substantive rationality and the system of evaluation continuously reintroduces them into the planning process. The organizational culture which was roughly sketched on pages 246-248 also plays a significant part in building a normative approach.

But the Country Programme Documents and the mid-term review of the Second Country Programme reveal a normative approach in UNDP, as does the Policies and Procedures Manual. The Jackson report and the various studies by the U.N. Joint Inspection Unit further illustrate this ambition. Even at the level of project design, there are rich and lucid examples of substantive rationality. However, looking at the industrial development projects in Tanzania, it seems to be the UNDP field office which represents this approach, if at all. The division of tasks indicates that UNIDO, as the executive agency, is narrowly specializing in promoting its own role and that of industrialization (at any cost). UNIDO, in its capacity as back-stopping organization, reveals no interest in normative planning; it is entirely functional in respect of its mandate to promote industrial development. The approach to a project like the support to NDC is a typical case and so is the pursuance of an integrated iron smelting complex in southern Tanzania, in the face of the economic crisis in 1980.

In summary, one may characterize the UNDP planning style as blueprint oriented, rational-comprehensive and normative, whereas SIDA's planning style is process oriented, disjointed-incrementalist and normative as well, though somewhat more so than UNDP. Figure 7.1 maps the two planning styles according to the model in Chapter 2 (p. 35). Let us now review the discussion above; the reader has followed an exposition of the logic of the two planning styles following a theoretical framework of the dimensions of planning. The framework has provided three dimensions that serve to distinguish the two planning types, the criteria being the underlying logic of assumptions about what is planned for and how the environment behaves. Chapters 5 and 6 have also described the design and the functioning of the systems, at the level of Country Programme and at the project

level. But granted that the description of the two systems is by now quite clear, is it possible to say anything about their effectiveness?

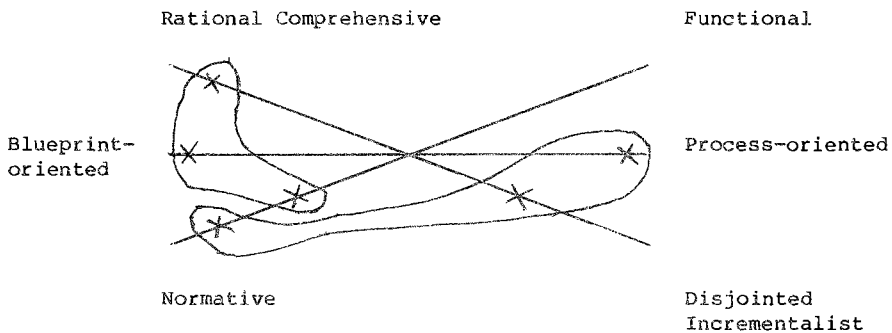


Figure 7.1: THE PLANNING STYLES OF UNDP AND SIDA

Before answering the question, a few remarks on the potential criteria of effectiveness might be appropriate. Speed is a good quantifiable criterion and if the time lag from project idea to implementation is short, the developing country would probably be better served. Table 7.1 shows the time it has taken to start implementation of projects - that is from the decision to cooperate on a project to the first delivery of resources.

On an average, it took 17 months from an agreement to the actual starting-date, but the list can be divided into two groups. Whereas some projects started 5-8 months after the agreement, another group started at least two years later. But what happened between the agreement and starting-date, and what are the differences between the groups? The first group of projects was not included in the Country Programming Process, but started soon after the Government request. Ex-ante evaluations were not ambitious, the project documents were brief and only roughly outlined potential activities. Statements of objectives were equally vague. What these projects have in common is that they started on a small scale, the experts had close informal

Table 7.1: TIME-LAGS FROM THE AGREEMENT ON COOPERATION TO THE START OF IMPLEMENTATION, UNDP

	Agreement (year/month)	Starting-date (year/month)	Time-lag months
Coal production	75/2	75/7	5
TPDC	74/10	75/4	6
Salt production	75/2	75/8	6
NDC	73/10	74/6	8
Leather industries	78/4	79/10	18
Pharmaceutical plant	78/4	79/11	19
Textile industries	78/4	80/4	24
Industrial training and consultancies	78/4	80/8	28
TIRDO	78/4	80/9	29
Chemical industries	78/4	80/12	32

contacts with the UNDP office during the initial stage, and they gradually developed into larger projects with increasing resources of personnel, training and equipment.

The second group of projects was identified and elaborated as part of the Second Country Programme. Before starting, a comprehensive Project Document had to be written. This would appear to ensure a well-designed project through the use of technical expertise and to improve future evaluations as there would be clear criteria to assess performance against. In brief, the project document would appear to have introduced an element of rationality into decision-making. Admittedly, some of the project documents did present coherent, well-designed approaches to development problems, but most suffered from lack of knowledge of local conditions and poor integration into existing organizations. The long delays also made some of the problems irrelevant by the time the project started, in some instances, it even became necessary to change projects which again led to long delays.

The single most important factor appears to be the reliance on external consultants to design projects, that is, to divorce project design from both the organization itself and the future project

staff. First, this necessitates a separate project proposal in its own right, which has to be approved by UNDP and UNIDO headquarters and the government. As personnel recruitment, fielding and introduction also take time, there is an inevitable time-lag of about one year. Second, as the external consultant bears no responsibility for the implementation of the project, he may focus on producing an "academically professional" proposal, one that evades difficult political problems of regime support, interest group affiliation, corruption and other issues that will interfere with project management later. Third, technical expertise and expatriate status may blind him to real, local constraints on the project. It often takes years to learn local conditions, whereas consultants in these cases spent from two weeks to six months in the country.

But is Table 7.1 reliable, is it possible to use other measures for the time-lags? It is true that not all projects were supposed to start immediately after the agreement on the Second Country Programme and thus the time-lag is not always comparable to a delay, the notable exception being assistance to the leather industry which was not intended to start before 1980. Actual delay should be counted from envisaged to real starting date and is then a few months shorter. On the other hand, it would also be interesting to see how long it takes from project identification, defined as a government request for assistance, to the start of a project. The first group of UNDP projects measures this time-lag, which is still 5 to 8 months. However, the government approached UNDP already in 1975-1976, requesting assistance for all projects in the second group. Even though the dates cannot be set down with certainty, this indicates an average time-lag of 4 to 5 years before assistance started. It is obvious that several more years must pass before the project starts to have an impact, by which time most things the project was supposed to affect have changed.

Are the time-lags in SIDA's projects equally long and do they lead to the same conclusion regarding project design? Table 7.2 indicates that the time-lag in SIDA's projects was on the average 12 months; a

highly unreliable estimate because it is difficult to pinpoint when an agreement has been reached, and when regular activities replace preparations. Support to Tanzania Investment Bank and small-scale industries, for example, involves so many activities, constantly disappearing and reappearing in disguised forms, constantly involving decisions as to whether to proceed, cancel or change operations. The decision to start the sister-industry programme was taken within a year, but it started in a limited form. Later on, decisions concerning firms took longer, reflecting different opinions on evaluation results within SIDA. The decision to support TIB was also taken rapidly, particularly considering the huge amounts involved. Later on, separate projects within the framework of assistance to TIB were approved by SIDA, and this process prolonged the use of funds considerably.

Support to institutions, as well as to rehabilitation projects, in fact, started within a few months after the first request. The preparation of larger projects, that is, the design phase, was often so conducted that some form of support was given immediately. This could take the form of import support, special problem-solving missions in connection with the project design and connections with other projects. Even though this does not signify that the project has started, it means that the government is receiving aid. But once assistance has started it is difficult to withdraw: there are no instances where preparatory work has not led to continued support.

Table 7.2: TIME-LAGS FROM AGREEMENT ON COOPERATION TO THE START OF IMPLEMENTATION, SIDA

	Agreement (year/month)	Starting-date (year/month)	Time-lag months
Tanzania Investment Bank	71	71	-
TISCO	75/6	77/6	24
Tanzania Bureau of Standards	76/2	78/1	23
Meida	76/10	78/7	21
Saruji	76/6	78/1	19
AATP	76/11	77/1	2
Small-scale industries	75/6	76/1	7
Farm implements	83/2	83/6	4
Printing and packaging	83/6	84/4	10
Cement	83/9	84/1	4

The first decision is crucial: if there is an agreement to prepare an Idea Memorandum, then Support Memorandum and a project will follow. The decision-making process answers the question of how to design a project, not whether to design a project or not. What is gained in speed will perhaps be lost through missed opportunities of better projects.

It is worth noting that SIDA does not rely on external consultants in project planning as UNDP does. First, when external consultants are used, they are given responsibilities for the continued support, as the cases of TISCO, TBS, MEIDA, AATP, the sister-industry projects and the rehabilitation projects (apart from farm implements) show. Second, SIDA usually assembles interdisciplinary teams of engineers, economists, et cetera, which contributes to a broad view of development problems. The dangers of narrow technical-commercial specialization are avoided, but the technical competence is still available. Third, SIDA relies on consultants who have working experience in Tanzania, who have been employed as project personnel or who have worked in SIDA, development banks or similar organizations. Sweden is sufficiently small for such a network of contacts to function. Whereas SIDA has been accused of favouritism and too much dependence on certain consultants (National Audit Board, 1984), there is also a clear relationship between successful projects and the experience and professionalism of this network. (The same dilemma appears when we look at who has undertaken evaluation studies, but again it would seem that the advantages out-weigh the drawbacks.)

Speed of implementation is one criterion of effectiveness in the planning system, and though the process/oriented, disjointed-incrementalist approach yields better results, the discussion needs to be continued. Have the projects been beneficial to the country's development? Have they been efficient in the delivery of assistance? In short, which planning style ranks better concerning the quality of aid? I have mentioned the difficulties of evaluating a project as good or bad - difficulties stemming from the vagueness of objectives,

contradictory objectives and hidden reasons for promoting projects. The case studies have also given an account of the complexity of the many projects. But I have also mentioned that, sooner or later, it will be necessary to tackle the question of deciding which planning style is best, even if the instruments for doing so are inadequate.

Let us first look at the problem from the perspective of Tanzania. Industrial development cooperation is supposed to increase the rate of capital formation, to have an impact on the balance of payments through import substitution, export promotion or the direction of capital flows. It is supposed to have an impact on the overall expansion of the economy, which can be divided into backward and forward linkage effects. These linkages refer to the creation of income and employment in the sectors of the economy delivering inputs to project activities or consuming the outputs respectively. Regional development has been among the most important policy objectives since the Third Five Year Plan. Employment creation is important both in terms of linkage effects and the direct opportunities for employment in the project activities. Finally, no project is supposed to go on forever. The creation of a local capacity to take over the project ranks high on the list of objectives.

There are several problems with a list like this. First of all, it only refers to the explicit rational objectives, but it is obvious that other objectives have often influenced the national decision to start a project. (Regime support, clan politics, et cetera, are of course rational in their own perspective.) I do not know if other objectives have had any impact at all, and where a suspicion lingers it would take more thorough research to confirm it. By and large, this study is also concerned with the effort to manage projects that have a development impact - another good reason not to delve into other objectives. Second, not all projects were intended to have an impact on all objectives, some were not intended to contribute to capital formation - for example the institution building projects. A word of caution: the reader should be careful when comparing the different projects - they are in one sense incomparable - and it is

probably necessary to refer back to the case studies in Chapters 5 and 6. Third, I have restricted myself to a ranking of their contributions in terms of a definite and considerable impact, a small, uncertain and limited impact, no impact at all, and, in the case of impact on foreign exchange, a negative impact. Though it would, in some cases, be possible to estimate the impact of the projects better, or even to calculate a quantitative contribution, the scope for so doing varies, and thus I have chosen this method to settle on a least common denominator.

