

**UNDP/UNCDF SUPPORT TO DECENTRALISATION IN
MWANZA REGION, TANZANIA: LOCAL DEVELOPMENT FUND
(URT/97/025 & URT/97/CO1)**

**MID-TERM EVALUATION MISSION
FINAL REPORT**

**SCHOOL OF GOVERNMENT
THE UNIVERSITY OF THE WESTERN CAPE
CAPE TOWN
REPUBLIC OF SOUTH AFRICA**

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ABBREVIATIONS

BOQ	Bill of Quantities
CEO	Chief Executive Officer
DC	District Commissioner/Co-ordinator
DCDO	District Community Development Officer
DE	District Engineer
DED	District Executive Director
DFR	District and Feeder Roads
DDF	District Development Fund
DMO	District Medical Officer
DPLO	District Planning Officer
DT	District Treasurer
GoT	Government of Tanzania
HIPC	Highly Indebted Poor Country
IPF	Indicative Planning Figure
LDC	Less Developed Country
LDF	Local Development Fund
LGA	Local Government Authority
LGRP	Local Government Reform Programme
MWDA	Mwanza Women Development Association
M&E	Monitoring and Evaluation
MoU	Memorandum of Understanding
NGO	Non-Governmental Organisation
NORAD	Norwegian Agency for Development
O & M	Operations and Maintenance
PAID	Poverty Alleviation Initiatives Developers
PMA	Project Management Advisor
PM&E	Participatory Monitoring and Evaluation
PORALG	President's Office, Regional and Local Government
PPS	Participatory Planning Specialist
PRSP	Poverty Reduction Strategy Programme
PRA	Participatory Rural Appraisal
PSU	Project/Programme Support Unit
RAC	Regional Advisory Committee
RAS	Regional Administrative Secretary
RC	Regional Commissioner
RE	Regional Engineer
RLGO	Regional Local Government Office
SRF	Strategic Results Framework
SDP	Support to Decentralisation Programme
SWOT	Strengths, Weaknesses, Opportunities, Threats
TSh.	Tanzanian Shilling
UNDP	United Nations Development Programme
UNCDF	United Nations Capital Development Fund
UNOPS	United Nations Operational Project Support
VDF	Village Development Fund
VEO	Village Executive Officer
VPE	Village Planning Exercise

VPP
WDC
ZRT

Village Participatory Planning
Ward Development Committee.
Zonal Reform Team

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PROJECT DATA SHEET

SUPPORT TO LOCAL GOVERNMENT IN MWANZA REGION:			
THE LOCAL DEVELOPMENT FUND			
Country Tanzania	Project Cost and Financing Total Project Cost US\$: 7,303,719		
Duration Five years	Government of Tanzania: US\$:	in kind	
	UNDP:	US\$: 1,874,100	Budget Revision G:US\$ 1,850,199
	UNCDF:	US\$: 5,453,600	Budget Revision J: US\$ 5,453,600
Project Number UNDP: URT/97/025 UNCDF: URT/97/C01			Project Title: Support to Local Government in Mwanza Region: The Local Development Fund
Sectors Development Strategies, Policies and Planning (0210)			Sub-Sector Local Governance
Government Executing Agency President's Office, Regional Administration & Local Government			Government Implementing Agency District Councils Of Mwanza Region, Regional Administration, Mwanza and UNCDF
UN Co-operating Agency United Nations Office for Project Services (UNOPS)			
Project approval date: November 1997 Project starting date: Original: January 1997 Project completion date: Original: December 2001			Actual: November1999 Actual: December 2002
Evaluation Date: June 2001			

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EXECUTIVE SUMMARY

1. This final Mid-Term Evaluation Report on the LDF in Mwanza Region, Tanzania, comprises five sections, namely, introduction and background; project preparation, design and relevance; status and performance of implementation results and potential impact; critical issues; and recommendations. The purpose of the mid-term evaluation was to assess progress of the LDF towards outputs and objectives, and to make recommendations for its implementation for the remaining time period.

2. The terms of reference were: to assess overall progress (or lack thereof) in delivering project outputs, and the likelihood of attaining the immediate and development objectives; to assess and validating (or filling in the gaps of) the initial project design and relevance; whether the project design is feasible and whether its objectives are still relevant under the current context; to assess the institutional and implementation arrangements and their suitability for the successful attainment of the project objectives, including the consistency or lack thereof, between the policies of the stakeholder organisations; to assess the managerial competencies, capabilities and innovation at all levels in the implementation of the project; to provide perspective on outstanding management and implementation issues; to assess sustainability of implemented activities and/or identify exit strategies; to assess monitoring and evaluation system, including review and comparison of project performance indicators with corporate indicators [i.e. the UNDP and UNCDF SRF]; to draw critical lessons learned about project design, implementation and management, and to make recommendations to improve them; to comply with the requirement of the project document/financing agreement as well as per the rules and regulations of the UNCDF; to assess the extent to which gender issues are mainstreamed; to identify issues that need to be addressed to mainstream gender, and to suggest strategies for mainstreaming gender.

3. The LDF *development objective* is to promote economic development and alleviate poverty in rural districts of Mwanza Region by improving the provision, operation and maintenance of small-scale economic and social infrastructure. The LDF *immediate objectives* are to improve the provision of selected small-scale economic and social infrastructure in the six districts of Mwanza Region, and to establish sustainable capacity at district and community levels to plan, construct, rehabilitate, operate and maintain small-scale rural infrastructure. The *project outputs* of the LDF were: selected high priority infrastructure micro-projects rehabilitated or improved, using appropriate cost-effective methods, with the participation of relevant communities, NGOs and private contractors; sustainable, efficient operating and maintenance systems developed and implemented for improved infrastructure, in partnership with relevant communities, NGOs and private contractors; capacity developed at district level within the district councils, private sector, NGO sector, and community organisations for the on-going planning, resourcing, improvement and maintenance of small-scale rural infrastructure; and capacity developed within the Regional Administration to supervise and audit district government activities.

4. The Mission made at least eight main findings. The *first* is that the overall progress in the delivery of immediate objectives/outputs was adversely affected by the late starting of the LDF. Its original outputs had to be modified over the period of implementation. The LDF actually ‘struggled’ in its implementation. The *second* is

that the initial design of the LDF was still relevant and feasible *vis-à-vis* the LGRP. The *third* is that the institutional and implementation arrangements were, in principle, suitable for the successful implementation of the LDF and consistent with the policies of stakeholder organisations. Some problems were experienced, however, in terms of delays in decision-making regarding personnel recruitment and the approval of operational proposals by the PSU. The physical location of UNDP/UNCDF/UNOPS in New York City apparently compounded the operational difficulties of the PSU in Mwanza. The *fourth* is that the required managerial competencies, capabilities and innovation were present at the PSU and at district council levels. This was an outcome of sustained capacity building efforts of the LDF. The *fifth* is that the PSU management was satisfactory and effective in the sense that the delays in the start up of the LDF were compensated for in most areas. It was on course in meeting its objectives albeit with longer timeframes. Moreover, management-staff relations were equally satisfactory. The *sixth* is that there was apparently no clear exit strategy regarding the sustainability of the assets created under the LDF. The district councils and communities need to be *sensitised* on the importance of taking responsibility for at least the maintenance of such assets. The *seventh* is that the M & E was an apparently weak area in the implementation of the LDF. The linkage of the PM & E system that was developed under the LDF to the LGRP, for example, remained largely unclear. The *eighth* is that gender mainstreaming in the LDF left was an issue still requiring attention.

5. The most important lessons learned from the LDF implementation include (i) the outsourcing of services by district councils to small-scale private contractors, consultants and NGOs as appropriate linkages between the private and public sectors; (ii) capacity building among district councillors and staff, coupled with similar interventions at the community levels; (iii) development and application of participatory monitoring and evaluation systems and procedures; (iv) introduction of operations and maintenance plans for infrastructures in district level planning; (v) establishment of ‘memoranda of understanding’ between the LDF on one hand, and district councils and village councils on the other hand; and (vi) the drafting of a participatory planning and financing framework between the LDF and the district councils and villages. The PORALG and LGRP officials are aware of these outputs from the LDF as they provide *best practices* for possible adoption and upstream integration.

6. The key recommendations for the LDF in 2002 are:

- Ø that the LDF outputs should be re-defined in line with the year 2001 and 2002 workplans by emphasising systems development/testing and capacity-building;
- Ø that the PSU should institutionalise the reporting mechanisms and relationships between the Mwanza Region, PORALG and the LGRP;
- Ø that the PSU and the UNCDF in Dar es Salaam should develop and/or strengthen partnerships with regional and national agencies;

- Ø that the PSU should concentrate efforts on testing and refining LDF systems and guidelines that had already been developed, and that it should work closely with Capacity 21;
- Ø that the PSU should shift its attention away from the district to the ward/village levels;
- Ø that the UNDP/UNCDF should identify the main bottlenecks in the implementation arrangements and look into ways of streamlining recruitment procedures pertaining to technical assistance;
- Ø that the day-to-day execution of the LDF should be made a Country Office responsibility in the same manner as the UNCDF part of the budget allows the Resident Representative to expeditiously disburse funds;
- Ø that the UNDP/UNCDF needs to develop clear exit strategies in the design of the LDF;
- Ø that the PSU should review the M & E system and introduce qualitative indicators in the assessment of the impact of the LDF;
- Ø that the UNDP/UNCDF should expand the LDF investment menu of the district councils to include areas such as computer equipment, transport vehicles, and water and sanitation;
- Ø that the PSU should commit significant amounts of LDF resources to the capacity building efforts of government and community partners for participatory planning, financial and project management, operations and maintenance, procurement, contracting and tendering functions; and
- Ø that the UNDP/UNCDF should formalise linkages between the LDF and the LGRP to ensure that the new systems and procedures developed at national level are 'piloted' in the Mwanza Region and that the lessons from the Mwanza Region are made relevant to national policy development on decentralisation.

7. The recommendation for the period after 2002 is that the LDF should be re-formulated into a new programme that should integrate various parts of the LDF projects as well as taking into account the rapidly evolving LGRP.

A. INTRODUCTION AND BACKGROUND

1.0 Introduction

1.1 This is the final Mid-Term Evaluation Report on the LDF in Mwanza Region, Tanzania (Project Data Sheet). It is prepared for the stakeholders and other partners of the LDF in Tanzania. The stakeholders include the GoT, in particular the PORALG, the UNDP/UNCDF/UNOPS in New York, Dar es Salaam and Mwanza, and the communities in various districts of the Mwanza Region.

1.2 On 15 June 2001 the Mission briefed the PSU staff and the RA in Mwanza on field trips and site visits and noted their comments. The Mission wrap-up meeting with stakeholders was held in Dar es Salaam on 22 June 2001. The Mission presented its *Aide Memoire* and received comments on preliminary findings.

1.3 A preliminary Mid-Term report was prepared and circulated to stakeholders for comments on 4 July 2001. This final Mid-Term Report is prepared in accordance with the very useful written and verbal comments and suggestions by stakeholders. It also incorporated written comments on the *Aid Memoire* and took into account the verbal comments received from the participants in the Dar es Salaam *wrap-up* meeting.

2.0 Background

2.1 The primary efforts of the UNCDF aimed at assisting local authorities of LDCs in planning, financing and overseeing basic small-scale rural infrastructure and services. This follows the UNCDF's conviction that local governments possessed comparative advantages in providing basic investments and services to people in rural areas. In the context of Tanzania, this focus is consistent with GoT policies and the on-going administrative reforms. In practice, the work of the UNDP and the UNCDF are complementary. The UNCDF works *downstream* to secure the implementation and deployment of ideas, strategies and policies that are then developed by the GoT supported by the UNDP *upstream*.

