

Document: EB 2020/131(R)/R.13/Rev.1  
Agenda: 5(a)(iv)(a)  
Date: 30 December 2020  
Distribution: Public  
Original: English

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## **President's report**

### **Proposed loan**

#### **United Republic of Tanzania**

### **Agriculture and Fisheries Development Programme**

Programme ID: 2000001519

#### **Note to Executive Board representatives**

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Executive Board — 131<sup>st</sup> Session  
Rome, 7-9 December 2020

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**For: Approval**

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## Map of the programme area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 10-09-2020

## Financing summary

<b>Initiating institution:</b>	United Republic of Tanzania, represented by Ministry of Finance and Planning
<b>Borrower/recipient:</b>	United Republic of Tanzania, represented by Ministry of Finance and Planning
<b>Executing agency:</b>	Prime Minister's Office
<b>Total programme cost:</b>	US\$77.4 million
<b>Amount of IFAD loan:</b>	US\$58.5 million
<b>Terms of IFAD loan:</b>	Highly concessional
<b>Contribution of borrower/recipient:</b>	US\$7.7 million
<b>Contribution of beneficiaries:</b>	US\$2.4 million
<b>Contribution of private sector:</b>	US\$8.4 million
<b>Amount of IFAD climate finance:</b>	US\$13.9 million
<b>Cooperating institution:</b>	Directly supervised by IFAD

## Recommendation for approval

The Executive Board is invited to approve the recommendation contained in paragraph 58.

### I. Context

#### A. National context and rationale for IFAD involvement

##### National context

1. The United Republic of Tanzania is one of the stronger economic performers in sub-Saharan Africa, with a sustained average 6.5 per cent growth in GDP over the past 10 years. This growth is projected to slow to 2.5 per cent in 2020 and rebound to 5.5 per cent in 2021, in the scenario in which the COVID-19 pandemic persists to the end of 2020. Public debt is currently sustainable, with all debt burden indicators being well below the required thresholds.
2. **Poverty, human development and demography.** In 2017, the United Republic of Tanzania ranked 154<sup>th</sup> out of 189 countries, with a Human Development Index score of 0.528.<sup>1</sup> Although the percentage of people living in poverty declined from 34.4 per cent in 2007 to 26.4 per cent in 2018, poverty is still twice as high in rural areas (31.3 per cent) than in urban areas (15.8 per cent). Poverty is highest in arid and semi-arid regions and is prevalent near the coast, where households depend on fisheries for their livelihoods.
3. **Agriculture and food security context.** Agricultural production contributed approximately 29.1 percent of GDP and 47 per cent of exports, and provided employment to about 66.3 per cent of Tanzanian households in 2018, while meeting 95 per cent of the country's food requirements. The country has 95.5 million hectares of land, of which 44 million hectares are classified as arable, with only 23 per cent under cultivation. About 80 per cent of agricultural production comes from rainfed, low-input smallholder farms that are highly vulnerable to climate variability and change.
4. The country's fisheries zone in the Indian Ocean, covering an area of 223,000 km<sup>2</sup>, remains unreachable by local fishers, due to limited capacity and experience and a lack of fishing vessels suitable for deep-sea fishing. On the other hand, the national demand for fish seeds is estimated at over 86 million fingerlings, against current production of about 21 million fingerlings. More than 30 per cent of the animal protein consumed in the United Republic of Tanzania comes from fish.
5. **Policies and programmes.** The second phase of the Government's Agricultural Sector Development Programme (ASDP II, 2017/18 to 2027/28) and Zanzibar Agricultural Sector Development Programme (ZASDP 2019-2029) aims at transforming the agricultural sector towards increases in productivity, commercialization level and smallholder farmer income, for improved livelihoods, food security and nutrition. The proposed programme is fully aligned with ASDP II, by focusing on two priorities: crops and fisheries.  
Special aspects relating to IFAD's corporate mainstreaming priorities
6. In line with the mainstreaming commitments of the Eleventh Replenishment of IFAD's Resources (IFAD11), the programme has been validated as:

- Including climate finance
- Nutrition-sensitive

<sup>1</sup> <http://hdr.undp.org/sites/default/files/Country-Profiles/TZA.pdf>.

7. **Gender.** The United Republic of Tanzania is positioned 130<sup>th</sup> out of 160 countries in the 2019 Gender Inequality Index.<sup>2</sup> Women represent 52 per cent of the labour force in the agriculture sector, but the contribution of women to the rural economy is underestimated. The proportion of female landowners to the total female agricultural population remains low, at 27 per cent, as compared to 73 per cent for males.
8. **Youth.** The United Republic of Tanzania's population is largely young, with approximately 47 per cent under 15 years of age and 32 per cent between the ages of 15 and 34. Youth unemployment in 2019 stood at 11.5 per cent. The agriculture sector employs 22.9 per cent of working youth. Every year, an estimated 800,000 young women and men enter the labour market with limited educational qualifications and skills.
9. **Nutrition.** The number of undernourished people in the country has increased from an average of 12.2 million (2004-2006) to an average of 14.1 million (2017-2019), although the prevalence of undernourishment in the total population decreased from 31.7 per cent to 25.0 per cent during the same period. About 32 per cent of children under the age of 5 are stunted or short for their age due to chronic malnutrition.
10. **Environment and climate change.** Climate change is expected to exacerbate the severity of drought in the semi-arid regions, with estimates showing 61 per cent of land being affected. The main impacts of climate change on fisheries are the destruction or degradation of fish spawning, nursery grounds and feeding areas. Rising sea surface temperature and ocean acidification are considered to be major threats to the coral reefs.

#### **Rationale for IFAD involvement**

11. In order to accelerate the implementation of ASDP II and delivery of its scalable results, the Government has requested support in two priority areas within it. IFAD has supported the country's agriculture sector since 1980, and is recognized by the Government as a reliable, consistent partner in promoting inclusive rural transformation.
12. The Agriculture and Fisheries Development Programme (AFDP) takes an inclusive food systems approach, which looks beyond increasing productivity and looks to contribute to four core sustainable food system objectives: (i) ensuring food and nutrition security; (ii) providing decent livelihoods and jobs for all food system actors, notably smallholders, women and youth; (iii) contributing to inclusive governance and reducing inequality between stakeholders and between territories; and (iv) limiting climate change effects.

## **B. Lessons learned**

13. **Addressing core challenges of increasing supply and access by farmers to quality seed.** The AFDP draws lessons from IFAD's experience in supporting smallholder seed systems,<sup>3</sup> including: a better understanding of stakeholders' needs and markets; focusing equally in seed supply, demand and use; ensuring long-term support in early generation seed production; and strengthening the national seed certification agencies.
14. **Scaling up innovations in aquaculture.** Key lessons from IFAD's aquaculture projects in this region include that: a comprehensive approach is needed for capacity-building; working through farmer organizations is effective for extension; and aquaculture input system is hampered by critical constraints.

<sup>2</sup> UNDP, *Human Development Report* (2019), <http://hdr.undp.org/sites/default/files/hdr2019.pdf>.

<sup>3</sup> IFAD, *Supporting smallholder seed systems* (2018), [https://www.ifad.org/documents/38714170/41211727/Seeds\\_HTDN.pdf/5948954a-d451-438d-a961-ecb37d0998eb](https://www.ifad.org/documents/38714170/41211727/Seeds_HTDN.pdf/5948954a-d451-438d-a961-ecb37d0998eb).

15. **Promoting public-private-producer partnerships (4Ps).** The 4P approach is effective in leveraging financing, promoting risk sharing, enhancing innovation and increasing the inclusion of smallholders in profitable value chains.