With these reservations in mind, let us now turn to the projects. Table 7.3 contains a ranking of the UNDP projects' contribution to the national development objectives. The list shows that it is possible to distinguish between three different categories of projects. The first group consists of the successful projects that have made a positive contribution to the country's development in most respects. The second group consists of projects that were not complete failures, or, in fact, were quite successful considering their limited objectives - but they cannot be praised as genuinely as those above. The third group consists of projects that never had an impact, that were inadequately prepared, subject to poor management or for other reasons clearly failed. In the latter category are the projects "Establishing a Pharmaceutical Plant on Zanzibar", "Industrial Training and Consultancies", and "Support to Chemical Industries".

However, UNDP has a mandate to promote other development objectives as well (p. 2 above). Maybe the projects had an impact in these respects? Table 7.4 gives a summary of whether these objectives were incorporated in the project design and whether the project made any contribution towards them. Apart from three projects, it seems as if the Governing Board's recommendations on special considerations were bypassed or considered irrelevant. National development objectives have clearly been assigned first priority, and it is obvious that industrial development projects tend to have a negative impact on, for example, the environment. Environmental considerations were not

Table 7.3: INDICATORS OF THE UNDP PROJECTS' CONTRIBUTION TO NATIONAL DEVELOPMENT OBJECTIVES

	Capital Formation	Foreign Exchange Impact	Backward Linkages	Forward Linkages	Regional Development	Employment Creation	Training of Counterparts
TPDC	Yes	Positive	Yes	Yes	Yes	Yes	Yes
Salt Development	Yes	Positive	Yes	Yes	Yes	Yes	Yes
Leather Industries	No	Positive	Yes	Yes	Limited	Yes	Limited
Coal Production	No	No	No	Yes	Limited	Yes	Limited
National Development Corporation	Yes	Negative	Limited	Limited	Limited	Yes	Limited
TIRDO	No	Limited	No	Yes	No	Yes	Yes
Textile Industries	No	Positive	Yes	Limited	No	Yes	No
Pharmaceutical Plant	Yes	No	No	No	No	No	Limited
Industrial Training	No	No	No	Limited	No	No	No
Chemical Industries	No	No	No	No	No	No	No

an explicit objective in the coal production project. In fact, if it had been successful in promoting large-scale coal mining it would have had negative consequences. As things were, the small-scale mining contributed to the usage of coal rather than wood in a number of manufacturing activities and thus alleviated deforestation and soil erosion problems. The other objectives were more compatible with industrialization, but as Table 7.4 indicates, they were rarely considered. Integration of women or minority groups in the projects would have added complexity, and it was not a priority consideration of the government.

SIDA's projects do not lend themselves to an easy categorization in terms of their contribution to national development objectives either. Bearing all the reservations above in mind, the following three categories in Table 7.5 could be distinguished. First, support to SIDO in all its diverse forms, as well as support to AATP, made a positive contribution in respect of most major development objectives. Of course, strengthening headquarters is a very limited activity so it has not had a direct impact, but it has helped SIDO manage the other programmes more effectively. It might be questioned whether the sister industry projects have had a positive impact on the foreign exchange position; many of the industries do rely on imported components for the production process. Apart from some notable exceptions, the sister industries also produce necessary products that would otherwise have been imported. The evaluations point to a positive contribution in total (Alange, 1978; Forss and Ghosh, 1981; Ekengren, 1984). Adding import support and the support from MEIDA, there is little doubt about their impact.

The second group consists of the Industrial Rehabilitation projects. They have only been in operation for less than a year and a half, and they are therefore assessed on the stated intentions and limited experience of this period. The primary concern of this assistance is the foreign exchange impact and the levels of capacity utilization in some key industries, selected on the basis of their linkage effects (assessments of linkage effects are based on Kim, 1978). The

Table 7.4: INDICATORS OF THE UNDP PROJECTS' CONTRIBUTION TO "SPECIAL CONSIDERATIONS"

	Integration of disadvantaged groups in the development process		Preservation or improvement of environment		Cooperation among developing countries	
	Planned	Real	Planned	Real	Planned	Real
Salt development	+	+	o	o	+	+
Coal production	+	o	o	+	o	o
TIRDO	o	o	+	+	o	o
TPDC	o	o	o	o	o	o
Leather industries	o	o	o	o	o	o
Textile industries	o	o	o	o	o	o
Industrial training	o	o	o	o	o	o
Pharmaceutical plant	o	o	o	o	o	o
Chemical industries	o	o	-	o	+	o
National Development Corporation	o	o	-	-	o	o

Note: "+" indicates a positive contribution, "-" a negative, and "o" that the issue was of no concern on the project.

contribution to other objectives is likely to be low. The third group comprises the industrial institutions and TIB. They are united by the fact that their contribution has mostly been less than intended, and their performance in respect of objectives has varied. Some of these projects have been successfully established (in the sense of installing equipment and training personnel), but they have not yet found their role in the rapidly changing economy. Projects like TBS, TISCO and MEIDA, in this sense resemble UNDP's TIRDO project. They face similar constraints, but SIDA has been more flexible in increasing the level of support and redirecting activities.

That economic growth, particularly through industrialization, contradicts other policy objectives in the near future is hardly news (Lewis, 1954 and Braudel, 1984). Table 7.6 illustrates that SIDA has not been much more successful than UNDP in addressing other political and social goals through projects whose main concern has been economic growth. Only projects that actually achieve results in

Table 7.5: INDICATORS OF THE SIDA PROJECTS' CONTRIBUTION TO NATIONAL DEVELOPMENT OBJECTIVES

	Capital Formation	Foreign Exchange Impact	Backward Linkages	Forward Linkages	Regional Development	Employment Creation	Training of Counterparts
SIDO							
Sister Industries	Yes	Positive	Limited	Yes	Yes	Yes	Yes
Rural Hire Purchase Fund	Yes	Positive	Yes	Yes	Yes	Yes	No
Industrial Estates	Yes	Positive	Limited	Yes	Yes	Yes	Yes
Training Centres	No	Positive	Yes	Limited	Yes	Yes	No
Headquarters Personnel	No	No	Limited	Limited	Limited	Limited	Yes
AATP	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industrial Rehabilitation							
Farm Implements	No	Yes	No	Yes	Yes	Yes	Limited
Printing and Packaging	Limited	Yes	No	Yes	No	No	Limited
Cement	Limited	Yes	No	Yes	No	No	Limited
TISCO	No	Positive	No	Yes	Limited	Yes	Yes
Meida	No	Positive	No	Yes	No	No	Limited
Saruji	Limited	Positive	Limited	Yes	Limited	Yes	Limited
TBS	No	No	Limited	Limited	No	No	Yes
TIB	Yes	Negative	Limited	Yes	No	Yes	Limited

increasing the living standards among the relatively uneducated, rural inhabitants can be said to contribute towards an equal distribution of resources. Small-scale industrialization that relies on advanced technology and educated personnel may be useful for many purposes, but does not lead to equality. The entrepreneur may add to his prestige and his fortune and the employees get paid, but this makes no difference in an economy where skilled labour is in high demand. Other projects contribute to the increasing gap in living standards between rural/urban, educated/uneducated and westernized/traditional, both through their direct employment practices and through their impact on the economy.

Table 7.6: INDICATORS OF THE SIDA PROJECTS' CONTRIBUTION IN TERMS OF SWEDISH DEVELOPMENT COOPERATION POLICY

	Economic growth	Equal distribution of resources	National Independence	Democratic development
Industrial rehabilitation				
Farm implements	+	+	+	o
Printing and packaging	+	o	+	o
Cement	+	o	+	o
AATP	+	+	o	o
SIDO				
Sister industries	+	-	o	o
Rural Hire Purchase Fund	+	+	o	o
Industrial estates	+	-	o	o
Training centres	+	+	o	o
Headquarters personnel	o	o	o	o
TISCO	+	-	+	o
Saruji	+	-	o	o
TBS	+	o	o	o
MEIDA	+	-	o	o
TIB	+	-	+	o

Note: "+" indicates a positive contribution, "-" a negative, and "o" that the issue was of no concern on the project.

Most projects are too small to have an impact on national independence; only if concentration on building up key capacity is envisaged could a SIDA project possibly qualify in this respect. The industrial rehabilitation projects attempted to do so in a period of severe recession when Tanzania appeared to sacrifice many of her long-standing policies and ambitions. Support to TISCO has increased the national control over the planning and implementation of industrial investments. Notwithstanding doubts about the cost efficiency of support to TISCO, a number of counterparts have been trained, and some are still working in the organization. Support to TIB has built on Tanzanian resources and, particularly during the early days of support, the main control of investment funds remained in Tanzanian hands. Thus, institutions like TISCO and TIB have helped Tanzania gain control of the commanding heights of her economy.

Finally, concerning democratic development, it is again difficult to see if the projects have made a contribution or if they have had a detrimental effect. In the short and medium term, the result appears to be neither. Other projects, primarily in the area of education, have an impact on the level of political participation. It could be argued that projects contributing to economic growth also indirectly support the incumbent regime, and thus, by default, the approach to democracy that this regime has taken. Nevertheless, neither national independence nor democratic development figure as explicit criteria in the planning and evaluation of industrial projects.

As a curiosity, Table 7.7 indicates that the industrial development projects have been very effective in utilizing the Swedish resource base. SIDA is often criticized for not considering Swedish interests in exporting goods and services. Tied aid is a separate issue, but little in Table 7.7 would be registered as such (mainly raw materials for Industrial Rehabilitation projects and some sister industries). Instead, we find that a large number of private and governmental institutions have played a role in the cooperation. All institutions have been established in some form of "sister cooperation", where personnel, training and various back-stopping services contribute to transfer the "know-how". It would be easy to infer the objective "to promote Swedish exports of goods and services" from these facts.

Table 7.7: UTILIZATION OF THE SWEDISH RESOURCE BASE ON SIDA'S PROJECTS IN TANZANIA

	Management contracts	Swedish equipment	Training programmes	Production raw material
Industrial rehabilitation				
Farm implements	Yes	Yes	Yes	Yes
Printing and packaging	Yes	Yes	Yes	Yes
Cement	Yes	Yes	Yes	Yes
SIDO				
Sister industries	Yes	Yes	Yes	Yes
Rural Hire Purchase Fund	No	No	No	No
Industrial estates	Yes	Yes	Yes	Yes
Training centres	No	Yes	No	Yes
Headquarters personnel	No (1)	-	-	-
TBS	Yes	Yes	Yes	-
TISCO	Yes	Yes	Yes	-
MEIDA	Yes	Yes	Yes	-
Saruji	Yes	Yes	No	No
TIB	No (1)	No	No	No
AATP	No	No	No	No

Note: (1) Individually recruited technical assistance personnel.