2.2 The Mwanza Region that comprises an area of 20,000 square kilometres and an estimated population of 1.8 million in 1993, making it the most densely populated region in the country. Mwanza region is administrative divided into 7 districts, namely, Ukerewe, Kwimba, Misungwi, Magu, Sengerema, Geita and Mwanza municipality.

2.3 The Mwanza Region was chosen by the UNCDF for at least four reasons. Firstly, its rural population was relatively poor, a condition worsened by high population density and consequent land shortages. Secondly, the area benefited, unlike almost all other regions, from a hitherto Regional Integrated Development Project. Thirdly, there was much scope to build on the institutional capacities created by previous UNCDF involvement. And, lastly, there was potential for raising incomes in both agriculture and fisheries.

3.0 Purpose of the LDF Evaluation Mission

3.1 This Mid-Term Evaluation Mission was appointed to assess progress of the LDF towards outputs and objectives, and to make recommendations for the remaining implementation period. As stated in the Terms of Reference, the specific tasks of the Mid-Term Evaluation Mission are: -

- 3.1.1 Assessing overall progress (or lack thereof) in delivering project outputs, and the likelihood of attaining the Immediate and Development Objectives;
- 3.1.2 Assessing and validating (or fill in the gaps of) the initial project design and relevance; whether the project design is feasible and whether its objectives are still relevant under the current context;
- 3.1.3 Assessing the institutional and implementation arrangements and their suitability for the successful attainment of the project objectives; including the consistency or lack thereof, between the policies of the stakeholder organisations;
- 3.1.4 Assessing the managerial competencies, capabilities and innovation at all levels in the implementation of the project;
- 3.1.5 Providing perspective on outstanding management and implementation issues;
- 3.1.6 Assessing sustainability of implemented activities and/or identify exit strategies;
- 3.1.7 Assessing monitoring and evaluation system, including review and comparison of project performance indicators with corporate indicators (i.e. the UNDP and UNCDF SRF);
- 3.1.8 Drawing critical lessons learned about project design, implementation and management; and make recommendations to improve them; and
- 3.1.9 Complying with the requirement of the Project Document/Financing Agreement as well as per the rules and regulations of the UNCDF.

3.2 The Mid-Term Evaluation Mission, due to its composition and division of tasks, added three more tasks to the above list. These are (a) assessing the extent to which gender issues are mainstreamed in the LDF project, (b) identifying issues that need to be addressed to mainstream gender into the LDF, and (c) suggesting strategies for mainstreaming gender.

4.0 Composition and Activities of the Evaluation Mission

4.1 The composition of the Mid-Term Evaluation Mission included Prof. Chisepo J. J. Mphaisha, Team Leader (Decentralised planning and policy), Dr. Rose Shayo (Gender and participation), Mr. Gallus M. Mukami (Planning and financing systems), and Mr. David Stiedl (Labour-based technology for road construction and maintenance).

4.2 Mr. Eddie Yee Woo Guo, UNCDF/New York-Evaluation Unit, accompanied the Mission during the first week. His contribution was confined to the gathering of factual information.

4.3 The Team Leader received a briefing at the UNCDF Headquarters in New York on 1 June 2001. The Mission began its work on 4 June 2001 in Dar es Salaam, Tanzania. During the first week the Mission interacted with UNDP and UNCDF staff at the Tanzania country office and other stakeholders in various meetings before making field visits. The Mission was also provided with documentation, including progress summaries, consultant reports and studies pertaining to the LDF.

4.4 The Mission then travelled to Mwanza Region where it interacted with the staff of the PSU, Regional Administration Secretariat, including the RAS, the RC, and the RE. In addition, the Mission interacted with contractors, consultants and NGOs and the personnel of district councils. The Mission also visited the districts of Geita, Sengerema, Kwimba and Magu.

4.5 The Mission attended the LGRP debriefing session on 18 June 2001, and held various follow-up meetings with stakeholders. The Mission held the wrap-up debriefing meeting with UNDP/UNCDF staff in Dar es Salaam, the PSU, and the PORALG representatives on 22 June 2001.

4.6 The Mission would like to thank all government officials, the UNDP/UNCDF personnel and the civil society for their co-operation and support. The logistical and other arrangements made by Messrs Daimu Mkwawa and Lasse Melgaard of UNCDF country office, Ms. Noor Mbakile and Mr. Geert Muisjers of PSU in Mwanza, and the interest shown in the Mission's work by the Deputy UNDP Resident Representative, Ms. Inyang-Ebong Harstrup, are highly appreciated.

5.0 The Mission's Evaluation Methodology

Preliminary and secondary sources were used in data collection. Secondary data was gleaned from LDF and consultants' reports that were provided to the Mission by the UNDP/UNCDF offices in New York City and Dar es Salaam, the PSU office in Mwanza and by the various district councils. Primary data was obtained from field visits to key officials in Dar es Salaam, Mwanza and the respective field visits to the districts. During the field visits, therefore, the Mission was able to meet most of the key persons responsible for and involved in the implementation of the LDF.

6.0 Structure of the LDF Evaluation Report

This document has five sections. The introductory section presents the background, the purpose of the Mid-Term Evaluation Mission, the composition and activities of the Mission, and the methodology the Mission used. The second section discusses the preparation, design and the relevance of the interventions. The third section focuses on the status and performance of implementation results and potential impact. The fourth section discusses critical issues. The last section comprises the recommendations.

B. PROJECT PREPARATION, DESIGN AND RELEVANCE

1.0 Preparation

The LDF was identified in 1993 through UNCDF Planning and Project Identification Missions. It was formulated in 1994, and approved by GoT and UNCDF/UNDP in November 1997. The LDF was formulated to spearhead rural district development in Mwanza region. Its overall goal was to support the GoT's policy of decentralisation, emphasising direct institutional assistance and delivery mechanisms within the framework of democratic decentralisation and the empowerment of local governments and communities. The LDF is a *pilot* programme that, *inter alia*, uses unconditional grants to plan and allocate resources to district and community-based infrastructure. It funds are channelled to the targeted villages through district councils.

2.0 Design

2.1 The LDF *development objective* was to promote economic development and alleviate poverty in the rural districts by improving the provision, operation and maintenance of small-scale economic and social infrastructure. Its *immediate objectives* were to improve the provision of selected small-scale economic and social infrastructure in six rural districts and to establish sustainable capacity at district and community levels to plan, construct, rehabilitate, operate and maintain small-scale rural infrastructure. Its *project outputs* were selected high priority infrastructure micro-projects rehabilitated or improved, using appropriate cost-effective methods, with the participation of relevant communities, NGOs and private contractors; sustainable, efficient O&M systems developed and implemented for improved infrastructure, in partnership with relevant communities, NGOs and private contractors; capacity developed at district level within the district council, private sector, NGO sector, and community organisations for the on-going planning, resourcing, improvement and maintenance of small-scale rural infrastructure; and capacity developed within the Regional Local Government office to supervise and audit district government activities.

2.2 The LDF was to have four main activities. The first was the rehabilitation or construction of small-scale infrastructure micro-projects. It was to be used to fund two types of rural infrastructure improvements, namely, (a) village level micro-projects which directly benefited one village and for which self-help contributions would be required in terms of labour, local materials and/or cash and (b) district level micro-

projects which were important to a significant number of people in the district and which could not easily be organised on a self-help basis.

2.3 The allocation of LDF funds between the districts would initially be on the basis of population, but revised later on to reflect more accurately the needs and capacities of the district councils. Funding was initially to be allocated about 50:50 between village and district level projects, with some balance between investment in infrastructure for social and economic purposes. The selection criteria and the types of micro-projects to be funded were to be agreed between each district council and the PSU. Furthermore, all micro-projects were to demonstrate sustainable O&M arrangements.

2.4 The second activity was the establishment of sustainable O&M systems for small-scale rural infrastructure. The LDF would develop or improve O&M strategies for small-scale rural infrastructure in general including, but not restricted to infrastructure improved under the SDP-LDF. This involved increased co-operation with the private sector, NGOs and community-based organisations, and increased emphasis on *user-charges* to cover infrastructure running and maintenance costs.

2.5 The third activity was the development of capacity at district level to plan, provide, maintain and operate small-scale rural infrastructure, including district capacity to raise local revenue to meet investment and recurrent costs. The LDF would provide training in participative planning and construction and, O&M of small-scale rural infrastructure. It was to work with district councils to develop strategies for increased revenue generation from local sources as a means of increasing the districts' capacity to provide and maintain rural infrastructure within and beyond the life of the LDF.

2.6 The last activity was the support to the RLGO. The LDF would assist the RLGO to fulfil its responsibilities for supervision and audit of the district council activities by providing training, transport and supervisor support. Technical assistance would be provided to the district councils through two District Co-ordinators who would be assisted by two community workers.

2.7 The LDF logical framework recognised the fact that its success would depend on the consistency between the strategies of partner organisations and their willingness to co-operate with the PSU on a sustainable basis, and on the willingness of communities to make self-help contributions to local projects. The other assumptions were that suitable partners could be identified in terms of community groups, NGOs and the private sector; that sustainable O&M strategies could be identified; that district councils would be willing to increase taxation levels; that trained staff within district and partner organisations were retained, with adequate continuity of personnel; and that government commitments and co-operation would be forthcoming at all levels.

2.8 In the light of the above, it can safely be said that the LDF founding documents are very clear and concise overviews of the data necessary to design small-scale social and economic infrastructure in rural districts. In addition, the LDF project formulation processes were based on the logical framework presented in the Project Documents.

3.0 Relevance

3.1 The LGRP under PORALG is spearheading the reform process and it is supported through a basket funding by several donors. The LGRP consists of 6 ZRTs that focus on 38 pilot districts in Phase I and 45 in Phase II throughout Tanzania. At the heart of the LGRP is the desire to improve service delivery by LGAs through improving their access to resources (i.e. government transfers and local revenues) and increasing of capacity for participatory management in planning and budgeting. Incidentally, these are also the areas of partnership between GoT and the UNDP/UNCDF through the SPD-LDF.

3.2 In the light of the above, the LDF is relevant to the current context in Tanzania. There is now an increasing emphasis on the LGRP and the need to concentrate on decentralised local government as a key instrument in delivering the government's PRSP. The lessons learnt during LDF implementation are intended to be 'fed' into the LGRP to assist in national policy development.

C. STATUS AND PERFORMANCE OF IMPLEMENTATION RESULTS AND POTENTIAL IMPACT

1.0 Status and Performance of Implementation

1.1 Programme Management and Systems Performance

1.1.1 Several initiatives were undertaken to update the LDF design. These two Consultative Reviews in 1998 and 1999, followed by a seminar to review the lessons learned from LDF activities. A stakeholders' workshop was conducted in April 2000 to examine the LDF approach and philosophy *vis-à-vis* the decentralisation processes.

1.1.2 The LDF has been implemented, since its inception, in all the six districts. It helped to define and test, in practice, different ways that district and village structures could plan, finance, implement, monitor and manage local services with the participation of communities, NGOS, and private sector contractors. The results were intended to contribute to national policy on how responsibilities for service delivery and the necessary funds could be devolved to local governments.

1.1.3 Some considerable time elapsed between the initial formulation, design and the approval of the LDF. Implementation of the LDF project was delayed for two years (1997 and 1998) due to mobilisation problems (i.e. recruitment of staff, procurement of vehicles and office equipment, logistic issues associated with establishment of office space, opening Bank Accounts, etc). As a result, the following two years were just used as a *trial period* whereby the capacity of district councils, private contractors and consultants was developed through appropriate training.

1.2 Implementation Arrangements

1.2.1 The LDF is guided by the RAC, an *advisory* body. The responsibility for the execution of the LDF lies with the PORALG and its implementation is through the

relevant district councils. The district councils, working in collaboration with the DCs, have overall responsibility for the administration of the LDF.