## II. Programme description

### A. Objectives, geographical area of intervention and target groups

16. The overall objective of the AFDP is to contribute to inclusive food systems for improved livelihoods, food security, nutrition and climate resilience. Its development objective is to "enhance sustainable productivity, resilience, profitability and commercialisation of selected crop seeds, fisheries and aquaculture", while devoting particular attention to women's empowerment and youth participation. The duration of the programme is six years.
17. **Programme area.** The programme targets a total of 41 districts in 11 regions of the central mainland corridor, as well as four marine conservation areas in Unguja, Pemba and Zanzibar.
18. **Target groups.** The total number of direct beneficiary households is 260,000, corresponding to approximately 1,300,000 persons. These include: 200,000 smallholder farming households accessing, using and maintaining improved seeds for preferred varieties of maize, sunflower, beans and other pulses; 1,000 small- and medium-scale seed producers and agro-dealers participating in seed distribution and marketing; 48,000 artisanal fishers, fish processors and traders along the Indian Ocean coasts of the mainland and Zanzibar; 6,000 smallholder aquafarmers; 15,000 smallholder seaweed producers and processors (80 per cent women), and 1,000 unemployed young women and men who will find employment opportunities in the seed and fish value chains.
19. The targeting strategy consists of: (i) geographic targeting; (ii) self-targeting, with activities geared towards the needs of poor producer households engaged in crop and fisheries activities; (iii) direct targeting of very poor and/or marginalized households, including youth; (iv) empowerment and capacity-building measures to ensure the target group is able to access the proposed activities; and (v) an enabling environment and policy dimensions to ensure a conducive environment for the programme to be implemented and the sustainability of its results. The AFDP aims to reach 50 per cent women and 30 per cent youth through its interventions.

### B. Components, outcomes and activities

20. The programme consists of the following components: (i) enhanced agricultural productivity of crop seeds and fisheries; (ii) improved market access, value addition and private sector development; and (iii) programme management and coordination.

#### **Component 1: Enhanced productivity of crop seeds and fisheries**

21. The expected outcome of this component is increased climate-resilient productivity and production from crop seed and fish value chains. This will be achieved by focusing investments on two subcomponents as follows.
- (i) **Subcomponent 1.1: Crop seed systems development** will support public institutions to strengthen formal seed systems (for maize, sunflower, beans and other pulses) as follows: (i) national coordination of seed demand and supply; (ii) breeding and supply of early-generation and climate-risk resilient varieties; (iii) basic seed multiplication; (iii) private sector and community-led bulking up of certified seed; and (v) seed quality control and certification.
- (ii) **Subcomponent 1.2: Sustainable fisheries and aquaculture development** will: (i) promote sustainable utilization of fisheries resources in the marine inshore waters; (ii) finance a 4P joint venture for the acquisition

and operation of eight longline fishing vessels and two fish processing plants; (iii) develop the capacity of aquaculture development centres to deliver effective extension services; and (iv) increase the quality of seaweed seeds, while promoting labour-saving production methods. The AFDP will promote 4P joint ventures as a mechanism to include smallholder fishers, fish traders and other actors in the value chain.

### **Component 2: Improved market access, value addition and private sector development**

22. This component aims to improve marketing and value addition for crop seeds and fish products, by combining investments in: (i) quality crop seed use and business development; and (ii) fish market development and value addition.
- (i) **Subcomponent 2.1: Quality crop seed use and business development** will contribute to promotion of the use and maintenance of improved seeds of preferred varieties for the production of maize, sunflower, beans and other pulses. The AFDP will finance: (i) regional multi-stakeholder innovation platforms; (ii) the strengthening of agro-dealer networks targeting young and women entrepreneurs to promote supply and access to improved seeds; (iii) local extension services (including digital technologies) promoting awareness and demand for improved seeds on the part of smallholder farmers; and (iv) the facilitation of synergies for effective market linkages.
- (ii) **Subcomponent 2.2: Fish market development and value addition** will finance: (i) investments in infrastructure and technologies for reducing post-harvest losses; and (ii) market linkages for increasing value and income from aquaculture and seaweed production. The programme will support ice-making plants, cold-supply chain facilities, solar dryers/tents and drying racks for small pelagic *dagaa* (sardines) and seaweed. The programme will also finance the rehabilitation of two user-friendly multi-purpose modern fish markets in Pangani and Bagamoyo.

### **Component 3: Programme management and coordination**

23. In addition to programme management and coordination, monitoring and evaluation and policy engagement, the programme also makes provision for emergency recovery and resilience, designed to provide swift response in the event of an eligible crisis or emergency event, such as pandemic, extreme weather and pest invasion.

## **C. Theory of change**

24. Improving agricultural productivity and production in Tanzanian smallholder agriculture is a pathway to growth, poverty alleviation and inclusive food systems. Through an inclusive value chain and food system approach, the programme will support access to and use of production-enhancing technologies, as well as post-harvest, value addition and marketing infrastructure and services. The AFDP's nutrition pathways will increase access to nutritious foods such as fish and seaweed, maize, beans/pulses and sunflower seeds, while increasing income among women and youth and improving their participation in decision-making.
25. The AFDP will deliver the two interlinked outcomes of helping smallholders achieve: (i) increased climate-resilient productivity and production from crop seeds and fisheries; and (ii) improved marketing and value addition for crop seeds and fisheries value chains. Ultimately, the programme will contribute to inclusive agricultural transformation towards high productivity, resilience and increased income for improved livelihoods, food security and nutrition.

## **D. Alignment, ownership and partnerships**

26. The AFDP is aligned with Sustainable Development Goal 2 (SDG 2) (zero hunger), SDG 14 (life below water) and SDG 13 (climate action). The programme is also

aligned with the goals and objectives of IFAD's Strategic Framework 2016-2025, the country strategic opportunities programme (2016-2021) and IFAD's corporate priorities. At the national level, the AFDP is aligned with the United Republic of Tanzania's Development Vision 2025 and is focused on two ASDP II priority areas (crops and fisheries).

27. The programme will leverage the ASDP II institutional structures to build synergies with other development partners. IFAD will leverage ongoing partnerships with the International Center for Tropical Agriculture, the International Maize and Wheat Improvement Center and the WorldFish centres to enhance programme interventions. The AFDP will strengthen partnerships with farmer organizations and financial institutions such as the Tanzania Agricultural Development Bank.

## E. Costs, benefits and financing

28. Programme components 1 (enhanced agricultural productivity of crop seeds and fisheries) and 2 (improved market access, value addition and private sector development) are partially counted as climate finance. In line with the multilateral development banks' methodologies for tracking climate change adaptation and mitigation finance, the total amount of IFAD climate finance for this programme is preliminarily calculated as US\$13.9 million, representing 24 per cent of total IFAD financing.

### Programme costs

29. The preliminary programme cost is estimated at approximately US\$77.4 million over six years (2021-2026). Programme financing by component is as follows: US\$57.7 million (74.5 per cent) for component 1 (enhanced productivity of crop seeds and fisheries), US\$13.9 million (18.0 per cent) for component 2 (improved market access, value addition and private sector development) and US\$5.8 million (7.5 per cent) for component 3 (programme management and coordination).