After this review of the quality of aid, is it possible to recognize some aspects of the planning style that are more conducive to "good projects" than others? The most successful UNDP projects - salt development and TPDC - and the most successful SIDA projects - various forms of support to SIDO - have several things in common. The planning style can be characterized as process-oriented, disjointed-incrementalist and normative. The projects were limited in scope from the outset, but gradually developed and became diversified as the partners learnt to know each other. Planning was closely tied to evaluation information and close and cordial contacts between the recipient institution, project personnel and the aid organization characterize the projects. The project managers, or in the SIDA case the consulting firm FIDE, took responsibility for project planning. Rapid progress from planning to implementation also coincided with success. It is notable that so few of the projects that form part of UNDP's Second Country Programme could be called successful. It can be stated that the assumptions of control and long-range planning

inherent in the blueprint, rational-comprehensive approach, do not allow the planners to take into account the complexities of projects. On the contrary, the blueprint approach has impeded the pragmatic resolution of organizational problems as they occur.

7.3 COMPARATIVE ANALYSIS OF THE EVALUATION SYSTEMS

Many of the features that distinguish planning styles also distinguish evaluation styles. The preponderance of standardized monitoring and impact assessment corresponds to a blueprint approach; the tendency to restrict evaluation questions to technical-commercial aspects of project objectives corresponds to a functional approach; while the extent of integration of the evaluation system corresponds to the rational-comprehensive mode of planning. But there are other aspects of the evaluation systems that do not lend themselves to a comparison in these terms. Evaluation is concerned with learning and intelligence, with environmental analysis and, if one wants to use the term, scanning. Evaluative activities may occur in a multitude of ways; formal reporting systems, informal channels, external or internal, et cetera. Whereas the description in Chapter 5 focused on the usage of UNDP's formal evaluation system, supplemented by the informal contacts revealed by the case studies, it became necessary to discuss SIDA's evaluation in a broader framework.

Now, as we turn to an evaluation of the evaluation system, the question of criteria arises again. The purpose is not to present one organization as superior to another, but to identify aspects of the evaluation system that lead to an identification of events that have an impact on the projects.

First of all, what type of environmental events would an evaluation system identify? Since Emery and Trist (1965) introduced the concept turbulence in the appreciation of environmental complexity, it has become common to use this term with much less stringency than the authors. What types of complexities arise in development projects, what do they stem from, and, most important, what are the conse-

quences for evaluation systems? Sachdeva (1984) introduced a model to analyse the factors which affect the organizational complexity characteristic of projects in a Third World setting.

The project environment is a wide concept and not every event affects the project, nor does the project activities have an impact on all aspects of the environment. A useful distinction can thus be made between the contextual and the transactional environment. The transactional environment consists of the organizations, institutions, and the people, whom the project is interlinked with. The project affects their activities and is, in return, affected by them; they are in a situation of interdependence. The contextual environment has an impact on the projects' behaviour but cannot be influenced in return by it. Sachdeva argues that the characteristics of these two environmental layers affect the organization structures and processes of the project, that is, its internal environment. Figure 7.2 illustrates his model. The internal environment may also be characterized by the nature of the technology, the scope and number of objectives, size, scale and geographic dispersion, synergism of complementary components and involvement with multiple sectors, agencies and institutions.

A first approach to an assessment of the quality of the evaluation systems would be to examine which type of environment the system is focused on. Table 7.8 shows the location of the environmental analysis of the UNDP projects. Table 7.9 indicates the same for the SIDA projects. Once more, the tool used for the examination is very blunt - simply an indication of whether the total sum of evaluation activities have drawn attention to events (potential or actual) in each of the layers of environment. The sources are the same as described in the case studies and the time period refers to the lifetime of the projects. It should be noted that SIDA's industrial rehabilitation projects are not included, as they have not been going on for very long.

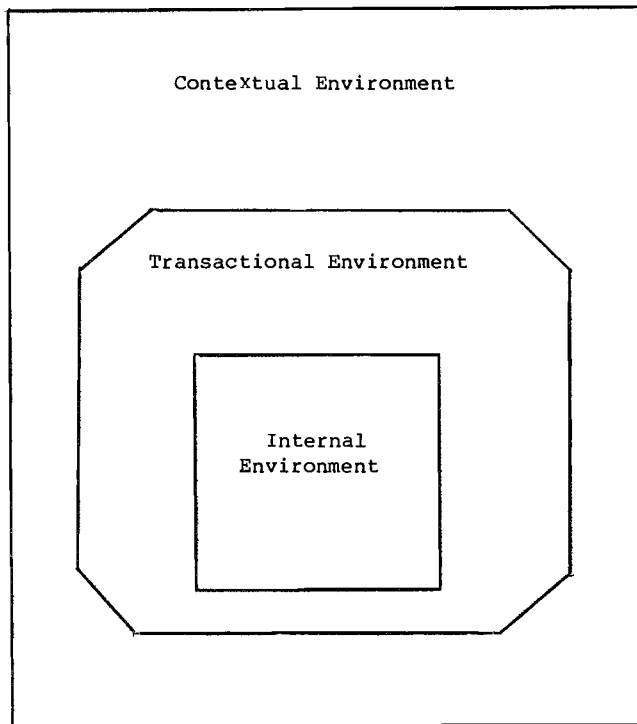


Figure 7.2: THE PROJECT'S ENVIRONMENT

The heavy emphasis on the internal environment is remarkable, particularly in the case of UNDP. Only half of the UNDP evaluations are concerned with the transactional environment of the projects. As the UNDP projects are conceived as catalytic activities, it would seem even more justified to focus on the contextual and transactional environment during the interactions between project personnel, field office and headquarters, but this is not the case. Whereas none of the UNDP evaluations show any concern for the contextual environment, Table 7.9 indicates that half of the SIDA evaluations do so. Furthermore, all the evaluations of SIDA projects have analyzed the transactional and the internal environment.

Table 7.8: ASSESSMENT OF ENVIRONMENTAL COMPLEXITY AND ITS IMPACT ON PROJECTS, UNDP

	Contextual environment	Transactional environment	Internal environment
TPDC	No	Yes	Yes
Salt development	No	Yes	Yes
Leather	No	Yes	Yes
Pharmaceutical	No	Yes	Yes
TIRDO	No	Yes	Yes
Chemical industries	No	No	Yes
Textile	No	No	Yes
Coal	No	No	Yes
Industrial training	No	No	Yes
NDC	No	No	No

But is it not a rather weak indication of the effectiveness of the evaluation system merely to state whether statements about the environment have been made or not? What matters is surely what is being said, the quality of the analysis so to say? Some further indications of the scope of evaluations must be added. In their study of rural cooperative evaluation, Apthorpe and Gasper (1982) proposed general criteria for meta-evaluation. They suggested two dimensions; the immanent-transcendent and the essentialist-instrumentalist. The authors point out that these dimensions are not mutually exclusive and that they are not a comprehensive set of criteria. Nevertheless, their intention was to identify leading elements in evaluation studies.

The focus of the immanent-transcendent dimension is whether the leading criteria in an evaluation are internal or external in relation to what is being evaluated (Apthorpe and Gasper, 1982, p. 635). If the leading criteria are the same as those stated for, and within, the project itself, or as could be inferred *ex post*, then this can be called an immanent evaluation. Consequently, if the criteria are instead taken from a general theory of development, which may have been unknown to those designing the project, or is even hostile to those starting and implementing the project, this is termed a transcendent evaluation.

Table 7.9: ASSESSMENT OF ENVIRONMENTAL COMPLEXITY AND ITS IMPACT ON PROJECTS, SIDA

	Contextual environment	Transactional environment	Internal environment
SIDO			
Sister industries	Yes	Yes	Yes
Rural Hire Purchase Fund	Yes	Yes	Yes
Industrial estates	Yes	Yes	Yes
Training	No	No	Yes
Headquarters personnel	No	No	Yes
TBS	Yes	Yes	Yes
TISCO	Yes	Yes	Yes
TIB	Yes	Yes	Yes
MEIDA	No	Yes	Yes
Saruji	No	Yes	Yes
AATP	No	Yes	Yes

Concerning the second dimension, "... the instrumentalist approach treats particular activities and measures simply as means towards some more general ends; ends without reference to features of particular means". Essentialism, on the other hand, "... has a restrictive approach to the definition and recognition of a policy or institution being evaluated, with a tendency to insist that there is one uniquely correct delimitation". (Apthorpe and Gasper, 1982, pp. 654-655.)

It is not convincingly argued that the dimensions are really different enough to merit the distinction. An instrumentalist evaluation is also likely to be transcendent - indeed, could it be anything else? Similarly, an essentialist evaluation rather seems to be an extreme form of immanence. Looking at evaluations of the UNDP and SIDA projects, the only distinction that can be made is between immanent and transcendent approaches. As the purpose here is to get an indication of how project activities are evaluated, it is not necessary to resolve the question of whether Apthorpe and Gasper's dimensions are, in fact, only different levels on one scale. Tables 7.10 and 7.11 summarize the approaches that I have inferred from the review of UNDP and SIDA evaluations.

Transcendent evaluations were not undertaken until a UNDP project was terminated and then only for three projects out of the eight that were completed or terminated. Evaluations during the implementation phase were only of an immanent character in UNDP. But what about ex ante evaluations? Surely the manual's directives imply a transcendent approach, for example, when setting development objectives? True, but development objectives are very vague and general. As the cases indicate, they do not become more specific than phrases like: "contributing to self-reliance", "saving foreign exchange", et cetera. There are no indications that projects are really evaluated against these criteria, either before, during or after implementation. In the cases where transcendent approaches have been applied, the original formulations of objectives have not been of any significance. The absence of transcendent evaluations is the more remarkable as the standardized formats and agendas specifically stipulate such discussions.

Table 7.10: EVALUATION APPROACHES ON UNDP PROJECTS

	Progress reports	Tripartite reviews	Terminal assessments
Coal production	IM	IM	TR
Salt development	IM	IM	TR
NDC	IM	IM	TR
Pharmaceutical plant	IM	IM	IM
Industrial training	IM	IM	IM
Chemical industries	IM	IM	IM
Textile industries	IM	IM	IM
TPDC	IM	IM	IM
TIRDO	IM	IM	-
Leather industries	IM	IM	-

Note: IM indicates an Immanent evaluation approach. TR indicates a Transcendent evaluation approach.

Table 7.11: EVALUATION APPROACHES ON SIDA PROJECTS

	Internal informal evaluation	Internal formal evaluation	External evaluation
SIDO			
Sister industries	TR	TR	TR
Rural Hire Purchase Fund	TR	IM	TR
Industrial estates	TR	IM	TR
Training	IM	IM	IM
Headquarters personnel	TR	IM	IM
TBS	TR	TR	TR
TISCO	TR	IM	TR
TIB	TR	IM	IM
Meida	TR	IM	TR
Saruji	IM	IM	TR
AATP	IM	IM	IM

Note: See Table 7.10 for abbreviations.

It is not surprising that SIDA's external evaluations take a transcendent approach for seven projects out of eleven. The nature of external evaluations and the terms of reference often specify that the assumptionss of a project should be questioned. It is more surprising that the internal, informal evaluation system should have a transcendent bias, and, in fact, more so than the external evaluations. The explanation lies in SIDA's "organization culture" which encourages a critical examination of projects. External evaluations also have an impact, it is unlikely that a critical report on a project will not be reflected in an internal debate. There is a parallel between the informal, internal evaluations and the external; often the information that external evaluators depend on originates within SIDA and, once developed and elaborated, will further stimulate the internal debate. It is, however, not so common that the transcendent approach is followed up through the internal, formal evaluation. The sector reviews largely focus on implementation problems and changes in project designs to reach "given" objectives. There are of course exceptions - the discussions of the sister industries cooperation and the future of TBS have followed up issues raised by external evaluators. Finally, it should not be forgotten that the internal, informal evaluations also raise immanent questions

which often dominate, but in this review it is enough if transcendent approaches occur at all.