1.2.2 The PSU based in Mwanza municipality provides technical assistance to district councils. It is accountable to the UNDP/UNCDF country office in Dar es Salaam, the UNCDF and UNOPS, and to the GoT. All disbursements from the URT/96/018 budget require approval from UNOPS. In addition, UNOPS requires quarterly requests for the release of funds, based on projected expenditures.

1.2.3 However, the level of details UNOPS asks for has often been difficult for the PSU to anticipate. It has been hard for the PSU to get authorisation for *ad hoc* and unplanned activities such as the repairs of motor vehicles. The physical location of UNOPS further compounded communication problems between UNOPS and the UNDP country office in Dar es Salaam.

1.2.4 As per the LDF project document, the authority to disburse capital funds to the LDF account for the first two years of the project implementation was assigned to UNOPS and, thereafter, replenishment authorised through the annual budget, by the UNCDF to the Resident Representative. This period expired on 31 December 1999. During the Tripartite Review meeting in 2000, and in order to smoothly switch the disbursement arrangements, the period was extended to June 2000. The Resident Representative was to assume the role of a disbursing agent. This has not yet happened.

1.3 Management Issues

1.3.1 LDF workplans are easy to understand as they were essentially outcomes of discussions and agreements during work-planning meetings the PSU held with its partners. In addition, the PSU discussed the workplans with the representatives of the UNCDF Dar es Salaam, Capacity 21, and the LGRP/ZRT based in Mwanza. These efforts reflected a consultative management style and were designed to explore areas of co-operation and co-ordination as well as to solicit the concurrence of the social partners. In this regard, it can safely be said that the overall effectiveness of the LDF management was generally good.

1.3.2 The Programme Specialist in UNCDF Dar es Salaam has been providing a very essential administrative linkage between the LDF and the GoT at the national level. This is achieved mainly through attendance at various meetings/seminars and workshops, and through the submission of regular reports. However, a more sustainable institutional set-up must be determined to ensure technical and administrative support to the regional and districts levels.

1.3.3 The RAC representatives were quite satisfied with the performance of the LDF to date. This positive feedback was despite the fact that the LDF had somewhat 'struggled' in its implementation. The approval of the IPF formula, for instance, took a long time to be received from UNOPS and, as a result, the implementation of village level micro-projects was considerably delayed.

1.4 Procedures and Systems

1.4.1 During the *trial phase* (i.e. 1998 –1999) the PSU developed certain procedures and systems for planning and implementation of district and village projects. These

included minimum conditions for districts, wards and villages' effective participation in the project; MoUs between the PSU, and district councils; PRAs; infrastructure selection criteria; O&M strategies; and VDFs.

1.4.2 The MoUs between district councils and UNOPS were drawn up to spell out the role of district councils, the role of UNOPS, time frames, the usage of funds, payments to district councils through the Mwanza Region Account, as well as required financial information, reports and certification. But MoUs do not spell out the intended responsibilities for sharing O&M costs of assets created by the LDF. This omission needs to be addressed without further delay.

1.4.3 A framework for PRA was developed. This participatory planning process was started in 12 villages but was not yet a fully effective and operational on a wider scale. Socio-economic aspects using the PRA and social assessment should be used in project preparation to enlist the active involvement of stakeholders. This should be in recognition of the importance of community participation in the design and implementation of village projects' long-term institutional sustainability.

1.4.4 The LDF also developed nine *minimum conditions* that districts were required to meet before accessing LDF funds. These were the establishment of LDF accounts; compliance with terms and conditions of the MoU; endorsement of district development plans by the full council; approval of annual budget by full council; presence of minimum technical capacity to fulfil responsibilities for planning and engineering services; presence of minimum capacity for financial management (i.e. finance administration and internal auditors); LDF account to be established and to include ledgers for O&M and supervision (i.e. starting from 2001, districts were to contribute 5% of LDF allocation for capital fund and 2% of estimated project costs for supervision); and the performance assessment and internal audit were to be decisive for district councils to access LDF funds. The last minimum condition required district councils to include plans for O&M in their project proposals.

1.5 Capacity Issues

1.5.1 In terms of technical assistance, the combined PSU team of Ms. N. Mbakile (Regional Programme Co-ordinator), Mr. Geert Muisjers (PMA-LDF & PSU Manager) in Mwanza and Mr. D. Mkwawa (Programme Specialist in Dar es Salaam) has the management capacity, competence and innovation in LDF implementation. The quality of outputs produced so far bear testimony to their long experience with, skills in and knowledge of community development work.

1.5.2 The frequent changes experienced in PSU personnel and inadequate staff and/or unfilled positions negatively affected the pace of LDF implementation at least during 1997/98 period. For instance, the local Participation and Communication Advisor and the Financial Controller left after the completion of their contracts. The recruitment of the PM&E Advisor took one year after the creation of the post in June 2000. Nonetheless, the current PSU staff strength of twenty appears adequate under the circumstances despite the fact that four staff positions are (i.e. the M&E Specialist, the Quantity Surveyor, the Planning Officer, and the Gender Specialist) are yet to be filled.

1.5.3 These, and related problems originate from the need for the PSU to obtain clearance and agreement from the New York City offices of UNDP, UNCDF, and UNOPS as well as from the GoT. The UNDP/UNCDF needs to identify all possible bottlenecks in implementation arrangements and look into ways of streamlining some of the procedures. In the area of innovation, the PSU expects to introduce the *Platinum* computerised financial package in all the districts. This financial package has not been evaluated to determine if it meets basic accounting and financial management. Nevertheless, an attempt has been made to identify essential features of a sound Financial Management System, which should be reviewed critically, and modifications made where necessary before its implementation. This is a demonstration of commitment by PSU management to improving the operations of the LDF.

1.5.4 But this planned computerisation of the financial management system needs to allow for better analysis of financial information to be used for management purposes. The preparation of LDF financial statements must indicate the sources of funds, and the uses of funds, including information on programme expenditure by components, types of expenditure, etc., assets created out of the programme, etc. The key requirements for the modernisation of the accounting system are ensuring availability of qualified professional financial staff, and substantial training and reorientation of existing financial staff.

1.5.5 At the district level, all the 6 districts had in place generally accepted accounting practices. They were also continuously making efforts to improve their financial management system. All of them maintained LDF accounts and operated them for purposes for which those accounts were established. With the exception of Sengerema, Magu and Ukerewe district, the rest had qualified internal auditors.

1.5.6 All district councils had books of accounts, namely, main control cashbook for LDF accounts; subsidiary ledger for LDF accounts; and a general ledger. Secondly, all of them had up to date books of accounts. Thirdly, all district councils used LDF resources fully in accordance with operational agreement, and the status of monthly bank reconciliations of cashbooks was largely up to date. And, finally, all the district councils essentially reflected a true and fair financial position for the reported time periods. On the negative side, however, district councils did not all use formats for monthly and quarterly reporting as per the MoUs. Secondly, financial reports were often irregularly submitted to the PSU. And, lastly, the level of financial transactions tended to be rather low in some cases maybe due to the need for adherence to procurement procedures.

1.5.7 One main area in which district councils did not manage to fully meet the required minimum capacity was having in place qualified internal auditors. Despite this situation, however, they tended to follow an acceptable degree of financial procedures and regulation. But there were no reported cases of misappropriation of funds. There was need for district councils to prioritise the recruitment of qualified financial personnel. Furthermore, the financial and accounting procedures need to be reviewed in order to identify their adequacy or otherwise. This will ensure that financial reports provide quality and timely information to programme management, implementing district councils and other stakeholders for purposes of monitoring programme performance. Such a financial management system should conform to the

relevant policies of GoT and to the guidelines and operational policies of the UNDP/UNCDF.

1.5.8 The three districts visited demonstrated that they were capable of handling contract preparation, award and administration. District personnel had some thorough knowledge of contract procedures, technical matters, planning and maintenance requirements. In one district, for instance, the DE was able to detail one of his technicians to supervise building works in the absence of consultants. This suggests that at district level, the technical staff is and will continue to be responsible for all public works.

1.6 Operational Issues

1.6.1 The six districts implementing the small-scale infrastructure activities have established statutory standing committees that meet quarterly to review tenders. They essentially function as tender boards. As a result they influenced the decisions of the district councils in the selection of contractors, especially that almost all LDF activities were concentrated at the district level. Community/village members quite naturally expressed concerns about the delays in the implementation of village projects.

1.6.2 At Ward level, the highest body is the WDC comprising the Ward Secretary who chairs the meetings of the WDC, the district councillor, Village Chairpersons and VEOs. The number of members of the WDC varies with the number of villages in the ward. On average, however, each ward covers four villages.

1.6.3 At the village level, a village has the status of a corporate body with powers to pass its own by-laws, collect and retain revenues for its development expenditure. The community in the village constitutes a village assembly, which is the highest policy making body of the village. It is expected to meet at least quarterly. The most important meeting of the village assembly is when they deliberate plans and projects and approve village budgets.

1.6.4 Below the village assembly, a village council headed by a VEO, is established to implement village plans. The VEO is vested with the responsibility of maintaining peace and order and good governance. The VEO is also the accounting officer of the village council, tax collector for the district, supervisor of by-laws and co-ordinator of village activities commonly funded by the community.

1.7 Monitoring and Evaluation

1.7.1 There were several attempts to modify the logical framework and the indicators. This included a visit from the UNCDF M&E Adviser to incorporate SRF indicators¹, and a consultancy from a PPS². The latter revised the immediate objective and included a new development objective in line with the LDF, that is, 'Poverty reduced in the districts through the provision of rural infrastructure and other basic services'.

¹ Note on file, S Rummel-Shapiro, UNCDF M&E Technical Advisor, March 2001.

² Bauer E, Participatory Planning and Monitoring & Evaluation for Local Governments and SDP, Mwanza, June 2001.

The proposed indicators included an actual reduction in the percentage of the poor people in districts, stated in income terms, and national legal and statutory framework amended was based on lessons learned in Mwanza.

1.7.2 The comprehensive set of indicators recommended for objectives and outputs were entirely logical but were different from those recommended for the SRF. There seems to be continued uncertainty in this area, which is affecting the quality and usefulness of project monitoring.

1.7.3 In general, Bauer felt that the M&E system was rather problematic. He noted that while the project activities were being properly monitored by the PSU, this was not the case with the logical framework assumptions, systems development effectiveness, capacity building and immediate impacts. Consequently, he proposed a revised approach for both the project and local government monitoring and evaluation procedures. In addition, he proposed a revision to the logical framework for the LDF together with new indicators and monitoring and evaluation plans. The proposals are entirely logical and fit in with the spirit of the original documents' overall objective of alleviating poverty through improved infrastructure delivery.

1.7.4 The linkage of the PM & E system that was developed under the LDF to the LGRP, for example, remained unclear despite the PSU's concerted explanation that the said PM & E system was to serve needs of all the stakeholders. The PSU subsequently developed several performance measures as a basis for the monitoring and evaluation of the LDF. The objectives of the performance measures were fivefold, namely, to set standards; to establish justification for rewarding districts; to bring up the idea of competition for resources; to improve the performance of the districts; and to assess progress (i.e. success or derailment) of the SDP.