Table 1

#### Programme costs by component and financier

(Thousands of United States dollars)

Component	IFAD loan		Private sector		Beneficiaries		Borrower/recipient		Total
	Amount	%	Amount	%	Amount	%	Amount	%	
1. Enhanced productivity of crop seeds and fisheries	43 506.3	75.4	7 988.4	13.8	187.5	0.3	6 033.4	10.5	57 715.6
2. Improved market access, value addition and private sector development	10 080.5	72.3	436.4	3.1	2 229.8	16.0	1 193.3	8.6	13 939.9
3. Programme management and coordination	5 255.3	91.2	-	-	-	-	505.7	8.7	5 760.9
<b>Total</b>	<b>58 842.1</b>	<b>76.0</b>	<b>8 424.8</b>	<b>10.9</b>	<b>2 417.3</b>	<b>3.1</b>	<b>7 732.3</b>	<b>10.0</b>	<b>77 416.5</b>

Table 2  
**Programme costs by expenditure category and financier**  
 (Thousands of United States dollars)

Expenditure category	IFAD loan		Private sector		Beneficiaries		Borrower/recipient		Total
	Amount	%	Amount	%	Amount	%	Amount	%	Amount
<b>Investment costs</b>									
1. Consultancies	8 540.3	87.1	-	-	88.2	0.9	1 176.1	12.0	9 804.7
2. Equipment/materials	32 027.3	79.4	3 411.0	8.5	333.0	0.8	4 562.4	11.3	40 333.8
3. Operating costs for fishing vessels	1 112.7	17.8	4 979.8	79.7	-	-	156.0	2.5	6 248.5
4. Grants and subsidies	426.7	98.9	-	-	-	-	4.7	1.1	431.4
5. Workshops	510.2	91.7	-	-	-	-	46.5	8.3	556.6
6. Training	1 356.8	90.0	33.9	2.2	0.1	-	116.5	7.7	1 507.3
7. Vehicles	2 265.2	86.6	-	-	193.8	7.4	156.0	6.0	2 615.0
8. Works	10 406.9	76.0	-	-	1 802.2	13.2	1 477.4	10.8	13 686.4
<b>Total investment costs</b>	<b>56 646.0</b>	<b>75.3</b>	<b>8 424.8</b>	<b>11.2</b>	<b>2 417.3</b>	<b>3.2</b>	<b>7 695.5</b>	<b>10.2</b>	<b>75 183.6</b>
<b>Recurrent costs</b>									
1. Salaries/allowances	1 930.8	100	-	-	-	-	-	-	1 930.8
2. Operating costs	265.3	87.8	-	-	-	-	36.8	12.2	302.1
<b>Total recurrent costs</b>	<b>2 196.1</b>	<b>98.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36.8</b>	<b>1.6</b>	<b>2 232.9</b>
<b>Total</b>	<b>58 842.1</b>	<b>76.0</b>	<b>8 424.8</b>	<b>10.9</b>	<b>2 417.3</b>	<b>3.1</b>	<b>7 732.3</b>	<b>10.0</b>	<b>77 416.5</b>

Table 3  
**Programme costs by component and programme year (PY)**  
 (Thousands of United States dollars)

Component	PY1		PY2		PY3		PY4		PY5		PY6		Total
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount
1. Enhanced productivity of crop seeds and fisheries	18 693.9	32.4	14 942.9	25.9	15 288.5	26.5	4 012.8	7.0	2 969.5	5.1	1 808.1	3.2	57 715.6
2. Improved market access, value addition and private sector development	5 418.9	38.9	3 427.1	24.6	2 539.0	18.2	1 292.2	9.3	765.2	5.5	497.6	3.6	13 939.9
3. Programme management and coordination	1 496.9	26.0	897.9	15.6	947.5	16.4	825.3	14.3	720.8	12.5	872.5	15.1	5 760.9
<b>Total</b>	<b>25 609.6</b>	<b>33.1</b>	<b>19 267.9</b>	<b>24.9</b>	<b>18 774.9</b>	<b>24.3</b>	<b>6 130.3</b>	<b>7.9</b>	<b>4 455.6</b>	<b>5.8</b>	<b>3 178.2</b>	<b>4.1</b>	<b>77 416.5</b>

### **Financing and cofinancing strategy and plan**

30. The overall IFAD financial support for this programme under IFAD11 is US\$58.84 million or 76.0 per cent of total programme costs. These resources will be complemented by the Government's contribution, estimated at US\$7.7 million (10.0 per cent, mainly from tax exemption), private sector investments of US\$8.4 million (10.9 per cent) and beneficiary contributions of US\$2.4 million (3.1 per cent). While there is no financing gap, the AFDP will continue exploring the possibilities of cofinancing with other organizations, such as the African Development Bank, the Nature Conservancy and the Tanzania Agricultural Development Bank and other business entities, to consolidate and scale up AFDP activities.

#### **Disbursement**

31. Disbursements from IFAD will be made by way of an advance to the designated account at the Bank of Tanzania, with subsequent replenishments based on expenditure incurred as supported with statements of expenditure. There will be one designated account to receive funds from IFAD, with a corresponding dedicated programme account in Tanzanian shillings, managed by the programme coordination unit (PCU).
32. The programme will use direct payment methods, as well as payments from the eight programme accounts to be held with commercial banks by each of the eight institutions receiving programme funds for operational activities. Direct payments by IFAD are made on an exceptional basis and for payments of more than US\$100,000, following the guidance in the letter to the borrower/recipient. The government counterpart financing will be made in kind, hence no bank account has been proposed. The tax exemption certificate will be provided to the programme and will constitute a condition for disbursement. If other financiers are brought on board, they will open separate dedicated accounts so as not to commingle with IFAD financing.

#### **Summary of benefits and economic analysis**

33. **Economic analysis.** The financial programme-level analysis returns a financial internal rate of return of 17 per cent and a net present value of US\$43.9 million, while the economic programme-level analysis returns an economic internal rate of return of 15 per cent and a net present value of US\$69.2 million. Accordingly, the programme is considered economically viable.
34. **Sensitivity analysis.** This analysis uses 17 different scenarios to test the robustness of the programme. Using a financial discount rate, the minimum adoption rate needed for a positive return appears as 32 per cent. Using a social discount rate, the adoption rate is 23 per cent. A time lag of one or two years would make positive returns a difficult prospect.

#### **Exit strategy and sustainability**

35. AFDP sustainability will be strengthened in particular through: (i) an inclusive targeting mechanism to ensure farmer and community participation in programme activities and investments; (ii) the establishment of sustainable market linkages and promotion of 4P business models; (iii) the participation of small and medium-sized enterprises; (iv) investments in strengthening the delivery capacity of the public-sector actors; and (v) creation of a number of long-term decent jobs for women and youth.