It is a commonly held view that the evaluator's immersion in the project setting, its ideas and intentions, is likely to be prejudicial (Scriven, 1971 and Hamilton et al., 1977). Too much familiarity implies that the projects' achievements cannot be evaluated with reasonable objectivity. The external evaluator would be prone to "... look where the policy personnel have themselves looked and think he ought to look, to overlook what they have overlooked or prefer him not to look at" (Hamilton et al., 1977, p. 104). Internal evaluators would of course be even more susceptible to these faults. The UNDP experience does seem to validate this view, but not SIDA's. The most critical questions about SIDA projects, whether they involve the internal, contextual or transactional environment, originate equally often among project personnel, external evaluators or inside SIDA. There is no tendency towards any bias in this respect as far as the industrial projects in Tanzania are concerned. The "transcendent" approach among the internal evaluators is more remarkable as they are, in Scriven's terms (1971), deeply immersed in the project's setting.

Having looked at the extent of environmental analysis and the scope of assessment of a project - two indicators of the quality of evaluation systems - one disturbing question remains: do they have an impact on the project's performance? Does the combination of an assessment of all environmental layers and a transcendent approach lead to better projects? Do the observations confirm that such evaluation systems help to: (1) identify when project activities follow undesirable routes, (2) identify a need to change activities to achieve the objectives, and (3) to perceive shifts in national development priorities that require changes in project objectives.

As Tables 7.12 and 7.13 indicate, the evaluation systems have been most useful in changing and adapting projects when the transcendent approach has predominated and when the entire environment has been

scanned. Such projects are, with a few exceptions, found in the group that have made the best contribution towards the national development objectives. (Bear in mind all the reservations from above concerning the difficulty of finding unambiguous measurements). But there are several exceptions to the rule: why?

Salt development was one of the most successful UNDP projects and it came to account for approximately 10 per cent of the amounts spent on industrial assistance during the Second Country Programme. Still, the evaluations apparently did not matter much. Evaluations on this project did not differ much from those for other UNDP projects. However, what did differ was the planning stage (as we have seen), that is, the ex ante evaluation. The first years of the project were characterized by learning, developing a network of informal contacts, designing activities and setting objectives that were relevant even when the economic crisis emerged.

Table 7.12: THE CONNECTION BETWEEN CONTENT OF EVALUATIONS AND THE PROJECTS' USEFULNESS, UNDP

	Contribution of evaluation system (1)	Assessment of environmental complexity (2)	Evaluation approach (3)	Success category (4)
Leather industries	1,2	T I	IM	2
TPDC	1,2	T I	IM	1
TIRDO	2	T I	IM	2
Pharmaceutical plant	2	T I	IM	3
Coal production	1	I	IM (TR) 5/	2
Textile industries	1	I	IM	2
Salt development	1	T I	IM (TR)	1
Chemical industries	-	I	IM	3
Industrial training	-	I	IM	3
NDC	-	-	IM (TR)	3

- (1) In terms of (1) identify when project activities follow undesirable routes, (2) identify need to change objectives, and (3) to perceive shifts in national development priorities.
- (2) In terms of (C) contextual environment (T) transactional environment and (I) internal environment.
- (3) In terms of immanent - transcendent (IM) and (TR).
- (4) See page 337.
- (5) In the terminal assessment.

Table 7.13: THE CONNECTION BETWEEN CONTENT OF EVALUATIONS AND THE PROJECTS' USEFULNESS, SIDA

	Contribution of evaluation system	Assessment of environmental complexity	Evaluation approach	Success category
SIDO				
Sister industry	1,2,3	C,T,I	TR	1
Rural Hire Purchase Fund	1,2	C,T,I	TR	1
Industrial estates	1	C,T,I	TR	1
Training centres	1	I	IM	1
Headquarters personnel	1,2	I	TR	2
AATP	1	T,I	IM	1
TISCO	1,2,3	C,T,I	TR	2
TBS	1,2,3	C,T,I	TR	2
Meida	1,2,3	T,I	TR	2
Saruji	1	T,I	TR	2
TIB	1,2,3	C,T,I	TR	3

Note: See Table 7.12 for an explanation of the abbreviations and codes.

The same applies to SIDA's support to the Arusha Appropriate Technology Project (AATP). The concept behind the project, the design and the implementation were such that SIDA's need to evaluate, "to interfere", was non-existent until the very end of the project (and afterwards). Here too, the approach has been immanent, and the environmental analyses did not include the contextual environment. The evaluation in 1981 suggested actions to ensure that the project's benefits were not dissipated, but otherwise the evaluation system merely noted that "things went well" (which is of course very fortunate, when it is correct).

There is a group of projects where the evaluation systems have identified several challenges to the project, where the scope of environmental assessment and the evaluation approach have been ambitious, but where the projects still do not qualify as the most valuable. TISCO, TBS, TIB, MEIDA, SIDO headquarters personnel, and leather industry, all belong here. The projects appeared well conceived on the whole, they started fast and the implementation was effective. However, these projects were the victims of circumstances.

The crisis in Tanzania's economy has, in the short run, rendered their services marginally important. Thanks to the information forthcoming from the evaluation system, many of the problems were detected, and the macro-economic constraints identified. The projects, in total, were changed and assumed new roles and responsibilities in response. I would propose that the features of the evaluation system have largely prevented these projects from rapid deterioration as has been the case with some UNDP projects (NDC, chemical industry and industrial training) and instead enabled an adjustment to take place. This is the group of projects where evaluations have had most impact and where they have made a crucial contribution.

There is yet another group: projects where the evaluation system has led to an adjustment of activities, but where the approach has been immanent and the environmental analysis confined to the internal and transactional layers. These projects were less valuable in terms of national development than the above group and little was done to accommodate activities to the changing environment. In this group we find TIRDO, coal production, the pharmaceutical plant on Zanzibar, the textile industry and, for many years, support to Saruji. Could the projects have been better? Could they have changed in response to circumstances if the evaluation systems had been more efficient? In one case, the pharmaceutical plant, no corrective action was taken by UNDP until the project finally was terminated, no sooner and no later than planned.

In another case, Saruji, contacts between project personnel and SIDA's field office increased during 1983. All aspects of SIDA's evaluation system appraised the situation of the cement industry and, as a result, new resources in the form of rehabilitation funds, import support, and changes/prolongation of the management contract followed.

It is difficult to assess potentials, but is there any reason to accept that TIRDO, as an institution, could not have grown and

developed like TISCO and TBS? Or that support to the textile industries could not have been as flexibly administered as that to the leather industry or Saruji? Could not the role of coal have been better promoted through multiple project objectives and training programmes? Should not the large-scale development of coal fields have been abandoned earlier? Finally, would not an evaluation system encouraging transcendent approaches and a wide environmental assessment have facilitated such changes? The experience of more successful projects suggests that the answer is positive.

What are then the distinguishing features of evaluation in the projects that have been successful and where the evaluation system has led to improvements? First of all, there is no correlation between the existence of a formalized evaluation system and project performance. It is no news that the overwhelming quantity of evaluation reports in the U.N. system has little impact; this has been noted by the Joint Inspection Unit and by several researchers (Rondinelli, 1976; Norfin, 1974; Dubey, 1977). But most suggestions for an improvement of evaluations recommend more of the same. It is also common in Sweden to suggest improvement in SIDA's evaluation in terms of introducing formal reporting systems, which centralize control over which evaluation questions to ask, and when (SOU 1977:13, pp. 269-272; Ds UD 1984:1, Chapter 6).

Even though the distinction between monitoring, impact assessment, efficiency and planning questions, has great value as an analytical tool when studying evaluation, it may be dangerous to introduce these distinctions when practising the art. Where evaluation has had an effect, we find that monitoring and impact assessment questions have been raised throughout the cooperation. Furthermore, all parts of the evaluation system have been mobilized. Internal, informal exchanges of information have been influenced by the external evaluations and have, in turn, provided the fuel for continued discussions. In Chapter 6 it was noted that the minutes from the consultation meetings were an amalgam of comments ranging from the trivial to the profound. This characterizes the other elements of the evaluation system as well.

Whether external evaluators have been used or not does make a difference. In some SIDA projects (notably SIDO, TBS and TISCO), external evaluators have identified problems that might otherwise have been bypassed. But this is rare and in most cases external consultants have investigated problem areas identified by SIDA in advance. The consultants' role in identifying critical environmental events have not been as important as their elaboration of consequences. It cannot be said that external evaluations have been more critical, more problem-oriented, than SIDA's internal evaluation.

However, to give voice to criticism is one thing, investigating it another. External consultants who stand back from the daily pressures and assess projects have the time to conceptualize problems, search for causes, provide justifications and prepare action alternatives - something the regular personnel often cannot find the time for. The crucial point concerning external evaluators is not that they are more "objective", more "detached" and, by implication, more critical than other personnel categories. It is rather that they complement others; the critical resource that they possess is time.

Disunity is also a characteristic of projects where evaluations have been useful. When project personnel, field office and headquarters held different opinion on the existence, scale or activities of a project, then evaluation activities were lively. In contrast, when there is agreement on a project, silence follows. The result is that environmental changes sooner or later force a response and then paralysis follows. The truth may very well be that projects are rarely good, and they are never problem free. It is therefore essential to analyze them critically, to raise the level of knowledge through continuously sensing the environment. A challenge from within forces such accommodations, particularly if power is evenly distributed between the interest groups. In SIDA, both field office and headquarters divisions have funds to initiate evaluation studies, and although they have to agree on terms of reference, et cetera, such studies reflect the opinions of one part, or the other in this ongoing debate.

7.4 INTEGRATING PLANNING AND EVALUATION

Planning and evaluation are two sides of the same coin, they belong together. The above discussion on the effectiveness of planning and evaluation systems has suggested several examples of structures and processes that enhance effectiveness, but I have so far only implicitly mentioned the most important example: how the planning and evaluation systems are integrated. When discussing this integration, it is useful to distinguish between the level of Country Programmes and projects. But before the comparison, a brief summary of the links between planning and evaluation in UNDP and SIDA is presented.

The formal link between planning and evaluation in UNDP is the "Mid-term Status of the Country Programme". It is prepared by the UNDP office and it is supposed to be an input to the management of the ongoing Country Programme as well as for the preparation of the new Country Programme. The Mid-Term Review is the only occasion during the Country Programme when there is an assessment of the assistance in its totality. Another distinctive feature is that it is prepared by the field office without any involvement from the recipient government or from headquarters and executive agencies. It is an isolated event and consequently the scope of its evaluation is limited and it rather resembles an audit report on the rate of implementation. As such, the Mid-Term Review was of too limited interest to influence the preparation of the new Country Programme. Neither headquarters nor the recipient government reacted to its appearance.

The nature of UNDP's planning prevents the evaluation system having any important role. The blueprint approach does not encourage learning and adjustment and, even though it is possible to introduce changes, this is only done with great difficulty. Evaluations at the project level may lead to budget changes via the Country Programme Management Plan. But apart from transferring resources between different years, the extension of projects and the transfer of minor funds from one project to the other, the Country Programme is set once and for all.