1.7.5 The eight areas where performance was to be measured included development planning; financial management and accountability; resource allocation; capacity building; implementation management capacity; fulfilment of O&M for completed projects; fulfilment of MoU by district council as per its roles; and fulfilment of MoU by UNDP/UNOPS as per their roles. The *specific indicators* for the Phase II proposed performance measures of LDF activities include the *quality of development plans, quality of communication process and quality of PM&E process* (for the development planning activity); *tracking of budget expenditure versus disbursement plan, final accounts of the previous year prepared and submitted to Controller and Auditor General, at least one quarterly internal audit in current financial year, preparation of monthly financial reports, adherence to tender and procurement regulations, certification performance e.g. supplier contracts, interim payment certificates, final payment and certificates and completion certificates* (for financial management and accountability activity); *evidence that districts have allocated 50% of LDF funds for district projects to economic projects and 50% to social projects, evidence that selected district projects are within the district's 3-year rolling plan, and evidence that 20% of village project proposals benefit the youth, 50% of village project proposals show long-term benefits to community over a 10-year period, 20% of village project proposals benefit women and 10% of village project proposals benefit elderly* (for the Resource allocation activity); *percentage of actual expenditure on capacity building activities to the approved investments as contained in capacity building schedule, proportion of the released capacity building funds utilised and at least 30% of all beneficiaries to be women* (for the Capacity building activity); *quality*

of production arrangements and quality of physical progress (for the Implementation management capacity activity); *evidence that all village and district proposals include O&M strategies and reflected in annual budgets and evidence that all village and district projects O&M costs are covered as per strategies* (for the Fulfilment of O&M for completed projects activity); evidence that district councils use funds for prioritised district and village projects as identified in annual development estimates endorsed by the council, evidence that district councils as implementing agencies adhere to provisions and guidelines of MoUs, and evidence that district councils implement projects with due diligence (for the Fulfilment of MoU by district council as per their roles); *evidence the PSU establishes realistic IPFs for village projects and evidence that UNOPS provides technical assistance and advisory services to district councils to enable them carry out the functions of MoUs* (for the Fulfilment of MoU by UNDP/UNOPS as per their roles).

1.7.6 This proposed PM&E makes a clear departure from the traditional/conventional monitoring and evaluation to PM&E discussed above. It has implications on the nature of information to be collected and the capacity building of the district councils' staff that was to implement it. It is noteworthy that the proposed PM&E framework by the PSU was for use within the LDF because there were hitherto no regular monitoring and evaluation systems in the districts let alone in the villages. The rationale was that the success of the PM&E depended upon the extent in which the beneficiaries were involved in project planning stages and other key decision-making arenas. In addition, this effort was to 'customise' the indicators to the Mwanza Region LDF.

1.7.7 The PORALG/LRGP and district level officials are aware of, and keenly awaiting the development of the participatory monitoring and evaluation system under the LDF. In addition, the LDF project has, in support of the LGRP, provided lessons directly for the drafting of the planning and financing framework. The 'minimum conditions' make, *inter alia*, performance assessment and internal audit decisive for district councils to access LDF funds.

2.0 LDF Results

2.1 Outputs

2.1.1. Physical infrastructure

2.1.1.1 The main achievement during the 1998/99 *trial period* was the allocation of funds to the six district councils and the successful completion of fourteen projects. Table 1 provides the list of infrastructure rehabilitated and/or constructed during 1998 and 1999 period. The projects were selected from the existing district councils' plans.

TABLE 1: LDF REHABILITATED DISTRICT PROJECTS, 1998 – 1999

District/IPF	Rehabilitated Projects	Status	Impact-immediate	Operation & Maintenance
Geita IPF US\$ 50,050 TShs. 40,040,000	1.Rehabilitation of Clinic US\$ 25,822	In good condition	Attendance increased Good working environment	In operation Council budgeted for O&M
	2.Rehabilitation of Abattoir US\$ 11,059	Fair condition	Slaughter increased More revenue collection	Run by private investor In operation Council budgeted for O&M
	3.Completion of Bull dispensary US\$ 4,825	In very good condition	Attendance increased Good working environment.	In operation Council budgeted for O&M Drug kit not sufficient
	4.Kasamwa Livestock Market US\$ 4, 563	In good condition	Increased cattle Women food vendors increased More revenue collection	In operation Run by the council Council budgeted for O&M
Magu IPF US\$ 31,362 Tshs.29,090,000	1.Rehabilitation of Nassa Health Centre US\$ 13,862	In bad condition coursed by earth quake	Attendance increased	In operation Enough staff Immediate repair required
	2.Two classrooms at Bukandwe secondary. US\$ 14,236	In good condition	Students enrolment increased	In operation Students' contributions of TShs. 5000 on enrolment not sufficient for O&M
Ukerewe IPF US\$ 16,250 TShs. 13,000,000	Completion of Teachers house at Bukongo secondary US\$ 14,055	In good condition	Two families accommodated	Occupied immediately Teachers contribute 5% of monthly salaries. That is not enough
Sengerema IPF US\$23,300 TShs. 18,640,000	1.Storm water drainage Sengerema Market US\$ 6,944	Fair condition	Clean environment Easy movement	Run by council O & M from revenue collection
	Two class rooms at Nyanchenche secondary US\$ 5,383	Good condition	Nil	School not open to date.
	Two class rooms at Sima secondary US\$ 7,833	Fair condition	1 st enrolment of Form 1 Students took place	Opening of school too long Some parts need repair Maintenance plans not clear
Kwimba IPF US\$ 22,913 TShs. 18,330,000	1.Rehabilitation of Nyambiti dispensary US\$ 8,789	Good condition	Attendance of patients increased. Good working environment	In operation Enough staff Drug kit not sufficient Maintenance strategies not clear
	2.X-ray room and dental Unit US\$ 14,894	Good condition	Attendance for dental treatment increased	Dental Unit in operation X-ray room not in use-need to improve. X-ray operator not recruited User fees charges applied percentage to go for O&M
Misungwi IPF US\$ 17,437 TShs. 13,949,600	1.Rehabilitation of urban water pump house US\$ 2,998	Good condition	Clean water increased	Do not operate during dry season User water bill's age to be used for O&M
	2.Rehabilitation of Misungwi Health Centre US\$ 14,439	Good condition	Patients attendance increased – OPD Mothers & children attendance increased Good working environment	In operation Sufficient staffing User fee charges 25% to be used for O&M

2.1.1.2 The amount of funds allocated to the districts was based on the population of the district. As the LDF was yet to develop the planning system to be tested, it relied on the existing district development planning process for the identification of projects. In addition, the *minimum conditions* criteria imposed by the LDF were thus effectively an attempt to institute good governance practices in the selection and implementation of district projects.

2.1.1.3 Two lessons were learned by the PSU during this trial phase. Firstly, district project planning did not have any O&M provisions and, secondly, tendering and contract management was found to be weak. The PSU used this learning to programme relevant activities during the 1999-2000 period. The funds during Phase II (i.e. 1999 – 2000) were allocated to six district councils. The funds were for the implementation of district level projects (Table 2 below).

2.1.1.4 The quality and workmanship of the completed projects were very good. The staff in the Geita District Council, for instance, was very satisfied with the rehabilitation of the District hospital/clinic and reported that this LDF supported infrastructure had also led to an improvement in working conditions. There was also a Village Health Workers committee who assisted the medical officer on the operations of the facility that serves about 10 villages. Community awareness on the use and maintenance of rehabilitated LDF projects within their locality was very high. Communities and district staff in all the rehabilitated projects expressed satisfaction with the ‘added value’ of the LDF.

2.1.1.5 While attitudes and perceptions on the LDF approach and outputs varied from district to district, there was consensus on the fact that the LDF started late. This raised the possibility of period extension of the programme so that the intended outputs could be achieved especially at the village level. Similarly, there was consensus that the planners, accountants and treasurers who dealt with daily programme transactions of funds needed to be trained.

2.1.1.6 The LDF improved the IPF allocation of project funds to the districts and, eventually to the villages, by introducing additional variables in the equation. The IPF allocation methodology is more realistic as it captures differences in the level of development between districts. It also rationalises allocations and rewards good performers, an incentive arrangement for purposes of quality control and potentially encourages competition between districts. Additional variables factored into the equation for determining IPF allocations include (a) equalisation calculated on the basis of social infrastructure per capita and national poverty indicators; (b) performance; (c) village contribution; and (d) the capacity of PSU to assist in the formulation and implementation of individual projects.

TABLE 2: LDF DISTRICT ALLOCATIONS PER PROJECT, 1999-2000

Geita: Construction of Nyarwanzaja	TShs. 36,77,025 (US\$ 45,971)	TShs. 18,861,000 (US\$ 23,577)	85% complete d	5 weeks behind schedule. Extension of time granted for additional works. Good workmanship. Clerk of Works did not attend the site daily due to lack of supervision Allowance
Sengerema: Construction of Sengerema dispensary	TSh. 27, 936,577 (US\$ 34,920)	TShs. 14,693,000 (US\$ 18,366)	80% complete d	4 weeks behind schedule due to bad planning. However, the workmanship is good. Contractor advised to increase labour force and gather materials in time so as to recover the time lost
Misungwi: Construction of Maternity Ward	TShs. 24,787,070 (US\$ 30,983)	Nil	50% completed	3 weeks behind schedule. Surety Bond not yet submitted. Workmanship good Clerk of works has been shifted to another work contrary to training requirements.
Kwimba: Rehabilitation of Malya Health Centre	TShs. 25,209,100 (US\$ 31, 511)	TShs. 14, 693,000 (US\$ 7,564)	50% completed	Progressing well, though 2 weeks behind schedule. Workmanship especially on wall scrubbing not convincing. The contractor promised to increase labour force to recover time lost and improve
Ukerewe: Completion of Teacher House at Bukongo Secondary school	TShs. 15,272,660 (US\$19,091)	Nil	40% completed	Surety Bond not yet submitted. Good workmanship
Magu: Rehabilitation of Malya Health Centre	TShs. 31,640.300 (US\$39,550)	TShs. 20,065,000 (US\$25,081)	90% completed	Progressing well, almost on schedule 8 weeks proposed originally were not realistic- The contractor intends to increase labour force so as to complete work on schedule Good workmanship.

2.1.1.7 Table 3 shows the district allocations of LDF funds for 2001. Districts successfully made these allocations due to the satisfaction with the IPF allocation formula.

**TABLE 3: VILLAGE IPF US\$ 6,800 AND EQUALISATION FACTOR 40%
YEAR 2001**

Districts	Investment in village projects	Allocation District Level	Total allocation	% Level investment of total	% Village investment of total	% District investment of total
Magu	34,000	138,975	172,975		19.66	80.34
Kwimba	27,200	115,877	143,077		19.01	80.99
Misungwi	20,400	105,061	125,461		16.26	83.74
Geita	54,400	236,293	290,693		18.71	81.29
Sengerema	34,000	159,710	193,710		17.55	82.45
Ukerewe	34,000	116,411	150,411		22.60	77.40
Total	204,000	872,325	1,076,325		18.95	81.05

2.1.2 Training/Capacity Building

2.1.2.1 The LDF undertook several training activities in 1999. The first seminar was held in Mwanza in May 1999, attended by 50 participants of whom 45 were male and 5 were female. They included DEDs, DCDOs, DPLOs and DTs from district councils; RS and PSU staff; and Dar es Salaam and New York UNCDF personnel. The seminar the minimum conditions of Phase I, LDF progress, and ways of building planning capacity at the village level. A workshop report was prepared which formed the basis of a follow-up seminar in June 1999. 13 DPOs, 11 of whom were male and 2 female attended this seminar. The main discussion was on the question of how to implement the resolutions of the previous seminar.

2.1.2.2 In July and August 1999 a 48-day training of PSU, villagers, sub-villages/households, village and ward leaders, ward extension agents, NGOs, CBOs and district staff was held. Its main objective was to carry out VPPEs in one ward each in Ukerewe, Kwimba and Misungwi districts. The workshop trained 88 participants, 53 of whom were males and 35 were females. The other outputs of this workshop included the identification of 12 village projects for joint funding with communities, the building of capacities in the villages in the *participatory planning system*, the raising of awareness to communities that their involvement in planning was one of their basic rights, and 4 VPPE reports.