## **III. Risks**

### **A. Risks and mitigation measures**

36. The main risks and mitigation measures for the AFDP are detailed below.

Table 4  
Risks and mitigation measures

<i>Risks</i>	<i>Inherent risk rating</i>	<i>Residual risk rating</i>	<i>Mitigation measures</i>
Country context	Moderate	Low	IFAD will continue to work closely with the Government to ensure ownership and alignment with IFAD's policies. Provision for a subcomponent on contingency and emergency response and recovery for climate shocks, pests and pandemics/COVID-19.
Sector strategies and policies	Substantial	Moderate	The AFDP will be a stand-alone programme under ASDP II, while supporting the Government's efforts to mobilize additional financing.
Environment and climate context	Moderate	Moderate	Climate financing represents 24 per cent (US\$13.9 million) of IFAD financing for climate adaptation interventions.
Programme scope	Substantial	Moderate	Infrastructure investments will be supported by business plans with technical assistance, and 4P joint ventures will be promoted.
Institutional capacity for implementation and sustainability	Substantial	Moderate	Promoting technical assistance and performance-based agreements with service providers. Leveraging expertise in partner implementing institutions.
Financial management	High	Substantial	Ring-fenced bank accounts, direct payment method, reimbursement method for implementing agencies and stand-alone accounting system.
Programme procurement	Moderate	Low	Focal person appointed within the PCU; staff training on IFAD guidelines and procedures.
Environmental, social and climate impact	Moderate	Low	Promoting environmentally friendly adaptive techniques and technologies; support to the Tuna Fisheries Management Plan ensuring sustainable deep-sea fishing.
Stakeholders	Moderate	Low	Establishment of multi-stakeholder platforms for inclusion and participation.
<b>Overall</b>	<b>Substantial</b>	<b>Moderate</b>	

## B. Environment and social category

37. The AFDP is confirmed as being Category A under IFAD's Social, Environmental and Climate Assessment Procedures (SECAP), primarily due to the deep-sea fisheries interventions and associated processing activities. Under this category, preparation is required of an environmental and social assessment and an environmental and social management plan to facilitate implementation of sustainable fishing operations. As part of the design process, an environmental and social management framework has been undertaken and published on the IFAD website.<sup>4</sup> In addition, at start-up the programme will develop: (i) an integrated pest management plan; (ii) a stakeholder engagement plan; and (iii) a grievance redress mechanism.

## C. Climate risk classification

38. The programme is expected to be moderately sensitive to climate risks. In order to mitigate and adapt to uncertainties associated with climate variability and change, the programme will contribute to the development of appropriate locally adapted seeds that are more productive and resilient to climate change, pests and diseases. In order to recover and protect coastal and marine resources, the

<sup>4</sup> [https://www.ifad.org/documents/38711624/40206666/tanzania\\_afdp\\_esmf\\_2020.pdf/19c82660-d8f7-0db8-d6e1-80effb71adf1](https://www.ifad.org/documents/38711624/40206666/tanzania_afdp_esmf_2020.pdf/19c82660-d8f7-0db8-d6e1-80effb71adf1).

programme will promote environmentally friendly adaptive techniques and technologies in fish capture, processing and storage, to reduce post-harvest losses.

#### **D. Debt sustainability**

39. According to the last Debt Sustainability Assessment, published in January 2018, the United Republic of Tanzania's debt distress is still rated as low risk. This risk remains low because public external debt – at 34.5 per cent of GDP – is mostly concessional. While most of it is concessional, the United Republic of Tanzania's public and publicly guaranteed external debt stood at 2.0 per cent of GDP in 2019, up from 1.3 per cent in 2018, and is projected to stabilize at 1.9 per cent in 2020 and 2.2 per cent in 2021. External public debt – 63 per cent of it concessional – constituted 70.4 per cent of total public debt in 2019. The current account deficit slightly widened in 2019 to 3.4 per cent of GDP from 3.3 per cent in 2018.<sup>5</sup>
40. External debt burden indicators remain below the policy-dependent thresholds under the baseline scenario and stress tests. A potential exchange rate depreciation and a currently narrow export base pose risks to debt vulnerabilities. The results highlight the importance of maintaining the authorities' strong track record of macroeconomic management.

### **IV. Implementation**

#### **A. Organizational framework**

##### **Programme management and coordination**

41. The Prime Minister's Office (PMO) is responsible for coordinating and implementing ASDP II. The programme will establish a PCU under the PMO to complement the existing ASDP II National Coordination Unit. A steering committee will be established to provide strategic guidance and oversight of the programme.
42. In order to ensure programmatic synergies, integration and coherence between the programme components, an Inter-Ministerial Technical Advisory Committee will be created with the Ministry of Agriculture, Ministry of Livestock and Fisheries and the Ministry of Agriculture, Natural Resources, Livestock and Fisheries (Zanzibar). Lastly, a ministerial technical advisory committee will be established by each participating ministry to review implementation of programme interventions.

##### **Financial management, procurement and governance**

43. The financial management arrangements will adopt and apply the international accounting standards, and financial accounting will follow the International Public Sector Accounting Standards' cash basis. The financial management risk level has been reduced from high to substantial, through the various mitigation measures incorporated in the design. The AFDP will be managed through a stand-alone accounting system. The existence of a proper accounting software system will be a condition for disbursement, to be aided through the use of start-up funds. Disbursements of funds will be made to a special account that will be opened at the central bank.
44. Given the geographic coverage of the programme, in addition to supervision from the PCU, internal auditors at each implementing institution (reporting to the respective audit committees) will carry out regular reviews to: provide assurance that the programme is being implemented in accordance with the programme implementation manual; complies with the Government's regulations; and is in compliance with programme financing covenants. The internal auditors will be required to carry out an audit of the programme at least twice annually.
45. **External audit.** The consolidated financial statements for the programme shall be audited on an annual basis by the National Audit Office of Tanzania. Audited

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<sup>5</sup> African Development Bank Group, *Tanzania Economic Outlook* (2020).

financial statements shall be submitted to IFAD within six months following period end, in accordance with IFAD guidelines.

46. **Procurement arrangements.** Although the country's Public Procurement Act and the accompanying regulations are adequate and meet international standards, procurement law overall is fragmented. To mitigate potential challenges, a user guide to procurement should be developed. The AFDP will use the existing Tender Board and Procurement Coordination Unit within the PMO and the implementing institutions. The relevant officers will be trained in IFAD procurement guidelines, and the PMO will appoint a focal point to follow up and report on AFDP-related procurement.
47. **Governance.** Transparency International has given a corruption perception index score of 37 to the United Republic of Tanzania, with it thus falling within the "medium" bracket. All procurement entities will observe the highest standard of ethics during the procurement and execution of contracts financed under IFAD-funded projects, in accordance with paragraph 69 of the IFAD Project Procurement Guidelines. The Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations will apply to all partners, vendors and third parties, in addition to the relevant national anticorruption and fraud laws. Likewise, the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse will apply to all partners, vendors and third parties.
48. **Programme target group engagement and feedback.**<sup>6</sup> The establishment of dialogue platforms with multi-stakeholder groups is part of the programme's strategy for inclusion and participation. Different stakeholders' groups will also participate in the drawing up of the annual workplan and budget (AWP/B), the supervision missions, midterm review and other participatory processes. The programme will establish a digital platform for collecting beneficiary feedback and complaints, including through social media.
49. **Grievance redress.** The AFDP will utilize existing formal or informal grievance mechanisms to resolve those disputes that may arise. Informal mechanisms include existing committees and/or individuals in farmer groups responsible for conflict management, while the formal grievance redress mechanisms are available at ward level. Communities and individuals may also submit complaints to the IFAD Grievance Redress Service.

## **B. Planning, monitoring and evaluation, learning, knowledge management and communications**

50. The PCU will be responsible for the process of creating the AWP/B, guided by the programme's strategy and logical framework, in consultation with implementing partners. The PCU will also ensure the inclusion of beneficiaries and key stakeholders so as to ensure a transparent planning process. The programme monitoring and evaluation system will ensure that key core indicators for gender, nutrition and climate change are fully integrated and are in compliance with ASDP II and IFAD requirements.
51. A knowledge management strategy will be developed, and the programme will collaborate with the relevant communication units within the involved ministries and implementing institutions. The AFDP will facilitate policy engagement through policy dialogues, the promotion of the 4P concept for integration of smallholders and rural enterprises, and review of relevant plans and policies.