SIDA's Country Programme is evaluated by the Quarterly Reports, Annual Sector Reviews, and specially commissioned reports. Often the interaction between SIDA, the Foreign Office and Parliament gives rise to special evaluation events as well. The major feature of all these evaluations is that they are also planning activities. Reports such as Ekengren (1984), for example, evaluate the experience of development cooperation and propose changes and additions. The Annual Reviews similarly decide on project budgets for coming years.

Planning and evaluation of projects coincide with planning and evaluation of the Country Programme. This has been so from the start of the programme in Tanzania, but the development of overlapping projects, sector programmes and import support has further necessitated a holistic view of the aid. The fact that the evaluations of the different levels actually occur at the same time, that is, during the Annual Reviews and the Consultation Meetings, helps to ensure that the link exists.

Another structural feature is the integration of personnel in the planning and evaluation process. Chapter 6 demonstrated that the government of Tanzania is represented throughout the planning and evaluation process, and the decisions on the Country Programme are taken in consultation between the Treasury and SIDA. Similarly, both SIDA headquarters and the field office are represented on these occasions.

In sum, not only the differences between evaluation systems and planning systems, but also differences between how these are integrated, illustrate two opposite examples of systems design. Emery and Trist (1973) have made it possible to describe these two models in terms of General Systems Theory:

"The choice is between whether a population seeks to enhance its chances of survival by strengthening and elaborating special social mechanisms of control or by increasing the adaptiveness of its individual members; the latter is a feasible strategy in a turbulent environment" (p. 71)

An adaptive, self-regulating system, like SIDA or UNDP, has to have build in redundancy. If not, the system is confined to a limited set of responses that are adaptive only to a similarly finite, strictly identified set of environmental conditions. But there are different ways of introducing redundancy. Having redundant parts implies that the system must have specialized parts, that is, control mechanisms, that determine which parts are active or redundant for any particular adaptive response. (The control mechanism must of course also have its own specialized parts, and so on ad infinitum.) In this type of system, the tendency is toward continual reduction of the functions of the individual part. The second design principle is to increase the redundancy of functions of the individual parts. This entails effective mechanisms within the part for setting and resetting its functions and the system operates by means of overlapping assemblies based on a similar sharing of parts.

UNDP's formalized evaluation system, including its division of tasks between hierarchical levels, clearly corresponds to "redundancy of parts" as a design principle. Furthermore, when the system malfunctions, the response is an introduction of new control mechanisms and a further specialization of parts. Decision-making that takes into account considerations of the substantive rationality of actions, becomes close to impossible.

But whereas the planning and evaluation of most SIDA projects resemble the principle of "redundancy of functions", other projects do not. Furthermore, there is no difference in the effectiveness of the approaches. However, SIDA's planning and evaluation at the Country Programme level illustrate the principle of redundancy of functions. Could it be that, at a higher level, SIDA's design principle may lead to an identification of the appropriate design principle at lower, that is, project levels? And furthermore, that there are instances when the appropriate system's response in terms of design principles could be either redundancy of parts or functions? No, the instances of positive outcomes following segmented, controlled planning and evaluation are few and could

possibly be attributed to sheer luck in terms of ex ante appraisal. However, the few instances of redundancy of functions in UNDP projects (by default) show that these projects have been more successful in adapting to the environment.

The concepts of "redundancy of parts" and "redundancy of functions" also suggest that evaluation systems in terms of Rossi, Freeman and Wright (1979) may lead a systems designer into a trap. The distinction between planning, monitoring, impact assessment and efficiency may be useful for analytical considerations, but if it forms the basis of a formalization of the functions of planning and evaluation, the distinction may give a bias towards a "redundancy of parts". Planning and evaluation become effective when they are thoroughly integrated as functions and when the larger system, that is, the entire organization, has been injected with an organizational culture that supports the evaluative function.

All types of evaluation questions must be raised at all times, and, in one sense it is impossible not to do so. As West Churchman (1979) remarked: "One aspect (of an inquiry into a problem, e.g. development) inevitably unfolds into all aspects if one keeps raising significant questions". The planning and evaluation system should consequently be so designed that fundamental questions can be pursued. The constant feedback between hierarchical levels in SIDA, and between the elements of the evaluation system, indicates how the system as a whole may act rationally in the analysis of projects. If a transcendent approach equals what West Churchman would call "significant questions", then all evaluation events would, as an ideal, be classified as transcendent.

At the outset, I suggested that the boundaries of planning and evaluation systems were vague, and that this study would investigate where the limits lie. Having come to the end, it is found that the boundary is still elusive. True, some "approaches" or "design principles" suggest answers to the practical questions of how to institute organizational structures and processes that serve the

rational purposes of aid organizations, but the motivating factors that make the system adaptive remain hidden. Much remains to be learnt about the role of individuals and the role of the collective in planning and evaluation.

8. SUMMARY AND CONCLUDING REMARKS

This book has dealt with planning and evaluation in aid organizations. The objective has been to study two organizations, SIDA and UNDP, to find out whether a comparison of their industrial development projects could provide some conclusions for effective aid administration. The study has been built on industrial development projects in Tanzania between 1976 and 1984. The reasons for this particular choice of time period, country and type of projects are several.

First, Tanzania has been prominent among the countries receiving assistance from both UNDP and SIDA. Second, both SIDA and UNDP have a similar history of cooperation in the country. In the mid 1970's, both organizations increased their assistance to the industry sector rapidly. They also tended to support similar types of projects - in the parastatal sector, of a (supposedly) catalytic nature, and often of an institution building character. Using SIDA and UNDP in Tanzania as a starting point, it is less likely that intervening variables in the form of project differences and past events will make interpretation difficult.

Third, Tanzania typifies a Third World environment. Political problems due to external and internal factors have been common (for example, the break-up of the East African Community, war with Uganda, agricultural policies, the emphasis on central villages). Economically, the changes in terms of trade have been very unfavourable and

the country has been through a deep recession. Such factors make planning and evaluation more difficult, but it is precisely under such conditions that planning and evaluation systems are supposed to work. A fourth reason is that I worked for UNDP in Tanzania before I started the study and later I was employed by SIDA for a short time. Access to data and an economical research design are also powerful arguments in a method discussion.

However, these delimitations affect the validity of the research and it is necessary to be cautious when comparing this study to other aid organizations, other recipient countries and to other types of projects (for example, rural development, the health sector or catastrophe aid). It is also true that SIDA and UNDP are very different. For example, UNDP as a multilateral organization employs personnel from all countries, whereas SIDA has primarily Swedish personnel. The fact that they also differ along theoretically fundamental dimensions still provides a reason for penetrating these systems.

The focus-point of a study of planning and evaluation is not self evident. As far as planning is concerned, I have described the SIDA and UNDP "planning styles". The notion of "planning style" is a concept that brings together the design of a planning system, the assumptions underlying its design and how the design works in practice. I have called this a study of the logic, the design and the functioning of the planning systems. It is important to know who meets whom, how often they meet and what they talk about during meetings, but it is also important to know what constraints the organizational environment places on the planner's activities.

The planning systems have been described in three dimensions - (a) the blueprint versus the process mode of planning, (b) the rational-comprehensive versus the disjointed-incrementalist mode of planning and (c) the normative versus the functional mode of planning. The first dimension refers to the flexibility of plans and the degree of control assumed for the system. The second dimension refers to the

possibility and desirability of rational action on the part of the planning organization. The third dimension refers to the scope of planning: should the area of rational choice include both ends and means?

This framework has proved to describe very well UNDP and SIDA planning. The dimensions direct attention to important characteristics of the two systems. UNDP's planning was found to be blueprint oriented, rational-comprehensive and normative. The principal planning instrument is the Country Programme, which is a detailed plan for the utilization of UNDP resources for technical assistance over a long period of time (3-7 years). The Country Programme is established through a series of negotiations between UNDP, the recipient country's government and the executive agencies of the United Nations.

The study of the Country Programme in Tanzania indicated that the intentions behind the design of the process could not be followed. Factors internal to the organization (turnover of personnel, personnel policies, financial contributions and financial management) and factors external to the organization (economic and political change) all mitigate against the attempts to formulate long-term plans for a steady implementation over the years to come. Rather than facilitating the negotiations on technical assistance and the effective use of UNDP resources, the Country Programming process led to delays in implementation, fragmentation of resources and rigid follow-up.

Projects that receive UNDP assistance should be subjected to the same style of planning. UNDP's Policies and Procedures Manual contains explicit directives on how to write a Project Document and how to assess such a document according to qualitative and quantitative criteria. However, the review of industrial development projects in Tanzania showed that frequently these directives were not followed. Furthermore, the projects that were not designed in the regular fashion were better - they made more significant contributions to Tanzania's development objectives and to UNDP's goals.

In retrospect it is possible to point at some characteristics of the planning of the successful projects. First of all, the projects received a high priority among the government's objectives and the development objectives were concrete but did not ignore alternative activities for achieving the objectives. The project's activities started rapidly and on a small scale and were only increased and extended as experience was accumulated. The projects were planned by the people who were to implement the assistance. During the initial phases, there were close and informal contacts between project managers, government authorities and UNDP personnel.

SIDA's planning style, in contrast to UNDP's, could be characterized as process oriented, disjointed-incrementalist and normative. SIDA's Country Programme covers only one year at a time, although it contains indications of the assistance for the next few years. It is thus an example of a rolling plan. The planning process was found to be intensive in terms of communication between the different divisions in SIDA, the field office, the project personnel and the government authorities. It was a consensus building process, but the plan itself did not matter much - it was implementation that counted.

The resources for assistance were flexibly used, and project plans for some years ahead were not normally followed in practice. Normally, priorities had changed after one year's implementation. The project concept was not as clear in SIDA as in UNDP. SIDA's activities tied in with each other and some programme components (Import Support, funds for Industrial Rehabilitation) were used to supplement other project activities which increased the flexibility of the assistance further.

In UNDP there were also large differences between the Country Programme and actual expenditure on the projects. Similarly, there were differences between the Country Programme Management Plans, Project Documents and actual expenditure. In one sense we must thus conclude that the system was flexible, but it was a flexibility that was hard to achieve. The structures and processes do not encourage flexibility, but in SIDA flexibility is built into the system.

In the comparison between the two organizations it was thus found that the logic, the design and the functioning of the planning systems differed in fundamental aspects. Furthermore, a planning system that was process oriented, disjointed-incrementalist and normative (SIDA's) was more efficient. The assistance was provided more rapidly and therefore served the country's needs better, and, most important, contributed more to the development objectives of all stakeholders. This was indicated both by the review of the successful UNDP projects and the SIDA projects.

But not all SIDA projects were successful, and there were projects that had to be drastically changed to achieve some measure of success. It would have been interesting to find out whether their origin, and their preparatory phases differed from other projects. However, my study did not detect any different pattern, and it might be necessary to increase the number of projects investigated to find results in this respect.

But is flexibility always good? There is also a need for stability in the programme. Otherwise, the resources may be scattered without any effect. It is also possible that government requests are not always in line with the country's wider development objectives, or with the donor's objectives. As we have seen, there are several examples of mistakes in the political and economic leadership in Tanzania. The people of the country are perhaps better served if organizations like SIDA and UNDP do not always react quickly to government requests. This study shows that SIDA focused on a limited number of objectives, agreed in cooperation with the government, and did not change these priorities (institution building, small-scale industrialization and rural linkages). However, SIDA used its resources flexibly to achieve objectives in these areas. UNDP, on the other hand, had no such policies that directed its efforts at the Country Programme level. The project's development objectives were often only vaguely defined. This did not lead to flexibility, but rather to lack of direction and lack of criteria for introducing new components into operational projects.