2.1.2.3 The LDF also carried out a number of training activities in 2000. The first was a district co-ordinators' and PSU workshop in February 2000 that discussed the preparation of a stakeholders' workshop. 14 people, of whom 10 were males and 4 were females, attended it. The output of the workshop was a document that stipulated the objectives of the stakeholders' workshop, the criteria for selecting participants, rules and regulations during the stakeholders' workshop, and logistics during the stakeholders' workshop. The district co-ordinators were assigned the task of selecting participants to attend the stakeholders' workshop.

2.1.2.4 In February/March 2000 individual districts held pre-stakeholders' workshops over 6 days, attended by all selected participants and PSU staff. The participants included 81 males and 47 females and individual district workshop reports were prepared. This district pre-stakeholders' workshops were followed up in March 2000 by a workshop of facilitators hired for the stakeholders' workshop, PSU and the Dar es Salaam UNCDF's Programme Specialists. Its objective was to make preparations for the forthcoming stakeholders' workshop and 16 males and 4 females attended it. Its outputs included a prepared programme that was communicated to all parties, content of the stakeholders' workshop, and a mock stakeholders' workshop involving presentations by the facilitators.

2.1.2.5 A five-day stakeholders' workshop, involving 97 males and 58 females, was held in March 2000. They included all selected participants from the districts, RS, NGOs, UNDP, UNCDF-New York/Dar es Salaam, PSU, facilitators and the press. The output of this stakeholders' workshop was a workshop report that raised various concerns about the LDF. The stakeholders, through a workshop report, observed that the planning systems in place were largely *top down/prescriptive* thereby hindering real participation of grass-root communities; that districts had limited financial capacity that were compounded by inadequate attention to accountability; that there was a general lack of gender mainstreaming strategies; that there was poor co-ordination with and between NGOs and other development partners; that there was much focus on infrastructure projects rather than on *sustainability* issues; that there was an absence of effective communication flows among stakeholders especially from the district to the village levels and *vice versa*; that there was a lack of civic education activities; and that there was insufficient and/or limited management capacity at almost all levels in the Mwanza Region.

2.1.2.6 A six-month training course was provided, between April and October 2000, to a total of 39 persons (i.e. 38 males and 1 female) that included DEs, Senior Technicians in the districts, emerging construction firms, and up-coming consultancy firms. The training, conducted by a consultant from *Norconsult AC*, was on planning, tendering, procedures on the award of contracts, project management and administration. More importantly, this was the first time that staff from the *public* and *private sectors* was trained together.

2.1.2.7 In May 2000 the LDF held two *follow-up* workshops. The first, attended by 10 males and 4 females, was a follow-up workshop of district co-ordinators and PSU staff that discussed resolutions of the seminar of co-ordinators held in February 2000 as well as those of the recent stakeholders' workshop. The second was a district workshop of DEDs, DPLOs, DCDOs, DCs and PSU staff. It was attended by a total of 45 individuals, comprising 41 males and 4 females. This 2-day district workshop was convened as a follow-up to the issues raised during the stakeholders' workshop as well as to discuss issues pertaining to programme implementation.

2.1.2.8 The LDF held a five-day SWOT workshop for Misungwi district in July 2000. The total number of participants was 31, broken down as 7 from the district level, 10 from the ward level, 2 from the private sector and 2 from the NGOs. The objective of the workshop was to describe and analyse SWOT and to make recommendations on the planning systems in place; financial systems and procedures especially on revenue

collection, central government allocations, budgeting of funds available, audit and PM&E of finances; NGOs' co-ordination practised in districts; *horizontal* and *vertical* communication processes between various levels of stakeholders; and management capacity for the implementation of developed systems and processes.

2.1.2.9 In October 2000 a 3-day Misungwi village planning and implementation workshop was held, attended by 32 males and 2 females. They included WEOs and VEOs of wards and villages where village projects would be implemented, DPLOs from all 6 districts, all DCs, Des from Misungwi, Kwimba and Ukerewe districts. The objective of this workshop was to discuss implementation modalities of village projects, management structures of village projects, the IFP figure for village projects, and implementation strategies for *participatory planning* processes at the village level. This was followed by a 1-day district workshop on PM&E in November 2000 that was attended by 40 males and 5 females. The participants were DEDs, DPLOs, DEs, DCDOs, DMOs and DCs, PSU staff and a UNCDF Programme Specialist from the Dar es Salaam Office.

2.1.2.10 The LDF continued with the conducting of workshops during 2001. In January 2001 there were two activities, namely, a district planning workshop and an SDP/ZRT meeting. The former was designed to finalise the LDF 2001 annual workplan jointly with the districts. A total of 30 males and 3 females attended the workshop. They included DPLOs, Des, DCDOs, DCs, PSU staff and the Programme Specialist from the UNCDF Dar es Salaam Office. The latter activity addressed areas of co-operation, the mainstreaming of lessons and information sharing between the ZRT and the LDF. 9 males and 2 females that included ZRT staff, PSU staff, the UNCDF Programme Specialist from Dar es Salaam, and the Programme Specialist (Local Governance) attended it.

2.1.2.11 A one-day district co-ordinators workshop was held in April 2001 and it was attended by 12 males and 3 females. These included DPLOs, District SDP Co-ordinators, and PSU staff. This workshop was in preparation for the RAC meeting and discussed the LDF quarterly progress report, district performance assessment reports, MoUs with districts, district project proposals and procurement for district councils. This workshop was immediately followed by a village projects implementation meeting of 7 males and 3 females that were selected representatives of the districts for village projects, PSU staff and PAID. The meeting was convened to discuss how the PAID consultant for supervision of implementation of village projects was proposed for selection, their terms of reference and the way forward.

2.1.3 Institutionalisation of Procedures/Systems

2.1.3.1 Some district councils were not yet able to internalise the importance of private contracting in physical infrastructure provision. Nonetheless, personal interviews in the field indicated that most district councillors noted the desirability, need and efficiency of outsourcing contracts to the private sector.

2.1.3.2 The Geita district management team very candidly pointed out that there was very poor linkage between the LDF and the LGRP. For example, the current selection of district projects is done under "normal" government procedures. The LDF planning and selection process was seen as being distinct from the "normal" district planning

process, mainly because of differences in the timing of the planning cycles. These differences often resulted in the district councils experiencing difficulties in meeting the required 10% contribution as their budgets would already have been determined by the time of the completion of the LDF planning process.

2.1.3.3 Nevertheless, the benefits of the LDF planning process were appreciated, especially the establishment of project-specific O & M plans. From their statements, it seemed that District staff were very familiar with concepts of participation. They also indicated their expectation that the LDF component would soon provide them with a PM&E system that would include specification of the village council's role.

2.1.3.4 From the perspective of the LGRP team, UNCDF/UNDP were a close partner in strategic planning. At the national level, the UNCDF/UNDP representatives were always on board for workshops, etc. However, the LGRP team felt that the more interesting interaction was that existing between the LGRP ZRT, district councils and UNCDF, especially in participatory planning and in PM & E. Indeed, the Mwanza ZRT was a member of the LDF Advisory committee that met quarterly. Thus, the UNCDF intervention is appreciated particularly because it is actually "doing something" on the ground.

2.2 Potential Impact

2.2.1 A total of 22 district level service projects such as schools and health centres have been rehabilitated and/or constructed at a total value of US\$440,000. The net result has been increased access to provided services. The local communities are benefiting immensely from the use of such facilities. In addition, one district council even reported an increase in the collection of revenues at the LDF fenced Kasamwa Livestock Market. The fees collected per month rose from Tshs. 150,000 to Tshs.350,000 per month.

2.2.2 The capacity building of district authorities in the operationalisation of appropriate approaches has been achieved. This has empowered several staff members of district council as well as the councillors. Capacity has also been built in the private sector, focusing on design, preparation of tender documents and supervision of contracts for the construction of small public service buildings. There is still need, however, to build the capacity of staff in the Regional Secretariat so that they can play a crucial role in co-ordination, monitoring, auditing and mentoring of district authorities.

2.2.3 MoUs for implementation of village projects, linking the village planning and implementation to the district council development plans, are in place. Also included were the establishment and management of VDFs, with the approval of village communities. The MoUs signed with districts provide them with grants, and empower them to make their own priorities. The LRGP ZRT has been looking at these MoUs as models for the disbursement of future village grants.

2.2.4 Training on PRA was conducted in 3 districts, and 12 villages were involved in prioritising their development needs. In addition, the SWOT workshop held in Misungwi was designed to empower villagers in the identification of 'strengths,

weaknesses, opportunities and threats' in village level projects. These are important tools that can be used in project planning processes at the village level.

2.2.5 District councils in Mwanza Region have actually incorporated O & M items into their council budgets for completed LDF projects. This is very important for the future sustainability of the projects. But district councils still need to make concerted efforts to expand their revenue bases, and to improve their financial management capacity. This must include an examination of government revenue sources so as to accelerate fiscal devolution along the ideals of the LGRP.

2.2.6 The LDF has demonstrated that systems development and improvement require continuous consultations with LDF partners such as NGOs and Capacity 21, and capacity building at both district and ward/village levels as prerequisites for their adoption. In this regard, it has contributed to the development of a national participation model as one of the six participation models available to the GoT from which it has integrated the best practice.

D. CRITICAL ISSUES

1.0 Institutionalisation and Sustainability

1.1 Policy Environment

1.1.1 The reporting mechanisms and relationships between the UNDP/UNCDF and the PORALG were generally weak despite the fact that the latter has a fully-fledged Regional Co-ordination Department where a whole section deals with project co-ordination. But in order to maximise synergies and to strengthen linkages between PORALG and the UNDP/UNCDF, especially with respect to systems development and planning/financial management approaches, LDF activities need to be re-aligned with those of the LGRP. This will provide the PSU in Mwanza and the ZRT a window of opportunity to harmonise their respective work plans. The forum for facilitating this re-alignment should be the RAC.

1.1.2 The GoT has announced since 1994 major reforms on local government. Many of the reforms have touched on issues such as local government planning procedures, local government financial procedures, local service delivery, and the equitable allocation of development funds. These issues are also of interest to the LDF. This has been to ensure that new procedures and/or regulations developed at the national level could be 'piloted' in the Mwanza Region. In this regard, the LDF could assist in defining and testing nationally relevant systems and procedures for the planning, allocation, and management of decentralised development funds for rural local government services.

1.1.3 In view of the foregoing linkages in the dissemination of experiences of best practices, there is need for the PSU to formalise its workplans with those of the LGRP. The LDF activities must be made to suit the GoT's vision on LGRP, especially at the village level. Thus, the linkage to Capacity 21 needs to be strengthened. In addition, the LDF needs to elaborate the lessons learned and disseminate *upstream* the systems and procedures it has developed and collated into

manuals. A good starting point is the development of a meaningful communication strategy to take LDF lessons and/or experiences to the national level. This new focus will make ‘doubting’ stakeholders to become comfortable with the role of the LDF.

1.2 Institutional Issues

1.2.1 For most of 1999 and 2000, the PSU sought approval of its IPF and MoU proposals from UNCDF Headquarters in New York. Available accounts made it unclear as to the specific reasons that contributed to apparently long delays in securing the needed approvals. The undesirable consequence of this situation was inadvertent delays in the implementation of LDF activities as the PSU could not timely outsource work to NGOs and consultants. There is need for decentralisation of certain functions to allow decisions to be taken by the UNDP/UNCDF Country Office.

1.2.2 The GoT at the regional level has lost much of its administrative authority as a result of the current decentralisation process. The RS appears to have neither adequate facilities nor the requisite human resource capacity to ultimately take over PSU technical assistance once the LDF ceases. This clearly suggests a near lack of *exit strategies* and long-term institutional sustainability. There is need for this relative omission in LDF project design to be addressed sooner rather than later if districts are ever to achieve a future acceptable level of satisfactory infrastructure service delivery and, thereby meaningfully contributing to the over-arching poverty reduction strategies of GoT.