### **Innovation and scaling up**

52. The AFDP will focus on innovations that have the potential to be scaled up, including: digitization of seed certification and digital tools for coordinating seed demand and supply; 4P joint ventures for deep-sea fishing vessels and fish

<sup>6</sup> See Framework for Operational Feedback from Stakeholders for further details, <https://webapps.ifad.org/members/eb/128/docs/EB-2019-128-R-13.pdf?attach=1>.

processing plants; aquaculture clusters; and seaweed production, processing and value addition technologies.

## **C. Implementation plans**

### **Implementation readiness and start-up plans**

53. Programme implementation is planned to start in March 2021. National and regional start-up workshops will be organized with all stakeholders and implementing partners, to reinforce the programme's implementing modalities. An early implementation support mission will be mobilized within the first three months of the programme coming into effect.

### **Supervision, midterm review and completion plans**

54. IFAD and the Government will conduct joint supervision and implementation support missions at least once a year to assess programme progress and performance. A joint midterm review will be undertaken in year 3 of the programme. A programme completion review mission will be conducted during the final year of programme implementation.

## **V. Legal instruments and authority**

55. A programme financing agreement between the United Republic of Tanzania and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. A copy of the negotiated financing agreement is attached as appendix I.
56. The United Republic of Tanzania is empowered under its laws to receive financing from IFAD.
57. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

## **VI. Recommendation**

58. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan on highly concessional terms to the United Republic of Tanzania in an amount of fifty eight million eight hundred and fifty thousand United States dollars (US\$58,850,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Gilbert F. Hougbo  
President

## **Negotiated financing agreement**

### **Negotiated financing agreement: "Agriculture and Fisheries Development Programme (AFDP)"**

(Negotiations concluded on 30 November 2020)

Loan No: \_\_\_\_\_

Project name: Agriculture and Fisheries Development Programme (the "AFDP/the Programme")

United Republic of Tanzania (the "Borrower")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and both of them collectively the "Parties")

**WHEREAS** the Borrower has requested a loan from the Fund for the purpose of financing the Programme described in Schedule 1 to this Agreement;

The Borrower has undertaken to provide additional support, financially or in kind that may be needed to the Programme.

**WHEREAS**, the Fund has agreed to provide financing for the Programme;

**NOW THEREFORE**, the Parties hereby agree as follows:

#### **Section A**

1. The following documents collectively form this Agreement: this document, the Programme Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2018, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement, the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.

3. The Fund shall provide a Loan (the "Financing") to the Borrower which the Borrower shall use to implement the Programme in accordance with the terms and conditions of this Agreement.

#### **Section B**

1. The amount of the Loan is fifty eight million and eight hundred and fifty thousand United States dollars (USD 58 850 000).

2. The Loan is granted on Highly Concessional terms and shall be free of interest but shall bear a fixed service charge of 1.29 per cent per annum payable semi-annually,

subject to the Programme's approval by IFAD's Executive Board in December 2020. The Loan shall have a maturity period of forty (40) years, including a grace period of ten (10) years starting from the date of approval of the Loan by the Fund's Executive Board.

3. The principal of the Loan will be repaid at four and half per cent (4.5%) of the total principal per annum for years eleven (11) to thirty (30), and one per cent (1%) of the total principal per annum for years thirty-first (31) to forty (40).
4. The Loan Service Payment Currency shall be in United States Dollars.
5. The first day of the applicable Fiscal Year shall be 1 July.
6. Payments of principal and service charge shall be payable on each 15 February and 15 August.
7. The arrangements for the Designated Account denominated in USD (the "Designated Account") opened by the Borrower through which the proceeds of the Financing shall be channelled as well as the dedicated bank account for receipt of counterpart funding and the operational bank accounts shall be detailed in the Letter to the Borrower.
8. The Borrower shall provide counterpart financing for the Programme in the estimated amount of USD 7.7 million mainly in the form of tax and duty exemptions on all expenditure for works, goods and services required for programme implementation. A tax waiver for the Programme will be granted in accordance with prevailing Tanzanian tax laws.

### **Section C**

1. The Lead Programme Agency shall be the Prime Minister's Office (PMO).
2. The following are designated as additional Programme Parties: Agricultural Seed Agency (ASA), Tanzania Agricultural Research Institute (TARI), Tanzania Official Seed Certification Institute (TOSCI), Tanzania Fisheries Corporation (TAFICO), Zanzibar Fisheries Company (ZAFICO) and Aquaculture Development Centres (ADCs). Additional Programme Parties are described in Schedule 1, Part II B.
3. A Mid-Term Review will be conducted in year three of Programme implementation.
4. The Programme Completion Date shall be the sixth (6) anniversary of the date of entry into force of this Agreement and the Financing Closing Date shall be six (6) months later, or such other date as the Fund may designate by notice to the Borrower.
5. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Borrower procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines.

### **Section D**

1. The Fund will administer the Loan and in collaboration with the Government will supervise the Programme.

### **Section E**

1. The following are designated as additional grounds for suspension of this Agreement:

- (a) The Programme Implementation Manual (PIM) and/or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower, has determined that it has had, or is likely to have, a material adverse effect on the Programme.
  - (b) Key Programme Coordination Unit (PCU) staff (Project Coordinator and the Financial Controller) have been appointed, transferred or moved from the PCU without the non-objection of the Fund.
2. The following are designated as additional (general/specific) conditions precedent to withdrawal:
  - (a) The IFAD no objection to the (PIM) shall have been obtained;
  - (b) The first 18 months Annual Work Plan and Budget (AWPB) shall have received IFAD's non-objection;
  - (c) The Designated Account referred to in paragraph 7, Section B above, shall have been duly opened by the Borrower and the authorized signatories shall have been submitted to the Fund;
  - (d) The Programme Coordinator, the Finance Officer and the Programme Procurement Officer within PCU shall have been appointed with terms of reference and qualification acceptable to the Fund;
  - (e) A suitable off-the-shelf accounting software shall have been procured, installed and implemented at PCU; and
  - (f) A full refund of the outstanding unjustified advance outstanding from the closed Project Rural Micro, Small and Medium Enterprise Support Programme (MUVI) shall have been made to IFAD.
4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower:

Permanent Secretary,  
Ministry of Finance and Planning,  
Government City – Mtumba,  
Treasury Avenue,  
P. O. Box 2802,  
DODOMA.

For the Fund:

The President,  
International Fund for Agricultural Development,  
Via Paolo di Dono 44,  
00142 Rome, Italy.

This Agreement, has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower.

UNITED REPUBLIC OF TANZANIA

\_\_\_\_\_  
"[Authorised Representative Name]"  
"[Authorised Representative title]"

Date: \_\_\_\_\_

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

\_\_\_\_\_  
Gilbert F. Houngbo  
President

Date: \_\_\_\_\_

## Schedule 1

### *Programme Description and Implementation Arrangements*

#### **I. Programme Description**

1. *Target population.* The Programme shall benefit rural households involved in agriculture seed production, fisheries, agro-dealers, processors and traders including men, women and youth in the fish and seed value chains. The total number of direct beneficiary households is 260,000 corresponding to approximately 1,300,000 persons.

2. *Programme area.* The Programme will have a national scope and shall be implemented in 41 districts in 11 regions of the central Tanzania Mainland corridor as well as four marine conservation areas in Unguja, Pemba and Zanzibar. AFDP will focus on drier agro-ecological zones with unimodal rainfall, targeting sustainable intensification and diversification of more vulnerable farming systems (crops and aquaculture), highly susceptible to climate variability and change.