Not only the planning systems but also the evaluation systems differed. I have identified three categories for a study of evaluation systems: the quantity, the quality and the context. First, it was necessary to define the constituent structures and processes. The starting point was the evaluative activities, that is, how the organizations answer the questions concerning monitoring implementation, impact assessment and economic efficiency. This is a description of the quantity of evaluation that includes the logic, the design and the functioning of evaluation systems.

UNDP has a comprehensive system of progress reports, tripartite reviews, monitoring visits, terminal assessment and post project evaluations that are supposed to answer these questions. The emphasis is on written documentation which is provided by project personnel, or the UNDP office, and which is channelled upwards in the organization. The evaluations are a distinct set of events, separate from planning and administration, with a standardized format for all projects. The review showed that the Policies and Procedures Manual was, by and large, followed - various reports were generated and communicated to other parts of the organization as intended.

SIDA, in contrast, does not really have anything called an evaluation system. But, at the Country Programme level, the planning events coincide with evaluative activities. There are also Quarterly and Yearly Reports from the field office which contain evaluation information. Separate evaluation studies can also be initiated either by the field office, the headquarter divisions or the project personnel themselves. Budget funds for such activities are dispersed through the organization. Evaluations are also initiated outside SIDA, but were often financed by SIDA or by SAREC. The review showed that some projects were subjected to several exhaustive evaluations, whereas others were hardly touched at all.

Apart from the written, more or less formally generated evaluation information, it was also found that informal channels of communication play an important role. It was found that SIDA's organization

facilitates informal communication, but such information is often notable by its absence in UNDP. Similarly, the distribution of tasks between different parts of the organization could help, or hinder, evaluations. SIDA's field office was closely involved in daily management of projects and, consequently, contacts with government were more frequent than in UNDP.

This description of the systems indicated the quantity of the evaluation effort, but for an assessment of their quality, the second category, it was necessary to find new criteria. Three such criteria were chosen, the first concerns the scope of environmental analysis, the second concerns the critical attitude towards the projects' objectives, and the third concerns the use of evaluation information.

The environmental analysis could possibly focus on three levels: the project's internal environment, the transactional environment and the contextual environment. It was found that projects where the evaluations had included an assessment of the contextual environment were usually better, they were more effectively implemented and contributed more to the stakeholders' objectives. Furthermore, SIDA's evaluation system generated more evaluative information concerning the contextual (wider) and transactional (more direct) environments. UNDP's evaluation system focused on the internal and transactional environment.

An evaluation could also be classified as transcendent or immanent, depending on the evaluator's approach to the project. If we accept the project's objectives as given, without questioning the ends or the project activities as an instrument to reach the same ends, then we see an example of an immanent approach. However, if the relevance of project objectives and activities is questioned, then the evaluation can be termed transcendent. It was found that projects where evaluations were transcendent had better chances of being successfully completed, and furthermore, that SIDA's evaluation system generated more transcendent information. UNDP, on the other hand, had a bias towards immanent evaluations.

No matter how good evaluation information is, a project will not be helped unless the signals are used to remove obstacles to implementation, change the project or change the objectives. During this inquiry, it was found that evaluation information was indeed put to use. The pattern in SIDA was that evaluative information was first and foremost used to change the focus of the Country Programme. Secondly, several projects were modified to have objectives more in line with the governments priorities following the economic recession. Thirdly, SIDA used its flexibility, as regards project boundaries and budgets, to let different projects support each other. Projects were tied into a mutually supportive network.

Patterns of evaluation usage are less clear in UNDP. One reason is that UNDP's total resources are smaller than SIDA's, and they are also locked in the Country Programme. UNDP cannot easily take action that increases expenditures on the projects, neither can it easily reduce budgets (the government and/or the executive agency would object). The scope for reaction to evaluation information is limited. Another reason is, of course, the quality of evaluation information. Sometimes the UNDP referred to evaluations when they wished to terminate a project, at other times when they wished to extend cooperation. UNDP also used information from Progress Reports for bargaining purposes at the Tripartite Reviews. However, the most significant observation concerning the UNDP evaluations (at project level as well as at the level of the Country Programme) was that so many questions were never asked, so many problems were never analysed, and, consequently, few changes or modifications occurred in the Country Programme.

The third category of study was the context of evaluation, meaning the conditions of development in Tanzania. My study has indicated that in order to understand the effectiveness of aid administration, we need to discuss the overall impact of the projects. The background to a project, the political and economic changes that interact with it, should not be neglected. It is a major weakness of this study that I stand as the arbitrator of how successful different projects

were; ideally, this part of the study should be done by an independent researcher. There are few studies of the wider social and economic implications of industrial development projects, and there is definitely a need for more research in this field.

Not only do SIDA's and UNDP's planning and evaluation differ, but the integration of the two functions differs too. Whereas UNDP has special structures and processes for integration, SIDA's system is above all characterized by the fact that planning events are also evaluation events, and vice versa - and they are undertaken by the same persons.

Organizations that adapt to a turbulent environment have to have a built in redundancy in order to elaborate response patterns to environmental events. Drawing on the notions of General Systems Theory, it was argued that UNDP and SIDA illustrate two opposite design principles - redundancy of parts (UNDP) and redundancy of functions (SIDA). This inquiry indicated that in aid administration, redundancy of functions may be the appropriate design principle because they do act in a turbulent environment. However, UNDP and SIDA are only two organizations and more research need to be directed at other aid organizations, either bilateral or multilateral, as well as at other aid receiving countries.

Governing Boards and international politics probably mitigate against administrative reform in the UN organizations. To what extent would it be possible to improve the performance of UNDP through changing structures and processes? This study has indicated where some of the problems lie, but it cannot easily suggest what changes to introduce, when and how.

What can be said with more emphasis, however, concerns SIDA. The present study has indicated that there are several features of SIDA that make the organization relatively effective. Many of these features are of a qualitative nature, they relate to concepts like design principles, planning styles and organizational culture. In the

struggle for more effective performance, management must ensure that the very elements that make the organization work are not destroyed. Even if the eggs are not golden, they may be quite good anyway, and the goose should not be killed. There is definitely a need to critically scrutinize proposals for standardized and centralized evaluation systems closely.

Research on planning and evaluation need to study these functions jointly, and there is a need for evaluation studies that focus even more sharply on the utilization of evaluation information. It is not enough to study only elements of evaluative information, but the conditions for usage also involve studies of personnel policies, career paths, motivation, et cetera. This study also indicates that the principles of bounded rationality serve as an accurate and fruitful description of aid administration.

The Country Programme is one level of study and the projects another. The study has shown that the evaluation systems at the project level vary within SIDA, but that they are standardized in UNDP. We have also seen that there are several components that make an evaluation system work: organizational culture, personnel policies, planning styles, the organization's external contacts. One conclusion from this study is that future research in evaluation needs to elaborate and test these components more thoroughly. Another conclusion concerns how these different components of the system fit together. Maybe the crucial factor is that the system's parts are consonant - that they are compatible with each other. The differences in evaluation at the project level indicates that there are no definite conclusion about what are the most effective structures and processes at this level. What is more important is that the policies and procedures allow for different evaluation systems at the project level, and that these can be worked out to suit different stakeholder's needs and competences. In order for such adaptation to take place, the appropriate design principle at the Country Programme level, and the organization level, seems to be the redundancy of functions.

APPENDIX 1

EVALUATION DOCUMENTS RELATING TO THE INDUSTRIAL DEVELOPMENT PROJECTS

The purpose of this appendix is to list the internal documents and consultants' reports that have formed the basis for the case studies in Chapters 5 and 6. Most of these documents are available in the archives of the organizations and a few are publicly sold, notably research reports financed by SAREC. The appendix only lists project related reports, it does not cover other internal documentation such as general correspondence, cables, weekly letters, notes to the file, et cetera. Project related material is listed in chronological order.

1. SIDA

1.1 Documentation relating to the Country Programme

Minutes from consultations on Industry 1976, TAN-DCO,
1976.11.29.

Minutes from annual consultations on Industry 1977, TAN-DCO,
1977.11.09.

Minutes from the third annual consultations on Industry 1978,
TAN-DCO, 1978.12.07.

Minutes from the fourth annual consultations on Industry 1979,
TAN-DCO, 1979.11.22.

Minutes from the fifth annual consultations on Industry 1980,
TAN-DCO, 1980.10.24.

Report from the sixth annual joint industry sector review,
TAN-DCO, 1982.02.20.

Report from the seventh annual joint industry sector reviews in
Tanzania, February 14-28, 1983.

Agreed minutes of the 1983 consultations on Development
Cooperation between the Governments of the United Republic of
Tanzania and Sweden, TAN-DCO.

Agreed minutes and report from the eighth joint annual
industrial sector review, Dar-es-Salaam, Tanzania, February
13-25, 1984, Ministry of Industries and SIDA.

Tanzanias Industri och Industripolitik - En Sektoranalys, SIDA,
TAN-DCO, February 1976.

SIDA - Industribistånd, 1977.

Årssektor rapport - Industry 1980/81, SIDA Industribyrå.

Utvecklingssamarbetet med Tanzania - En översikt, SIDA,
Länderbyrå, B. Svensson.

Utvecklingssamarbetet med Tanzania 1983/84 - 1984/85. Behandlat
i SIDA:s styrelse den 25 mars 1983.

Industry and Infrastructure Programmes in Tanzania. A review
commissioned by SIDA, September 1984, AB Samhällsrådet, Lars
Ekengren.

1.2 Documentation relating to projects

1.2.1 Small scale industries

Development of small industries in Tanzania. Report and programme proposal by a Swedish consultancy team, Stockholm, February 1976.

SIP - A method of transferring technology. September 1979, Ekengren.

The Small Industry Development Organization (SIDO). Preliminary observations and suggestions. Part 1: Description of SIDO, Part 2: Comments and suggestions, February 1980, TISCO.

Transfer of technology through SIP, two years later, 1980, Alänge et al. (see also Alänge et al. in the list of references).

SIP - An experiment in the transfer technology, IIB Working Paper 1981, Forss and Ghosh.

Evaluation of small scale industries at the Arusha Industrial Estate, TISCO, 1981.

Appropriate Technology as a Development Strategy, AATP, June 1981.

Reorganization of SIDO, SIDO internal memorandum, 1982.

A study on Arusha Industrial Estate, January 1982, Claesson.

Appropriate Technology as a Development Strategy, AATP, June 1981.

Reorganization of SIDO, SIDO internal memorandum, 1982.

A study on Arusha Industrial Estate, January 1982, Claesson.

An economic study of transfer of technology through SIP,
December 1982, Niklasson.

The Rural Hire Purchase Fund, April 1982, TISCO.

The situation of SIDO accounts in April 1982, Öhrlings
revisionsbyrå.

17 Sister Industries and Workshops in Tanzania, May 1983,
Grettve and Larsson.

The Sister Industry Concept, June 1983, Kjellén and Grettve.

Fortsatt stöd till småindustriprogrammet, Tanzania, SIDA,
1983.

Strengthening the export capacity for Tanzanian industry
supported under the Swedish SIP, February 1983, Thede.

New projects with SIDO-programme, November 1983, TAN-DCO.

Maintenance project at Iringa, October 1983, SIDO.