1.2.3 Some of the reforms being undertaken by the GoT were nothing short of ‘revolutionary’. An example of the ‘revolutionary’ nature of the reform process is the significant reduction in the role and structure at the regional level. There are questions regarding the role the RA should play in the LGRP/ZRT. Indeed, GoT officials have expressed strong concerns about the future of the LDF in Mwanza and have indicated that the RA may not be able to carry out the tasks currently undertaken by the PSU (i.e. provide technical and training support to the districts). Thus, the PSU needs to contribute to the ongoing study/survey that seeks to identify the appropriate level of administrative/functional tasks and capacity needs of the RA.

1.3 Sustainability of Financing

1.3.1 It was envisaged that local communities through their VDFs and the O&M strategies would contribute money and labour to ensure the financial sustainability of village level projects. But since the sustainability of rural infrastructure is not short-term, the periodic involvement of district councils to provide technical backstopping and selected interventions should be carefully planned for to avoid grassroots’ disillusionment. District councils need to continue to outsource contracts while retaining a supervisory role in project implementation. Similarly, the PSU needs to gradually change its role from that of supervising project implementation to that of co-ordinating the implementation of projects in the district s.

1.3.2 The UNCDF strategy is to provide extra-budgetary support to local development plans. This is to complement rather than to replace the efforts of district councils to maximise fiscal revenue and the efforts of beneficiaries to mobilise resources for

development. Secondly, the LDF entered into direct partnership with district councils, and made efforts to promote the use of local consulting and construction industries. In this context, the allocation criteria between the districts were being reviewed and all districts were asked to submit to the PSU their programmes of work. But this source of continued LDF financing was unlikely to be sustainable in the long run unless and until district councils were capacitated to engage in viable income-generating activities of their own. The PSU also needs to constantly impress upon district councils the need for building into their budgets O&M allocations.

1.3.3 The UNDP/UNCDF Mwanza Region was to ensure that adequate financing for O&M was an integral part of programme design. For instance, a community contribution of US\$2,040 (30%) was to be added to the US\$6,800 IFP figure for purposes of raising the total individual village project funds to US\$8,840. Furthermore, district councils were to provide additional US\$340 (5%) broken down into 2% for supervisory work and 3% for capital costs. The assumption was that as LDF funds decreased and village contributions increased through local revenue collections, the IPF could effectively be transformed, over time, into a reliable and self-sustaining VDF.

1.3.4 But the above optimistic assumption on increased village revenue collection must be tempered by the recent findings on local taxation realities in Tanzania which, *inter alia*, stated that 'local taxes represent less than 6% of total national tax revenues in Tanzania. However, the large number of these taxes together with their unsatisfactory nature means that their economic, political and social impacts are considerably more significant than their revenue figure indicates. Moreover, the deterioration of public services, combined with extensive corruption, reinforces taxpayers' perceptions of exploitation and promotes tax resistance, necessitating costly and coercive methods of tax collection'. The implication of this situation is quite obvious: only time will tell whether or not the financing of village projects will be sustainable after the UNDP/UNCDF programme has come to an end.

1.3.5 At the district level, the LDF was to be used to fund micro-projects that were important to a significant number of people in the district, and which could not easily be organised on a self-help basis within a single community or village. At the village level, the LDF was to focus on micro-projects that would directly benefit the village for which self-help contributions would be required in terms of labour, local materials and/or cash. The LDF aimed at improving O&M strategies for small-scale rural infrastructure, with emphasis on *user charges*, to cover infrastructure running and maintenance costs. Nonetheless, the current weak financial and administrative capacity of district councils in Mwanza region imply inevitable continued LDF financial and technical support.

1.4 Replicability

The opportunity exists that the procedures and systems being developed and 'piloted' by the LDF in the Mwanza Region, and the attendant lessons could be replicated elsewhere. This is already happening, albeit on a limited scale. Based on SDP-LDF experiences and in collaboration with the Dutch Rural Development Programme and the Private Sector Development Programme, both supported by the Dutch Government, a training programme on contract management for councillors was developed and executed. The first pilot took place in Magu in mid-May. Co-operation was also solicited with the Swedish District Programme in Ukerewe

2.0 Operational Capacity

The implementation of LDF socio-economic infrastructure has shown that the O&M preparedness for the provision and delivery of social and economic services was very weak in all the districts. The PSU reasoned that there was need to maintain, as a minimum condition, the inclusion of O & M strategy for all new LDF micro-project applications. Competent and experienced Technical Assistance personnel then became central to the success of an externally funded piloting project of this nature. But over-reliance on technical assistance can be, as the initial experiences of the LDF demonstrated, a source of project implementation frustration.

3.0 Gender Mainstreaming

3.1 The LDF project component document identifies women's participation in decision-making and in implementation as important aspects of micro-projects. It suggests that while it is relatively easy to involve women in the construction and maintenance of rural infrastructure, it is more difficult to ensure that they have an adequate voice in decision-making processes. They are often not well represented within village and ward committees let alone in district council structures.

3.2 The women were particularly absent in skilled jobs such as contracting, consulting, and other technical jobs. This is not surprising because there are very few technically skilled women in Tanzania. But it is noteworthy that the level of women participation in the construction sites was much higher in places where the project leader was a woman.

3.3 However, some particular efforts have been made to involve women at all stages in decision-making. Possible measures were (a) to ensure that there is good representation from women at initial village or ward meetings to identify micro-projects, and that women's needs are incorporated into micro-project design; (b) to hold periodic meetings of women only groups throughout the process of preparing micro-projects to ensure that women's viewpoints are understood; and (c) to ensure that women are represented within district micro-project teams or within village-level micro-project committees.

3.4 The LGRP team explained that the GoT took 'very seriously' gender issues in policy management and that the percentage of women in councils was up to 30%. This is, in fact, a policy mandated quota, a clear commitment on the part of the GoT. However, much work still remains to be done by all concerned to 'dismantle cultures' of male dominance in Tanzania society.

3.5 It was encouraging to note that a gender perspective had been adopted in the implementation strategies. At the PSU level, although there was no gender advisor responsible for mainstreaming gender LDF, there were some elements of gender characteristics included in programme implementation. This perhaps reflected the fact that the Regional Programme Co-ordinator, Mrs Noor Mbakile, is gender sensitive by including both men and women in the project implementation team.

3.6 In terms of gender mainstreaming, it is commendable that there are certain monitoring and evaluation indicators in the LDF. However, these indicators are essentially very general in the sense that they do not particularly address the needs, priorities and interests of women. In a society that has been characterised with patriarchal ideology cultures, which are oppressive to women, it will be difficult but not impossible to measure changes in gender relations or people's livelihoods using these broad indicators.

4.0 Partnerships and Co-ordination

4.1 Two NGOs, PAID and MWDA, were recruited to assist in the design and implementation of community related activities. PAID, registered as an NGO in March 1999 to work directly with citizens for the development of self-help enterprises which promoted access to essential personal and community needs, established the level of possible contributions from the village community to supplement grants from either government or donors for project implementation.

4.2 During 2000 PAID carried out a study to establish the capacity of the communities to contribute towards their own development. A more *realistic* IPF of US\$6,800 per village was recommended. The calculation was based on the estimates of what districts and villages could generate as a contribution towards local projects and what districts and villages could absorb in terms of managerial or technical capacity. The calculation involved dividing the total population of the village into the annual village revenue to obtain the per capita income.

4.3 PAID reasoned that a minimum of 5% of per capita income, based on each village's willingness to contribute labour, materials and cash of between 10% and 35% of the village project costs, was used as an estimate of the amount that could be generated for investment in economic and social infrastructure. Since the prioritised village projects are not complicated projects, absorptive capacity was not considered as an issue. While recognising that the revised figure is more than twice the original IPF estimate that was based on population figures alone, the Mission was of the opinion that \$6,800 is reasonable figure for planning purposes.

4.4 PAID further recommended that '...rather than go for a large number of projects, learning laboratories in each of the selected villages for key priority projects would be the most logical step forward'. Thus, the IPF of US\$6,800 includes an equalisation factor that takes into account the level of development of the district. The equalisation factor compares districts in the level of their development by measuring existing social infrastructure and attributes of the national poverty indices. The PSU during 2000 re-examined the issues in the PAID report and prepared a proposal on the establishment of VDFs. Local communities and districts then approved the improved allocation mechanism for IPF.

4.5 The physical investment target for 2001 amounted to 30 village level projects. In the first half of the year 12 villages, which were part of the VPEs carried out in 1999 in 3 wards in Ukerewe, Misungwi and Kwimba districts, were targeted and 'one' priority project was identified in each village on the basis of a possible IPF. It was anticipated that village craftsmen would implement the village projects. But since neither the PSU nor the districts had supervisory capacity at the village level, PAID

was contracted to design, to prepare the BOQ and to supervise the implementation of village projects. At the same time, PAID was to provide on-the-job training to village craftsmen. It was also to review and, where necessary, to provide management training in simple bookkeeping practices.

4.6 MWDA, registered in August 1995, also worked closely with the LDF. In the first half of 2001, for instance, it carried out a PRA/TOT and PRA in 18 other villages in the districts of Geita, Magu and Sengerema. The PRA/TOT programme was intended to build village management capabilities in projects and group affairs. The PRA training was essentially to build capacity in participatory planning processes at the village level. After a review, the recommendations on the experiences of the first 12 villages were made for IPF of the second batch of the 18 village projects where MWDA was involved. In this regard, MWDA was to design the village projects, prepare BOQs, supervise the works and provide on-the-job training to craftsmen. This was undertaken on the basis of MoUs between village, wards and districts regarding implementation modalities.

5.0 Externalities/Spillovers

5.1 One programme that positively affected the achievements of the LDF results was Capacity21 that was launched in Sengerema district, raising the need for putting in place a co-operation mechanism at the field level. This programme combats poverty, promotes production projects (and human settlement development) with high local participation for better sustainability, and strengthens the role of major groups such as women. These issues are similar to those addressed by the LDF. But the major difference between the two programmes, in terms of the participation approach, is that under Capacity 21 the districts *own* the process more than they do under the LDF.

5.2 The districts pay the salaries of project staff, and they implement the planned projects with their own funds. In addition, the full council passes the final village plans. Moreover, there are no international consultants involved as all the technical inputs are from nationals. The maximum current funds available for villages under Capacity 21 are US\$5000, compared to US\$6,800 IPF under the LDF. However, there is no IPF under the Capacity 21 approach that is mentioned to the villages at the outset. The main focus of Capacity 21 is on helping villagers to identify and prioritise their developmental needs through a participatory approach.

5.3 The LDF PRA process involved an expatriate consultant whilst capacity for such activities existed in Tanzania is unsustainable in its present form as a community participation tool. The other major weakness of Capacity 21 is the apparent absence of true buy-in for participation at the national level. This is where the need exists for joint programming between LDF and Capacity 21 in future. The Mwanza RPO considered the Capacity 21 approach to be relatively more effective than that of the LDF. The Bauer report on PM & E also questions the cost-effectiveness of the LDF approach, given its rather long village consultation time periods. There is need to *localise* PRA training as capacity exists in the University of Dar es Salaam. There is also a handful of UNCDF trained practitioners in the Mwanza Region that may be recruited to carry out PRA training for the LDF.

5.4 The second programme that positively affected the achievement of LDF results was the Support to Good Local Governance project that was signed in July 2000. This programme involved all the stakeholders and clearly depicted a co-ordinated approach of UNDP programmes for purposes of complementarity as per the LDF project document so that a full contribution of the lessons learned from the LDF can be fed into the policy debate within the LGRP. More importantly, the Support to Good Local Governance project optimises the operation and outputs of the LDF, thereby widening its scope to include rural access and, in partnership with district councils, improving communications and accountability and mainstreaming of cross-cutting issues such as gender, poverty and the environment.