3. *Goal.* The goal of the Programme is to contribute to inclusive food systems for improved livelihoods, food security, nutrition and resilience.

4. *Objective.* The development objective of the Programme is to enhance sustainable productivity, climate resilience and commercialization of selected crop seeds, fisheries and aquaculture while devoting particular attention to women empowerment and youth participation.

5. *Components.* The Programme shall consist of the following Components:

5.1 *Component 1:* Enhanced productivity of crop seeds, fisheries and aquaculture. The expected outcome of this component is to increase climate-resilient productivity and production from crop seed and fish value chains. It will be achieved through the following two sub-components:

5.1.1. *Sub-Component 1.1: Crop seed systems development.* This sub-component's objectives are to ensure suitable supply and access to quality seed of adapted productive varieties of maize, sunflower and beans/pulses, to feed smallholder innovation use for more productive and climate-resilient food and market production systems for selected crop value chains in the target areas.

5.1.2. *Sub-Component 1.2: Sustainable fisheries and aquaculture development.* This subcomponent will promote sustainable fish production systems from both capture fisheries and aquaculture. This sub-component will aim to support and promote the livelihoods of artisanal fishers, fish farmers and seaweed producers; while increasing fish production and productivity, sustainable income for fisher-folks and improving nutrition. In addition, the component will aim to increase access to recommended fishing gears, enhance use of selective fishing practices and improve utilization of catch and reduce post-harvest losses.

5.2 *Component 2:* Improved market access value addition and private sector development. This component's expected outcome is to improve marketing and value addition of crop seeds and fish products. It will be achieved through the following subcomponents:

5.2.1. *Subcomponent 2.1: Quality crop seed use and business development.* The aim of this subcomponent is to strengthen flows and use of improved seeds by engaging partnerships with local agricultural sector actors (public, associative and private) to respond to poor

smallholder farmer specific needs through: (i) regional multi-stakeholder innovation platforms; (ii) promoting supply and facilitate access to improved seeds; (iii) promoting local extension services for broad-based farmer awareness, demand use for improved seeds; and (iv) facilitating synergies for effective market linkages with grain buyers and processors

5.2.2. *Subcomponent 2.2: Fish market development and value addition.* This subcomponent aims to finance several investments: (i) investments in infrastructure and technologies for reducing postharvest losses; (ii) market linkages for increasing value/income from aquaculture and seaweed production; (iii) and rehabilitation of two multipurpose modern fish markets in Pangani and Bagamoyo fish landing areas. In addition, the Programme will finance ice-making plants, cold-supply chain facilities, solar dryers/tents and drying racks for small-pelagic "dagaa" and seaweed.

5.3. *Component 3: Programme Management and Coordination.* This component will support programme management and coordination; monitoring and evaluation and knowledge management. AFDP will generate and use evidence for policy engagement in four key areas: (i) strengthening national seed systems by promoting private sector participation and developing regulations and innovations to fight fake seeds; (ii) review and implementation of the 2020 Private Public Partnerships Regulations to include active role of producers and their organisations; (iii) review and implementation of the National Fisheries Policy of 2015 with a view to promote the 'aquaculture cluster' growth models; and (iv) review and implementation of the Tuna Fisheries Management plan, with specific interventions to ensure sustainability of fisheries in the Exclusive Economic Zone (EEZ). The Programme also makes provision for emergency recovery and resilience designed to provide swift response in the event of an eligible crisis or emergency event, such as the global COVID-19 pandemic, climate extremes, and desert locust pest invasion.

## **II. Implementation Arrangements**

### **A. Organisation and Management**

6. *Lead Programme Agency (LPA).* The Prime Minister's Office (PMO) shall be the LPA coordinating the implementation of the Programme on behalf of the Government of Tanzania.

7. *Programme Steering Committee.*

7.1 The Government will appoint a Programme Steering Committee (PSC) which shall be chaired by the Permanent Secretary PMO and shall be composed by the Permanent Secretaries of the ministries in charge of agriculture, fisheries, finance and planning, and local government from the Mainland and Zanzibar, as well as representatives from the private sector and farmers' organizations. The Programme Steering committee will meet twice a year.

7.1.1. *Responsibilities.* The PSC shall provide strategic guidance and ensure the day to day oversight of the Programme and provide guidance towards the achievement of programme objectives and contribute to the higher-level sector policy and strategic goals.

8. *Inter-Ministerial Technical Advisory Committee (ITAC).* The ITAC will compose of representatives of Ministry of Agriculture (MoA), Ministry of Livestock and Fisheries (MLF) and representatives from the Ministry of Agriculture, Natural Resources, Livestock and Fisheries (MANRLF) in Zanzibar that are jointly responsible for implementation of the Programme. The ITAC shall be chaired by the Director of Policy and Coordination of Government Business PMO and it will be composed of the relevant Directors from MoA (Policy and Planning, Crop Development and Extension services), MLF (Policy and Planning,

Aquaculture and Fisheries) and MANRLF-ZNZ (Policy and Planning and Fisheries) as well as Ministry of Finance and Planning (MoFP) Tanzania Mainland, and MoFP Zanzibar. It will also comprise two representatives from participating Districts. The ITAC will meet twice a year.

8.1. *Responsibilities:* The ITAC shall (i) advise the Programme Steering Committee and the Programme Coordination Unit (PCU) on technical issues, (ii) provide oversight of implementation and performance monitoring of the implementing agencies; (iii) follow up on the implementation of PSC decisions and recommendations; (iv) mobilize technical expertise and ensure coordination and synergies with other existing projects and initiatives; and (v) and facilitate policy engagement.

9. *Ministerial Technical Advisory Committee.* Each participating ministry will establish a Technical advisory committee to review and scrutinize implementation of the programme interventions, and to provide technical guidance to the programme implementing institutions and the LGAs. At each ministry, the technical Working Group will be chaired by Director of Policy and Planning from implementing ministries. Ministerial TAC will have members from Policy and Planning, Aquaculture, and Fisheries, one representative from ADCs and two representative from participating Districts for MLF. For MoA, it will include Director of Policy and Planning, Crop Development, Extension services, one representative from Tanzania Seed Trade Association (TASTA) and two representative from participating Districts. Each ministry will appoint a Focal Person who will be the main points of contact for coordinating technical support to the implementing institutions and LGAs in the programme area. The ministerial technical working group will meet on a quarterly basis in each ministry and jointly twice a year.

10. *Programme Coordination Unit (PCU).* An autonomous PCU under the Agricultural Sector Development Programme II (ASDP II)'s National Agriculture Coordination Unit will be established and housed under the PMO. The following key staff will be competitively selected: (i) Programme Coordinator; (ii) Programme M&E and Knowledge Management officer; (iii) Business Development/PPP expert; (iv) Environmental Management specialist (in the first years of the Programme as required for Category A status); and (v) Finance Officer. A smaller Programme coordination team, comprised of a (i) Team Leader; (ii) value chain development expert; and (iii) a finance officer, will be established in Zanzibar under the MANRLF. The PCU will leverage existing expertise and staff from the NCU, MoA, MLF and MANRLF-ZNZ who will be seconded to AFDP to support (i) Monitoring and Evaluation; (ii) Knowledge Management; and (iii) Gender and Social Inclusion. Furthermore, the Programme will mobilize targeted technical assistance to provide strategic guidance and oversight on targeting, women and youth empowerment, as well as nutrition targets of the Programme.