SIDO Export Programme: Interviews and appraisals of Swedish
Sister Industries, May 1984, F-Idé.

Avrapportering av Financial Controller, Haglund, February
1984, TAN-DCO.

Report on the operations of training and production centres,
May 1984, F-Idé and SIDO.

Report on the operations of the CFW, May 1984, F-Idé and SIDO.

1.2.2 Tanzania Investment Bank

Financial Support to Tanzania Industry Enterprises, November 1982, Mothander and Leinmark.

1.2.3 Tanzania Bureau of Standards

Establishing the Tanzania Bureau of Standards. Project proposal by TBS/the Ministry of Industries, September 1976.

Support to the Tanzania Bureau of Standards. Pro Memoria, SIDA, May 1977.

Standardization in Tanzania, programme for basic training and development planning, SIS, September 1977.

Contract for collaboration between TBS and SISSAB. First Draft March 1978, Second Draft November 1978, Final Version January 1979.

Report from a follow-up study of Tanzania Bureau of Standards, Eriksson and Åberg, September-October 1982.

Interpelation by the member of parliament, S.S. Paterson and reply from SIDA, January 1983.

1.2.4 Tanzania Industrial Studies and Consulting Organization

Report on study of the establishment of TISCO, Åke Rusck, May 1976.

Support to TISCO, Pro Memoria, SIDA, September 1976.

Memorandum concerning a consulting organization within the frame of Swedish support for industry in Tanzania, CTI, September 1976.

TISCO - A prestudy of consulting support to Industry in Tanzania, CTI, December 1976.

Contract of cooperation between CTI and SEC, January 1977.

Contract of cooperation between TISCO and CTI, April 1977.

Review of the organization and operations of TISCO, Roger W. Larsson, SWECO, November 1980.

TISCO in Tanzania: A unique experience, 1983.

TISCO performance 7/1982 - 6/1984, TISCO.

TISCO - A personal view, Clayton, 1984 (?).

1.2.5 The Metals and Engineering Industries Development Association

Study on Metal Industry in Tanzania; the scope for development cooperation through personnel and institutional support from Sweden to Tanzania, July 1977.

Project description, support to Meida, SIDA, May 1978.

Report on a pre-study of Meida; establishment, purpose, tasks and organization. To the Ministry of Industries, July 1978.

Decision on contract with Mekanförbundet. SIDA memorandum, April 1979.

Meida in Tanzania, Mekanförbundet, August 1982.

Meida review, Grette and Larsson, November 1983.

Meida - Mekan Future Cooperation, Mekanförbundet, January 1984.

Meida progress report and budget, Meida, February 1984.

Directors Report, April 1982 - July 1984, Meida.

Report on Meida Accounts, Öhrlings Revisionsbyrå, June 1984.

1.2.6 The Tanzania Saruji Corporation

Report on the Cement Industry of Tanzania and the Tanzania Saruji Corporation, Birger Warris, October 1976.

Contract between CEMENTA International and the Tanzania Saruji Corporation, Alf Lindahls Advokatbyrå, draft, September 1977.

Report prepared for DANIDA. Plan of operations for cement production in Tanzania, The Economist Intelligence Unit Ltd., January 1984.

1.2.7 Support to Industrial Rehabilitation

Industrial Rehabilitation in Tanzania, Assista, October 1981.

Industrial Rehabilitation, Priority Goods Packages (2 volumes), TISCO, November 1982.

Angående TISCO studie av Priority Goods Packages, Memorandum, Mothander, January 1983.

Farm implements for small scale farmers; proposals for support to manufacture and development, Volume 1-2, Annex 4:1, Annex 8:2. A study made for SIDA by Mothander, Kjaerby and Havnevik, 1983.

Cement factory Wazo Hill, CEMENTA International, November 1983.

Tanzania Karatasi Rehabilitation study, Esselte Print Consult, July 1984.

2. UNDP

2.1 Documentation relating to the Country Programme

Country Programme for United Republic of Tanzania: UNDP assistance requested by the Government of the United Republic of Tanzania for the period 1978-1981. Governing Council January 1979 meetings, DP/GC/URT/R.2, October 1978.

Country Programme of the Government of United Republic of Tanzania. Note by the Administrator, DP/GC/URT/R.2/Recommendation, November 1978.

Mid-term Status of the Tanzania Country Programme (October 1979), UNDP office, Dar-es-Salaam, October 1979.

Evaluation of selected projects in Tanzania's 1977-81 Country Programme, UNDP, Dar-es-Salaam, May 1981.

Draft Country Programme for United Republic of Tanzania, Dar-es-Salaam, 9 October 1981.

Country Programme for the United Republic of Tanzania, UNDP assistance requested by the Government of the United Republic of Tanzania for the period 1982-1986, DP/GC/URT/R.3, December 1981.

2.2 Documentation relating to projects

2.2.1 Development of salt production

Project Progress Report,	August 1975	- January 1976
"-	August 1976	- January 1977
"-	February 1977	- July 1977
"-	August 1977	- January 1978
"-	February 1977	- July 1978

Project Progress Report, July 1978 - January 1979
 -"- February 1979 - July 1979
 -"- August 1979 - January 1980
 -"- February 1980 - July 1980
 Report on the Tripartite Review Meeting, October 1977
 -"- October 1979
 -"- October 1980
 Terminal Assessment, January 1981.

2.2.2 Coal development

Project Document DP/URT/74/024
 Revised Project Document DP/URT/74/024 (1979)
 Project Progress Report, July 1975 - December 1975
 -"- July 1975 - July 1976
 -"- January 1976 - July 1976
 -"- January 1977 - July 1977
 -"- July 1977 - December 1977
 -"- January 1978 - July 1978
 -"- July 1978 - December 1978
 -"- January 1979 - July 1979
 -"- July 1979 - December 1979
 -"- January 1980 - June 1980
 Report on the Tripartite Review Meeting, September 1976
 -"- September 1979
 -"- October 1980
 Terminal Assessment, 1980

2.2.3 Assistance to Tanzania Petroleum Development Corporation

Project Document DP/URT/75/028 (1978)
 Project Progress Report, January 1978 - June 1978
 -"- July 1978 - December 1978
 -"- January 1979 - June 1979
 -"- July 1979 - December 1979
 -"- January 1980 - July 1980
 -"- July 1980 - December 1980

Project Progress Report,	January 1981 - June 1981
-"-	July 1981 - December 1981
-"-	January 1982 - June 1982
-"-	July 1982 - December 1982
-"-	January 1983 - June 1983
Report on the Tripartite Review Meeting,	February 1978
-"-	November 1979
-"-	December 1980
-"-	February 1982

Technical Reports and Terminal Assessments:

"Stratigraphical Tables"

"Study of Tiper Refinery Expansion"

"Bitumen Production"

"Lube oil blending in Dar-es-Salaam"

"Development and Exploitation of Natural Gas"

"Sedimentology and pateogeography of the lower tertiary of Tanzania"

"Ammonia/Urea project"

"Geology of Wami river area"

Terminal Assessment, Mr D Rajwade, January 1980

-"- Mr K Narayanan, August 1982.

2.2.4 Assistance to the National Development Corporation

Project Document DP/URT/74/018

Project Progress Report,	January 1978 - June 1978
-"-	June 1978 - December 1978
-"-	January 1979 - June 1979
-"-	June 1979 - December 1979

Report on the Tripartite Review Meeting, October 1979

Terminal Assessment, UNDP office 1980.

Terminal Assessment by Irshad Hussein, UNDP/UNIDO 1980.

2.2.5 Assistance in the establishment of a pharmaceutical plant in Zanzibar

Project Document DP/URT/77/013

Revised Project Document DP/URT/77/013 (1980)

Project Progress Report, June 1980

Project Progress Report, January 1982

Report on Tripartite Review Meeting, November 1981

Terminal Report of the Chief Technical Adviser, Dr M Alauddin, UNIDO, 1982

Terminal Assessment, UNDP office, 1982.

2.2.7 Leather and Leather Products Industries Development

Project Document, DP/URT/78/010

Project Progress Report, May 1980

-"- September 1980

-"- December 1980

-"- June 1981

-"- December 1981

Report on the Tripartite Review Meeting, January 1981

Technical Reports and Terminal Reports:

"Closing Room Machinist Training"

"Footwear Design and Pattern Cutting"

"Assistance to Tanzania taxidermist"

"Tannery Machinery Engineer"

"Maintenance Engineer"

"Assistance in Footwear manufacture".

2.2.8 Assistance to Chemical Industries

Project Document SI/URT/77/807 - Assistance in the Establishment of Selected Pesticide Industry.

Project Document SI/URT/77/808 - Pesticides Formulation and Marketing.

Project Document RP/URT/79/006 - Techno-Economic Feasibility Study.

Project Progress Report, June 1980 - November 1980
 -"- December 1980 - May 1981
 -"- June 1981 - November 1981
 Report on Tripartite Review Meeting, October 1981
 Terminal Assessment Report by the Resident Representative.

2.2.9 Strengthening the National Textile Corporation

Project Document DP/URT/78/018
 Project Progress Report, March 1980 - August 1980
 -"- September 1980 - February 1981
 -"- March 1981 - August 1981
 -"- September 1981 - February 1982
 Report on Tripartite Review Meeting, July 1981
 -"- September 1983

2.2.10 Tanzania Industrial Research and Development Organization

Project Document, Preparatory Assistance DP/URT/78/019/A/01/37
 Project Document, DP/URT/78/019
 Evaluation of the project performance and problems of
 implementation. Joint UNDP/UNIDO evaluation team, March/April
 1983.

APPENDIX 2

THE ORGANIZATION OF UNDP

The Charter of the United Nations states in the 55th paragraph that the UN should promote economic and social development, contribute to the solution of international, economical and social problems, and support human rights and freedom. These objectives are addressed by a number of different organizations in the UN system. The UN secretariat is directly involved in the development of the Third World through several channels. Apart from the Office for Technical Cooperation (OTC) in New York, international economic cooperation also takes place at the Economic Commission in Addis Abeba, Bangkok, Bagdad, Geneva and Santiago de Chile. The executive organizations have particular mandates within sectors like health, agriculture, culture and scientific research, trade, shipping, telecommunications, et cetera. Today a major share of their activities relate to the problems of the developing countries. Some of these, notably the WHO but also FAO, ILO, UNESCO and UNIDO receive funds from the regular UN budget, but are also supported directly from countries and from various funds within the UN system.

The funds of the UN system depend on the contributions from countries. The contributions are determined by the donors from one year to the other. The contributions to funds are voluntary, in contrast to the obligatory fees to the regular programmes of the UN. Some funds, like for example UNICEF, are directed to a special target

group - children - but others are more general in character. The United Nations Development Programme - UNDP - is the most general, its activities include all aspects of social and economic development.