5.5 The third programme that affected the achievement of the LDF was the DFR that uses conditional grants and labour-based methods. Both the LDF and DFR channel their funds to the targeted villages through district councils. While the PSU was established with common logistical and administrative support for smooth and efficient project implementation, the DFR has tended to enjoy more popularity at the apparent expense of the LDF. Yet the two projects have their own resources, objectives, and timeframes.

5.6 Nonetheless, the DFR and LDF need to functionally work as a coherent PSU programme, and to take full advantage of the synergy of their activities, particularly in relation to district and private sector capacity building for infrastructure delivery.

6.0 Other Critical Issues

6.1 The discussions held with the various stakeholders in the Mwanza Region indicated that the LDF had yet to deliver all its intended outputs and that there was need to extend it at least through to 2004. This position was very strongly supported by the RAS and the RC. The RAS stated that his immediate concern was that the LDF might close before accomplishing its important tasks. He stressed that the extension was needed, especially for the three districts that were yet to receive UNDP/UNCDF funds.

6.2 He pointed out that attitudinal changes in people always took time. He also pointed out that the LDF had not yet really reached down into the villages. Given the importance of the LDF in support of the GoT's goal for poverty eradication by 2025, he fully supported the extension of LDF for a further two or so years. The RC reiterated these points, indicating that the GoT was very committed to decentralisation. The significant downsizing of personnel at the regional level indicated this.

6.3 Now that the *trial phase* is over, LDF will start implementing fully processes and procedures it developed. As such there is justification for extending the life of the project beyond October 2002 for at least two more years. With the extension LDF would refine these processes and procedures, particularly at the village level and share its experiences with the LGRP, which has yet to develop its mode of operation at the grassroots level.

E. RECOMMENDATIONS

1.0 Recommendations for 2002

1.1 The LDF programme outputs should be redefined to be in line with the work plans for 2001/2 and give importance to systems development and capacity building. The physical provisions of social and economic infrastructure should serve as practical part of the capacity development.

1.2 The reporting mechanisms and relationships between the Mwanza Region LDF, the PORALG and the LGRP should be institutionalised. This will offer the PSU and the ZRT a window of opportunity to harmonise their respective work plans and to ensure that the LDF activities are not perceived as being in 'competition' with those spearheaded by PORALG/LGRP. The forum for facilitating this re-alignment should be the RAC.

1.3 Partnerships need to be developed and/or strengthened between the UNCDF/PSU and regional/national agencies to provide this support in the future. This will also enhance co-ordination and improve communication among implementing agencies at the district/village level.

1.4 The PSU should modify the PRA to suit local conditions on the basis of the experiences of Capacity 21 whose key strengths are the usage of national expertise, districts' ownership of the process and the absence of financial promises to village communities during project preparations at the grassroots level.

1.5 The PSU should now shift its attention away from the districts, where positive results have already emerged, to the villages. Village councils should have the primary responsibility for planning and implementing sub-projects. They should also have responsibility for securing the services of sector staff at the district level. Micro plans for infrastructure would thus be prepared to include community expectations. This will give effect to the MoUs on the distribution of responsibilities of project implementation, including monitoring and evaluation. The local level institutional arrangements in each district, including the role of community groups and the villages, need to be very specific and to be agreed prior to implementation.

1.6 The UNDP/UNCDF should identify the main bottlenecks in implementation arrangements and look into ways of streamlining some of the procedures. Secondly, the UNDP/UNCDF require to periodically review the arrangements for the recruitment of quality Technical Assistance and for the monitoring of their performance in the field.

1.7 The UNDP/UNCDF/UNOPS Headquarters should consider delegating certain of their powers/authority to the UNDP/UNCDF Country Office. The day-to-day execution should become a Country Office responsibility in the same manner as the UNCDF part of the budget. UNOPS should maintain its role in procurement and international recruitment. The UNDP Resident Representative should assume the authority of disbursing funds. This role is consistent with the project agreement. This is the opportune moment for decentralising decision-making due to the appointment

of a Local Governance Adviser, based in Dar es Salaam, who is to assist the UNDP/UNCDF to adjust to the rapidly evolving LGRP.

1.8 The UNDP/UNCDF should consider, in order to enhance financial responsibility in district councils, setting 'ceiling amounts' for contract reimbursable costs on the basis of submission of paid invoices. About 75% of the contract sum would be transferred to district councils to enable them to prepare all the financial documents required for the payment of the contractors concerned.

1.9 The PSU needs to put more emphasis on gender mainstreaming issues by encouraging the contractors to become seriously gender sensitive. The PSU in its civic education campaigns related to LDF projects needs to encourage communities to set up community based arrangements to address this issue.

1.10 Women should ideally be appointed as PDCs, PDFs and VPDMs for a variety of reasons. Firstly, there is presently a bias against women in the composition of nascent implementation teams and, as a result, women interests are overlooked. Secondly, most of the beneficiaries in the community are women as often the males in the family go out to find jobs elsewhere and leave the women folk to take care of farming, and livestock-rearing in addition to raising a family and taking care of the home. Thirdly, as a cultural practice of the society in these areas women find it difficult to talk and express themselves freely in the presence of men. Fourthly, it helps to build the capacity of women, as they become role models and agents of change for the improvement of gender participation and empowerment. And, finally, it brings about a strong gender friendly decision-making practice and enhances a gender sensitive perspective right through the district, ward and village levels. This is because women do most of the work. While this recommendation may have major budgetary implications for the LDF, it is worth serious considering due to its potential benefits in the long run.

1.11 The UNDP/UNCDF need to design and/or develop some clear exit strategies to ensure that all the lessons learned from the piloting phases of the LDF are fully documented in a manner suitable for all the stakeholders, both *downstream* to the districts/communities and *upstream* to the key central government agencies and contributing donor agencies. The soon to be appointed UNDP/UNCDF Local Governance Adviser should have the responsibility for co-ordinating and liaising with the various initiatives that are driven from Dar es Salaam and Dodoma, as well as district level experiences in other parts of Tanzania.

1.12 Because no baseline studies were conducted before the start of the LDF, the PSU now needs to introduce qualitative indicators to assess the LDF's impact. Specific attention should be given to the monitoring and evaluation of social and institutional mechanisms that enhance sustainability and local ownership. The PSU should recruit a consultant to establish a relatively simple monitoring system that would strengthen M & E. The consultant should also prepare appropriate project performance indicators. The monitoring should cover both the LDF physical implementation and monetary transactions for the work done. In addition, the consultant should be tasked to train a core group of staff in the district councils to maintain the monitoring system so established.

1.13 The PSU should re-assess the various proposed indicators from both the Bauer Report and the UNCDF SRF with a view to adopting what can practically be measured in LDF to achieve unambiguous results. The draft proposed performance measures offer a good starting point in this regard. The PSU is currently producing good data on physical performance, but it is not systematically monitor and evaluate logical framework assumptions, systems development effectiveness, capacity building and immediate impacts.

1.14 The PSU should widen the LDF investment menu of district councils in line with the original project document which focused on the construction and rehabilitation of infrastructure in the sectors of health, education, transport, agriculture, livestock, fisheries and markets. The expanded menu needs to include areas such as district and feeder roads, computer equipment, transport vehicles, and water and sanitation when covered by other donors and donor agencies.

1.15 The PSU should commit a significant amount of LDF resources for the capacity building of government partners in participatory planning, financial and project management, operations and maintenance, procurement, contracting and tendering functions. This capacity building strategy will also likely lead to the reduction in the transfers of district councils' staff as each district council will have its own trained staff.

1.16 The RS should be responsible for co-ordinating all socio-economic infrastructure activities irrespective of the source of funds. This will help to streamline guidelines related to LDF activity design and participatory approaches to village level projects. In the process of establishing agreed norms, each district would develop a development strategy to ensure that a common approach to the delivery of services is adopted in the Mwanza Region.

1.17 The PSU should actively encourage and strengthen partnerships between itself and NGOs in the interest of sustainability, one of the goals of the LDF.

1.18 Performance budgeting should be introduced to relate the expected physical performance to the funds budgeted for each activity. At PSU level the performance budget should be the main document for LDF implementation review. The major areas for improvement in the existing system should be (i) the establishment of systems for the generation of financial information which can be used for program management; and active use of this information in financial planning, management and monitoring of the programme; (ii) the modernisation of the accounting system, commensurate with the size and scope of the programme; and (iii) the need for substantial enhancement of transparency. The adoption a performance budget will likely be made easier with planned *Platinum* computerisation of the financial management system.

1.19 The PSU should organise for all concerned staff training in the application of the envisaged performance budget. There is need for the preparation of LDF financial statements that indicate the sources of funds (including the beneficiaries); and the uses of funds (including information on programme expenditure by components, types of expenditure, etc), assets created out of the programme, etc. The key requirements for modernisation of the accounting system should include the availability of qualified

professional financial staff, and substantial training and reorientation of existing financial staff.

1.20 To address the current weakness in physical and financial and social monitoring, the PSU should put in place a mechanism for the preparation of periodic surveys. It should also help district councils to establish at all levels PM&E units of sorts. The continuous monitoring of physical implementation, for instance, would be the task of the District Teams on the basis of proposals in their indicative plans and annual work programmes. The information so gathered would then be analysed and presented in an annual progress report by PSU and later on by the RAS. The report would also include information on financial matters. The district social and economic data would be assembled and analysed at the outset and at the end of the project period. Each district should be allowed to contract out the evaluation of its projects to independent agencies such as the St. Augustine University at Nyegezi. The contracted agency would also carry out baseline studies during the first year after the mid-term of the project to establish the present socio-economic state of the project.

2.0 Recommendations beyond 2002

2.1 The LDF is on track to deliver its outputs, though not within the planned timeframe. According to the PSU, as of the end of 2000, only 15% of the LDF outputs had been completed. In addition, it estimates that less than US\$500,000 was spent as unconditional grants to district councils during the 1998/99 period, suggesting that there were some unforced budgetary savings. The PSU further estimates that, by the end of 2002, the expected achievement rate would, realistically speaking, be only around 65%. An extension of the LDF will, therefore, be required for 100% of outputs to be delivered. The PSU has further argued that, given the promising results coming out of the current activities, the LDF was finally beginning to gain momentum. Thus, it would be a waste of already spent resources and efforts if the planned outputs were not secured through the extension of the LDF.

2.2 The GoT strongly requests, and the PSU concurs, that there are financial savings available in the UNDP/PSU budget to support the LDF extension so that the remaining activities are successfully completed. It is thus recommended that the LDF be extended until 2004 due to the time lost in starting the project and due to the availability of unspent funds in the budget. This recommendation is also a call for the re-formulation of the LDF during 2002 to formally re-align it with other SDP programme components. Such programme re-formulation attempt to integrate the various parts of the LDF with those of the Good Local Governance Project as well as taking into account the rapidly evolving LGRP.

2.3 Hitherto the LDF has developed at two levels. The first level related to district infrastructure with its reliance on formal procedures of identification, district or external sources of funding, private sector implementation, and planned O & M using recurrent budgets. This infrastructure included the rehabilitation and/or improvement of classrooms, dispensaries and markets. The second level related to village infrastructure based on full community involvement in planning. A large part of this financing was on LDF implementation through NGOs or local community groups, and largely depended for its success on district efforts for O & M. The infrastructure

at this level will in future vary widely depending on community needs, but will include some tracks, trails and bridges as well as classrooms, income generating facilities (such as fishing and milling), shallow wells etc. By formulating a new LDF of sorts, the UNDP/UNCDF will be drawing together the remains of the existing LDF, and adding to it whatever other identified missing elements. The immediate objective of the new project should be: ‘Attainment of Sustainable Implementation of District Infrastructure in Mwanza Region’.