10.1. *Responsibilities:* The PCU shall be responsible for overall programme implementation including: (i) coordinating the preparation of the AFDP Annual Work Plan and Budget; (ii) coordinating alignment, harmonization and implementation of AFDP activities and interventions within the framework of ASDP II; (iii) manage, monitor, evaluate, harmonize and coordinate implementation of AFDP activities at the district level; (iv) providing analytical and problem-solving support to the implementing institutions; (v) providing technical support on joint monitoring and evaluation and knowledge management; of

the program; and (vi) developing mechanisms for collaboration and coordination across all stakeholders, and for policy engagement and advocacy.

## **B. Programme Implementation**

11. *National Level:* The programme implementation shall be supported by key implementing partners including: Agricultural Seed Agency (ASA), Tanzania Agricultural Research Institute (TARI), Tanzania Official Seed Certification Institute (TOSCI), Tanzania Fisheries Corporation (TAFICO), Zanzibar Fisheries Company (ZAFICO), and Aquaculture Development Centres (ADCs).

12. *District Level Implementation:* The Council Director shall bear the overall responsibility for activities and funds used at local level, and will report to PCU and Ministries. The Council Director will be supported by the District Facilitation Team which includes District Agricultural Irrigation and Cooperative Office Officers, District Livestock and Fisheries Officer, as well as other officers to support activities on targeting, nutrition, women empowerment, youth and climate change and environment targets.

13. *Service Providers:* Recruited service providers will be recruited through a competitive process. Their role shall include promoting youth entrepreneurship and facilitating linkages with downstream value chain actors, on a basis of performance contracts.

14. *Monitoring and Evaluation.* Responsibilities of M&E shall be divided between the following key stakeholders: (i) PCU will be responsible for coordination, integration and quality control as well as tracking COI (at the outcome and DO level) and IFAD priorities, reporting, decision making and policy engagement; (ii) Implementing institutions (ASA, TOSCI, TARI, TAFICO and ZAFICO, and in the ADCs) will provide data on activity related output indicators to the PCU and provide programme progress on quarterly basis on their respective areas; (iii) District facilitation teams (DFTs) will ensure activities are implemented according to design and collect and report output indicators to the PCU at the required time; (iv) Cooperative societies, seed producer organizations and agro-dealer networks: will provide data on beneficiary feedback to the DFTs and relevant implementing institutions; and (v) Village and/or Ward Agricultural extension officers will collect and submit monthly, quarterly and annual reports to their district agriculture and fisheries development officers including compiling formal reports on grievance redress.

15. *Learning and Knowledge Management.* The draft Knowledge and Management (KM) strategy and implementation plan will be further developed at the inception of the Programme to improve learning, KM and communication practices. The strategy will be aligned and implemented under ASDP-II Communication and Knowledge management (CKM) strategy and supervised by the CKM officer in the National Coordination Unit located within PMO.

16. *Programme Implementation Manual (PIM).* The Borrower shall finalize the development of the Programme Implementation Manual (PIM) for the Fund's consideration and approval. The PIM will provide more details on: (i) roles and responsibilities of the Programme and implementing parties to ensure full coordination among all parties involved in implementation; (ii) detailed description of activities and implementation arrangements for each Programme component; (iii) M&E and knowledge management; (iv) financial management requirements including bank accounts and audit arrangements; (v) procurement procedures and management; and (vi) establishment of a grievance

redress mechanism. The PIM reflects IFAD's no tolerance for Sexual Harassment (SH) / Sexual Exploitation and Abuse (SEA) in the Programme.

## Schedule 2

### Allocation Table

1. *Allocation of Loan Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and the allocation of the amounts to each category of the Financing and the percentages of expenditures for items to be financed in each Category:

Category	Loan Amount Allocated  (expressed in USD)	Percentage(i)
Civil works	10 150 000	100%
Workshops & Trainings	1 820 000	100%
Vehicles, Equipment & materials	33 710 000	100%
Operating costs for fishing vessels	1 090 000	100%
Consultancies & Technical Assistance	8 310 000	100%
Grants & Subsidies	410 000	100%
Operating Costs for PIU	2 140 000	100%
Unallocated	1 220 000	
<b>TOTAL</b>	<b>58 850 000</b>	

The terms used in the Table above are defined as follows:

- (i) The financing is provided 100% Net of taxes;
- (ii) *Consultancies and Technical Assistance* including notably: Rehabilitation of Aquaculture Development Centers (ADCs), 4Ps, ESIA studies for Category A investments, technical and business mapping studies (regional and AEZ level), technical manual for seeds production, operationalization of vessels, identification of sites for fish aggregating, and M&E support;
- (iii) *Workshops & trainings* including notably: Short and long-term scientific trainings, capacity strengthening in seed production technologies; training seed producers and smallholder farmers/cooperative societies, business development and institutional reforms, training seed samplers and inspectors, extension staff, gender empowerment and youth entrepreneurship.
- (iv) *Operating costs for fishing vessels* include running costs of the fishing vessels for the first six months of their operation
- (v) *Operating costs for PCU* include salaries, allowances and operational costs of the Programme Coordinating Unit during implementation

2. *Start-up Costs.* Withdrawals in respect of expenditures for start-up costs incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of USD 500 000. Activities to be financed by Start-up Costs will require the no objection from IFAD to be considered eligible.

### Schedule 3

#### *Special Covenants*

In accordance with Section 12.01(a) (xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower to request withdrawals from the Loan Account if the Borrower has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Programme.

1. Within six (6) months of entry into force of the Financing Agreement, the Programme will procure and install a customized accounting software as it is the practice in IFAD on-going supported projects, to satisfy International Accounting Standards and IFAD's requirements.

2. *Planning, Monitoring and Evaluation.* The Borrower shall ensure that (i) a Planning, Monitoring and Evaluation (PM&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement.

3. *Gender.* The Borrower shall ensure equal opportunities for women and men to benefit from: (i) enhanced access to quality crop and fish seeds, technologies and best management practices for production, processing and value addition systems; (ii) access to nutritious food, especially from legumes (beans and pulses) and fish; (iii) reduced workloads due to increased resilient crop productions and greater efficiency of fisheries production and post-harvest technologies; (iv) better access to productive resources and services; (v) access to more profitable markets and increased income; and (vi) participation in community organisations, business networks, smallholder farmers and fishers cooperative societies with improved decision making.

5. *Land tenure security.* The Borrower shall ensure that the land acquisition process has already been completed and that compensation processes were consistent with law of Tanzania.

6. *Compliance with the Social Environmental and Climate Assessment Procedures (SECAP).* The Borrower shall ensure that the Programme will be implemented in compliance with IFAD's SECAP and Environment and Social Management Framework, and more specifically that the following measures shall be taken: Studies on all category A infrastructures such as fishing vessels and related post-harvest infrastructures and the preparation of Environmental and Social Management Plans based on the sub-project screening and categorisation.

*Environment and Social Safeguards.* The Borrower shall ensure that: (a) all programme activities are implemented in strict conformity with the Borrower's relevant laws/regulations (b) all programme activities give special consideration to the participation and practices of ethnic minority population in compliance with IFAD's *Policy on Indigenous Peoples* (2009), as appropriate; (c) proposals for civil works include confirmation that no involuntary land acquisition or resettlement is required under the Programme. In the event of unforeseen land acquisition or involuntary resettlement under the Programme, the Borrower shall immediately inform the Fund and prepare the necessary planning documents; (d) women and men shall be paid equal remuneration for work of equal value under the Programme; (e) recourse to child labour is not made under the Programme; (f) the measures included in the Gender Action Plan prepared for the Programme are undertaken, and the resources needed for their implementation are made available, in a timely manner; and (g) all necessary and appropriate measures to implement the Gender Action Plan to ensure that women can participate and benefit equitably under the Programme are duly taken.