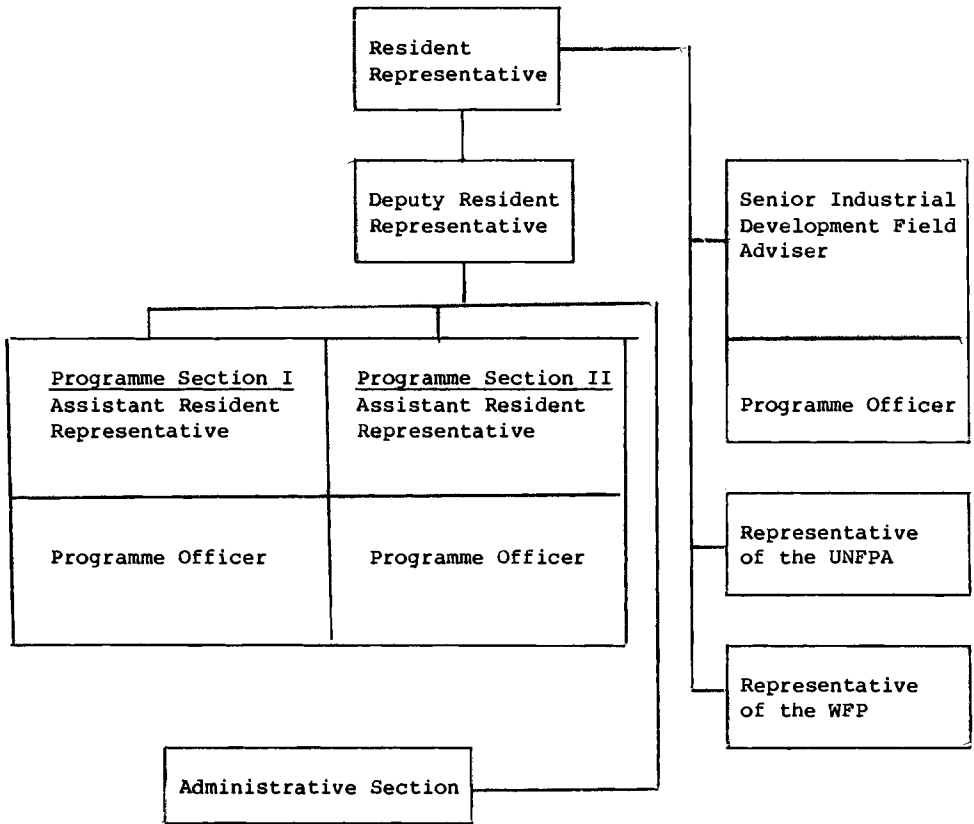
UNDP is headed by the Administrator and the Deputy Administrator. Since 1976 the former post has been held by Bradford Morse, formerly a republican politician in the United States. The Deputy Administrator, Arthur Brown, comes from Jamaica where he has served as Minister for Planning and Director of the Central Bank. UNDP's headquarters are in New York, and the field offices are spread to 116 countries. Some field offices serve several countries.

The aid administration at the headquarters is divided into four regional bureaux, one for Africa, one for South and East Asia and the Pacific, one for the Middle East and one for Latin America. There is one administrative bureau that handles accounts, the computerized information system, security problems and personnel planning. The bureau for programme planning and evaluation reviews the policies and procedures of the organization, instructions to the field offices and evaluations. Another bureau supervises the various special programmes and funds of UNDP, as for example the UN volunteer corps, the capital development fund (UNCDF) and the fund for research on natural resources (UNRFNRE). Furthermore, there is an information division and a unit for external relations; that is, relations to other international organizations and countries.

UNDP is represented in the developing countries through its field offices. The primary task of the field offices is to assist the governments to utilize the resources from UNDP so that an optimal development effect is achieved. In brief, this means that the UNDP office assists and supervises the design of projects, monitors implementation and ascertains that the partners involved adhere to the terms of the contract. The UNDP office should also assess the effectiveness and efficiency of the assistance and undertake any necessary changes implied by such reviews. The UNDP office should

have frequent contacts with the central authorities in the country, such as ministries of finance, planning and foreign affairs. The UNDP office also has several administrative tasks on projects, such as arranging customs clearance of project equipment, transports, payments of salaries and allowances, et cetera. The UNDP office, finally, represents the UN system in the country, that is, all organizations that do not have any local office themselves. Among those that require a frequent representation, to the extent of one or more persons permanently engaged, are the World Food Programme (WFP), the United Nations Fund for Population Activities (UNFPA) and the United Nations Industrial Development Organization (UNIDO).

A UNDP office is normally staffed by a handful of expatriate professionals, a few locally employed programme officers, administrators and support staff. The Resident Representative is the head of the office and thus in a sense the "ambassador" of the UN system to the country. Figure 1 shows the organization of the UNDP office in Dar-es-Salaam; an office which is somewhat larger than average because of the size of the assistance to Tanzania.



Note: The organization chart is a simplification of the actual composition of an office. Some posts are, for example, always vacant and, thus, the organization is temporarily changed. The above chart is not true for any particular point in time, but illustrates "an average" of the UNDP office in Tanzania between 1978 and 1983.

Figure 1: ORGANIZATION OF A UNDP OFFICE

Source: Heppling, S., Det handlar om UNDP, Svenska FN-förbundet, Stockholm, 1983.

APPENDIX 3

THE ORGANIZATION OF SIDA

The present organization of SIDA dates back to 1971, it was furthermore confirmed by the King-in-Councils' instruction (SFS 1973:689) to SIDA. The structure consists of four sector divisions, one country division and a division for policy development and evaluation; there is one division for personnel and one for recruitment of project personnel, one division for administrative services, one division for procurement and one information division.

The four sector divisions are: Health, Industry, Agriculture and Education. The Health Division administrates questions regarding health and medical support, family planning and other demographic issues. The Industry Division administrates industrial development cooperation, transport, power and water development, trade promotion and general construction. The Agriculture Division administrates aid in the areas of farming, animal husbandry, fishery, forestry, environmental protection and integrated rural development. The Education Division administrates support to the educational sectors, including vocational training, literacy campaigns and also support in the fields of public administration, employment, development of the media, culture, savings banks and independent organizations. The tasks of the Sector Divisions are as follows (Riksrevisionsverket, 1974):

- The Sector Divisions prepare and administrate all sector-tied aid, in case the administration has not been delegated to the development cooperation office (DCO).
- The Sector Divisions should keep informed about sectoral developments (scientifically, technologically and methodologically) and the available capacity in Sweden.
- The Sector Divisions prepare strategies and sector analyses and act to ascertain that these principles are expressed in aid planning.
- The Sector Divisions participate in the elaboration of aid programmes.
- The Sector Divisions prepare project plans for sector support that is not country specific.
- The Sector Divisions comment on the project planning by the DCOs and the Country Division.

The Country Division is responsible for planning, negotiating and administrating the cooperation with SIDA's programme countries, and it also deals with catastrophe aid, refugee questions, import support and support to liberation movements. Within the Country Division there are four sections, each encompassing a group of countries. The general rule is that one person deals with each country, but for the smaller programme countries one person may deal with several. There is one desk for Tanzania in the Country Division. To be more concrete, the tasks can be described as follows (Riksrevisionsverket, 1974):

- The Country Division is the direct link to the development cooperation offices (i.e. the field offices) as far as the planning of development cooperation is concerned.

- The Country Division continuously follows the development of the programme countries and coordinates aid to them.
- The Country Division prepares analyses of the countries and prepares the programme of development cooperation. It acts to ensure that plans are followed and that the guidelines serve to control the cooperation.
- The Country Division should, if requested, inform other Divisions about Swedish support to other countries than the programme countries.
- The Country Division prepares and administrates support that does not fall under the Sector Divisions, such as import support, catastrophe relief and others. It takes part in the preparation of all other support as well and should give advice on the financial prerequisites.

The Division for Policy Development and Evaluation deals with questions concerning policies of development cooperation, multi-lateral aid, long-range planning, evaluation, legal matters and the role of women in development. The Division incorporates SIDA's activities, library, as well as the secretariat of the Board, the Director and SIDA's Council.

The Division for administrative services deals with the budgets and the implementation, quarterly reporting systems and budget control, internal administrative reforms, administration of the DCOs, payments and transfer of funds. Personnel issues are divided on one division which recruits, educates and administrates technical assistance, personnel for field work on SIDA projects, and one division dealing with SIDA's internal recruitment and personnel planning. The procurement division handles procurement and transport of goods for the projects. The information division promotes the public debate on Sweden's development cooperation and the Third World. The division prepares information material and exhibitions. It publishes a paper, a newsletter and an internal personnel paper. It also supports other organizations' information about development problems.

The organization above does not include the DCOs. The latter trace their origin to 1969, when the development cooperation attaché at the embassies administratively joined the coordination offices. At first, few countries were concerned, but as the aid programme grew, and as the emphasis of aid shifted from "Swedish projects" to "Swedish support to the recipient countries' projects", the need for a strong, local coordination grew. The DCOs are parts of the embassies and the head of the DCO is subjected to the head of the embassy. The main tasks of the DCOs are to (Handbook for BK, SIDA):

- report to SIDA
- receive, investigate and comment on requests for aid
- assist the head of the embassy on matters concerning aid
- maintain contacts with projects and take decisions on such issues where the authority has been delegated from SIDA to the DCO
- monitor and comment on reports from projects
- administrate and serve project personnel in the country
- follow the advice from the head of the mission as regards relationships to public authorities in the country and that affect Swedish relations to the country.

The organization of a DCO is illustrated in Figure 2. During the period of this study, the DCO in Dar-es-Salaam changed as regards number of personnel and division of tasks. Between 1976 and 1980 one programme officer handled industrial development projects, but the section was strengthened by one more programme officer during 1980. The embassy also had a commercial attaché whose tasks involved a close contact with industry, which, if not directly strengthening the DCO, certainly provided support in terms of intelligence and ideas.

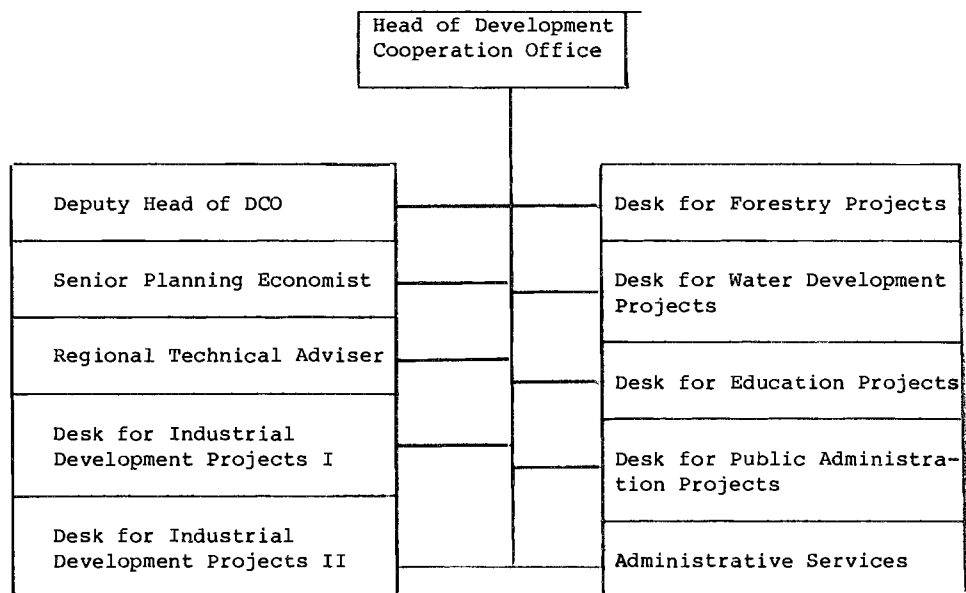


Figure 2: ORGANIZATION OF THE DCO

Sources: Utrikesdepartementet (1984), *Effektivare Biståndsadministration - Betänkande av biståndsorganisationsutredningen*, DsUD 1984:1.
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