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RALG	Regional Secretariat's Planning and Management Guide. November 2000.
RALG	Framework for Local Government Monitoring and Evaluation System. Dar es Salaam, February 2000.
RALG	Local Government Reform Programmes Quarterly Implementation Progress Report. Dar es Salaam, July 2000.
RALG	Restructuring Regional Administration. Dar es Salaam, November 2000.
RALG	The Village Democracy Initiative: A Review of the Legal and Institutional Framework of Governance at Sub-District Level in the Context of Local Government Reform Programme, Dar es Salaam, November 2000.
RALG	National Framework on Participatory Planning and Budgeting at District Level, Dar es Salaam, April 2001.
RALG	A Proposed System of Local Government Monitoring and Evaluation. Tanzania.

- SDC SWOT Analysis and Strategic Orientation of the Planning System in Sengerema District. Sengerema, May 2000.
- Sengerema District Council. A Report on the UNDP/UNCDF Programme Implementation Status, Sengerema, June 2001.
- Shayo, R. Technical Report on 'Gender Mainstreaming in the DFR/LDF of the SDP, Mwanza Region, June 2001.
- TASAF Tanzanian Social Action Fund Documentation, various, 2000/2001.

ANNEX I: LDF EVALUATION SUMMARY

a) Basic Project Data

The Local Development Fund (LDF) in Mwanza Region, Tanzania has a total project cost of US\$7,303,719. Of this amount, the contribution of the UNCDF is US\$5,453,600 (URT/97/CO1); the UNDP contribution is US\$1,874,199 (URT/97/025); and the Government of Tanzania (GoT) contribution is *in kind*. The LDF is in the local governance sub-sector of the sector on development strategies, policies and planning. The President's Office, Regional Administration and Local Government (PORALG) are the government-executing agency. The government-implementing agency includes district councils of Mwanza Region, Regional Administration and UNCDF. The United Nations Office for Project Services (UNOPS) is the UN co-operating agency. The duration of the LDF is 5 years. It was approved in November 1997. Its original starting and completion dates were January 1997 and December 2001, respectively. However, the actual starting date is November 1999 and the actual completion date is December 2002.

b) Background of the Project

The UNDP/UNCDF support to Tanzania focuses on the Mwanza Region. This geographical area is approximately 20,000 square kilometres. In 1993 it had an estimated population of 1.8 million, making it the most densely populated Region in the country. The Mwanza Region is administratively divided into 7 districts. They include Ukerewe, Kwimba, Misungwi, Magu, Sengerema, Geita and Mwanza Urban. The primary efforts of the UNDP/UNCDF are targeted at assisting district councils in planning, financing and overseeing basic small-scale rural infrastructure and services. This follows the conviction that local government possesses a comparative advantage over the central government in providing basic services and investments to people in the rural areas. But the focus on supporting good local governance remains consistent with government policies and the on-going public sector reforms. In addition, the work of the UNDP and the UNCDF are complementary; the latter works downstream to secure the implementation and development of ideas, strategies and policies that are developed by the government and supported by the former *upstream*.

c) Description of the Project

The LDF *development objective* is to promote economic development and alleviate poverty in rural districts of Mwanza Region by improving the provision, operation and maintenance of small-scale economic and social infrastructure. Its *immediate objectives* are to improve the provision of selected small-scale economic and social infrastructure in the six districts of Mwanza Region, and to establish sustainable capacity at district and community levels to plan, construct, rehabilitate, operate and maintain small-scale rural infrastructure. The *project outputs* of the LDF were to be: selected high priority infrastructure micro-projects rehabilitated or improved, using appropriate cost-effective methods, with the participation of relevant communities, NGOs and private contractors;

sustainable, efficient operating and maintenance systems developed and implemented for improved infrastructure, in partnership with relevant communities, NGOs and private contractors; capacity developed at district level within the district councils, private sector, NGO sector, and community organisations for the on-going planning, resourcing, improvement and maintenance of small-scale rural infrastructure; and capacity developed within the Regional Administration to supervise and audit district government activities.

d) Purpose of the Evaluation

The purpose of the mid-term evaluation was to assess progress of the LDF towards outputs and objectives, and to make recommendations for their implementation for the remaining time period. The terms of reference were: assessing overall progress (or lack thereof) in delivering project outputs, and the likelihood of attaining the immediate and development objectives; assessing and validating (or filling in the gaps of) the initial project design and relevance, whether the project design is feasible and whether its objectives are still relevant under the current context; assessing the institutional and implementation arrangements and their suitability for the successful attainment of the project objectives, including the consistency or lack thereof, between the policies of the stakeholder organisations; assessing the managerial competencies, capabilities and innovation at all levels in the implementation of the project, providing perspective on outstanding management and implementation issues; assessing sustainability of implemented activities and/or identify exit strategies; assessing monitoring and evaluation system, including review and comparison of project performance indicators with corporate indicators [i.e. the UNDP and UNCDF Strategic Results Framework]; drawing critical lessons learned about project design, implementation and management, and making recommendations to improve them; complying with the requirement of the project document/financing agreement as well as per the rules and regulations of the UNCDF; assessing the extent to which gender issues are mainstreamed, identifying issues that need to be addressed to mainstream gender and suggesting strategies for mainstreaming gender.

e) Findings of the Evaluation Mission

The LDF was identified in 1993 through UNCDF Planning and Project Identification Missions, formulated in 1994 and signed in 1997. Thus, some considerable time elapsed between the initial formulation and design of the LDF and its approval, and several initiatives have been undertaken to update its design. These included a Consultative Review in 1998 and a 1999 follow up seminar to consider the lessons learned from LDF activities. In addition, there was in 2000 a stakeholders' workshop that critically looked at the LDF approach and philosophy *vis-à-vis* the decentralisation process in the country.

Aside from the delays in the start-up of the LDF, there were other major issues that affected the implementation of LDF activities. Almost frequent changes of management and inadequate staffing and/or unfilled positions in the Mwanza region Programme Support Unit (PSU) and in the district councils slowed down LDF implementation.

Secondly, district councils were rather slow in digesting and adopting the procedures and systems that the LDF developed and advocated. Thirdly, programming and co-ordination bottlenecks led to a slower pace of communication and collaboration between the PSU-LDF and stakeholders. And, finally, sub-district target groups were largely not reached due to delays in the allocation of funds to sub-district village projects.

The LDF has made a number of important achievements. It has rehabilitated and/or constructed, at an approximate cost of US\$400,000, 22 district level service projects such as health centres and schools in all six districts. Secondly, it developed strong operational linkages with two NGOs, namely, Poverty Alleviation Initiatives Developers (PAID), and Mwanza Women Development Association (MWDA) in providing capacity to ward and village communities. Thirdly, it trained staff from district councils and private contracting firms, in contract preparation, award and administration and, consequently, district councils were now able to outsource services to small-scale private contractors, consultants and NGOs. Fourthly, the LDF built capacity among district councillors and staff through workshops and seminars on various approaches to planning and community interventions. Fifthly, it introduced operations and maintenance systems in district council budgeting especially for the financial sustainability of LDF completed projects. And, lastly, it developed, in consultation with stakeholders, 'memoranda of understanding' to guide interactions between LDF funding and the beneficiaries.

f) Assessment of the Project Design

The LDF logical framework indicates that the success of the LDF would depend on the consistency between the strategies of partner organisations and their willingness to co-operate with the PSU as well as on the willingness of communities to make local contributions to village projects. The other assumptions of the LDF logical frame were that suitable partners could be identified in terms of community groups, NGOs and the private sector; that sustainable operations and maintenance strategies could be identified; that district councils would be willing to manage LDF funds as well as to generate additional revenues; and that trained staff within partner organisations would be retained.

There were, however, certain shortcomings in the project design. One shortcoming is that the LDF has generally promoted social micro-projects more than economic ones. This is perhaps due to the fact that investments in the social sector have traditionally been emphasised by the government. But there is need, for purposes of financial sustainability, for LDF to *balance* its investment menu between social and economic sectors. This will help district councils to generate local revenues for operations and maintenance of infrastructure. The second shortcoming is the LDF has improved funding allocations to district levels at the apparent expense of village projects. This funding emphasis calls into question the objective of alleviating poverty. This operational bias needs to be addressed in remaining time of the LDF. The other shortcoming is in the area of monitoring and evaluation. While the project document suggested clear procedures for reporting, and monitoring and evaluation, a performance monitoring system for district councils was still not established. Neither have procedures for project impact assessments been established. As a result, the reliance has been on the production of standard periodic

internal progress reports. This formalistic reporting tended to miss the significance of qualitatively assessing the impact of systems development and capacity building efforts of the LDF through, for instance, baseline studies before, and social surveys after the implementation of selected activities.

g) Lessons Learned and Policy Implications

The main goals of the Local Government Reform Programme (LGRP) are to build local government that is accountable to the people, and which carries out its tasks transparently, and to provide services effectively. The LGRP emphasises the principles of participation, equity and gender. The experiences of the LDF, so far, suggest the need for strongly aligning it to the ideals of the LGRP. The linkage between the LDF and the LGRP needs to be formalised into a *project objective*: ‘helping the LGRP to define and test nationally relevant procedures for planning, resource allocation, monitoring and evaluation, operations and maintenance and management of decentralised development funds for rural local government’.

h) Recommendations of the Mission

The key recommendations of the Mission for the LDF in 2002 are: that the LDF outputs should be re-defined in line with the 2001/2002 workplans by emphasising systems development/testing and capacity-building; that the PSU should institutionalise the reporting mechanisms and relationships between the Mwanza Region, PORALG and the LGRP; that the PSU and the UNCDF in Dar es Salaam should develop and/or strengthen partnerships with regional and national agencies; that the PSU should concentrate efforts on testing and refining LDF systems and guidelines that had already been developed and work closely with Capacity 21; that the PSU should shift its attention away from the district to the ward/village levels; that the UNDP/UNCDF should identify the main bottlenecks in the implementation arrangements and look into ways of streamlining recruitment procedures pertaining to technical assistance; that the day-to-day execution of the LDF should be made a national responsibility in the same manner as the UNCDF part of the budget that allows the Resident Representative to expeditiously disburse funds; that the UNDP/UNCDF should look into possibilities of mainstreaming gender in the DFR/LDF; that the UNDP/UNCDF need to develop clear exit strategies in the design of the LDF; that the PSU should review the M & E system and introduce qualitative indicators in the assessment of the impact of the LDF; that the UNDP/UNCDF should expand the investment menu of the district councils to include areas such as computer equipment, transport vehicles, and water and sanitation; that the PSU should commit significant amounts of LDF resources to the capacity building efforts of government and community partners for participatory planning, financial and project management, operations and maintenance, procurement, contracting and tendering functions; that the UNDP/UNCDF should formalise linkages between the LDF and the LGRP to ensure that the new systems and procedures developed at national level are ‘piloted’ in the Mwanza Region and that the lessons from the Mwanza Region are relevant to national policy on

decentralisation and procedures; that the PSU should devise ways and means of proactively publicising the experiences of the LDF; and that the LDF need to be re-formulated in 2002 into a new programme that would integrate various parts of existing projects as well as taking into account the rapidly evolving LGRP.

i) Members of the Evaluation Team

The Evaluation Team comprised Professor Chisepo J. J. Mphaisha, Team Leader and international expert (decentralised planning and policy), Dr. Rose Shayo, national expert (gender and participation), Mr. Gallus M. Mukami, national expert (planning and financing systems), and Mr. David Stiedl, international expert (labour-based technology for road construction and maintenance).