7. *Anticorruption Measures.* The Borrower shall comply with IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.

8. *Sexual Harassment, Sexual Exploitation and Abuse.* The Borrower and the Programme Parties shall ensure that the Programme is carried out in accordance with the provisions of the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, as may be amended from time to time.

9. Use of Programme Vehicles and Other Equipment. The Borrower shall ensure that:

- (a) all vehicles and other equipment procured under the Programme are allocated to the PCU and other Implementing Agencies for programme implementation;
- (b) the types of vehicles and other equipment procured under the Programme are appropriate to the needs of the Programme; and
- (c) all vehicles and other equipment transferred to or procured under the Programme are dedicated solely to Programme use.

# Logical framework

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-term	End Target	Source	Frequency	Responsibility	
<b>Outreach</b>	1a. Estimated corresponding total number of household members				Programme records and progress reports			Estimated number of household members reached
	Household members	0	800 000	1 300 000				
	1b. Corresponding number of households reached				Programme records and progress reports	Annual	PCU	Corresponding number of households reached
	Households	0	160 000	260 000				
	1c. Persons receiving services promoted or supported by the programme				Programme records and progress reports	Annual	PCU	
	Females (50%)	0	60 000	130 000				
	Males (50%)	0	60 000	130 000				
	Young (30%)	0	40 000	78 000				
Total number	0	160000	260 000					
<b>Programme Goal:</b> Contribute to inclusive food systems for improved livelihoods, food security, nutrition and resilience.	Average income per household in the targeted areas.	TBD	10% increase	30% increase	National statistics, household surveys	Y1, Y3, Y6	PMO	Macro-economic stability and enabling policy environment
	Percentage Prevalence of moderate or severe food insecurity in the population, based on the Food Insecurity Experience Scale	30%	25%	15%	Baseline, mid & end line survey, programme reports	Y1, Y3, Y6	PMO	
<b>Development Objective:</b> Enhance sustainable productivity, climate resilience and commercialization of selected crop seeds, fisheries and aquaculture.	Percentage of persons reporting an increase in production	0	10%	70%	Baseline, mid & end line survey, programme reports	Y1, Y3, Y6	PCU	Increased public and private investments in ASDP II; Demand for crop seeds and fish increases as projected
	Percentage of households reporting adoption of environmentally sustainable and climate-resilient technologies and practices	0	25%	40% <sup>7</sup>	RIMS baseline and impact surveys, household (and food) survey.	Y1, Y3	PCU	
	Percentage of households satisfied with programme supported services	0	50%	80%	RIMS baseline and impact surveys, household (and food) survey.	Y1, Y3	PCU	
Outcome 1. Increased climate-resilient, productivity and production from crop seed and fish value chains.	Percentage increase in average productivity of maize, sunflower and beans/pulses	0	10%	25% <sup>8</sup>	Baseline, mid & end line survey, programme reports	Y1, Y3, Y6	Programme and District council records	Institutional stability and improved technical capacity in ASA, TARI, TOSCI, TAFICO, ZAFICO
	Percentage increase in average production of captured fish, farmed fish and seaweed	0	15%	30% <sup>9</sup>	Baseline, mid & end line survey, programme reports	Y1, Y3, Y6	PCU	
	Percentage of Households reporting they can influence decision-making of local authorities and programme-supported service providers	0	40%	75%	Baseline, mid & end line survey, programme reports	Y1, Y3, Y6	PCU	Enabling environment for social accountability and empowerment
Output 1.1 Improved production, of high-quality seeds for sunflower, beans and maize.	Quantities of certified seeds produced per year (tons/year)	1 450	5 250	13 000 <sup>10</sup>	Programme records	Seasonal	PCU Programme and District council records	Enabling environment for private sector's investments n crops

<sup>7</sup> 40% female, 40% male, 25% young

<sup>8</sup> 25% maize, 20% sunflower, 25% beans/pulses

<sup>9</sup> 30% captured fish, 30% farmed fish, 30% seaweed

<sup>10</sup> 58% maize, 23% sunflower, 19% beans/pulses

Output 1.2 Quality and quantity of fish production increased	Quantities of fish and fish seeds produced per year (tons/year)	15.4 M	20.4 M	25.5 M <sup>11</sup>	Programme and District council, TAFIICO/ZAFICO records	Quarterly	Directorate of Aquaculture & PCU TAFICO/ZAFICO	4Ps for deep sea fishing operational and 90 FADs installed
Outcome 2. Improved marketing and value addition of crop seeds and fish products	Percentage of persons reporting utilization of quality crop seeds	8%	20%	50% <sup>12</sup>	RIMS baseline and impact surveys, household (and food) survey.	Y1, Y3, Y6	PCU	Improvement in the Enabling Business of Agriculture Environment  Strong producers and marketing organizations and cooperatives
	Percentage of fish postharvest losses decreased	40%	20%	15%	AOS & Case Studies	Annual		
	Percentage of women 15-49 years of age, who consume at least 5 out of 10 food groups	TBD	25% increase	60% increase	RIMS baseline and impact surveys, household (and food) survey.	Annual	PCU Programme and District council records	
	Number of producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities	0	12+	20+ <sup>13</sup>	Baseline, mid & end line survey, programme reports	Annual	Programme and District council records	
Output 2.1 Crop seed business established	Number of active agro-dealers and local selling points supported in target area	TBD	600	1 000 <sup>14</sup>	Programme records	Annual	PCU	
Output 2.2 Strengthened on-farm use of climate resilient varieties and management practices	Number of agricultural producers trained in climate-smart and better management practices (disaggregated by sex and age)	0	105 000	200 000 <sup>15</sup>	RIMS baseline and impact surveys, household (and food) survey	Annual	PCU	Availability of service providers for building capacity
Output 2.3 Improved household nutrition	Number of households provided with targeted support to improve their nutrition	0	35 000	110 000 <sup>16</sup>	Baseline, mid & end line survey, programme reports	Annual	Programme and District council records	
Output 2.4 Fish post-harvest loss reduction and value addition	Number of processing or storage facilities constructed or rehabilitated	0	60	109 <sup>17</sup>	Programme records	Annual	Directorate of capture fisheries and service provider	Processing and storage structures joined with increase in production
Output 2.5 Fish and seaweed market outlets developed	Number of people organized into fish and seaweed processing and marketing groups (disaggregated by sex and age)	0	33 400	45 000 <sup>18</sup>	Programme and District council records	Annual	Directorate of capture fisheries	Strong organized Fisher groups will facilitate development of market outlets
Output 2.6 Improved financial literacy	Number of persons in rural areas trained in financial literacy and/or use of financial products and services	0	TBD	TBD <sup>19</sup>	Programme records	Annual	PCU	

<sup>11</sup> 25 M fish seeds, 492,000 MT fish

<sup>12</sup> 50% female, 50% male, 30% young

<sup>13</sup> 20 fishery, TBD crops

<sup>14</sup> 35% female, 35% male, 15% young female, 15% young male

<sup>15</sup> 38% drop farmers, 62% aquafarmers

<sup>16</sup> 64% female, 18% male, 18% young

<sup>17</sup> 13 fish, 96 seaweed

<sup>18</sup> 30,000 for fish processing, 15,000 for seaweed processing

<sup>19</sup> To be disaggregated by male, female and young

## Integrated programme risk matrix

Risk Categories and Subcategories	Inherent	Residual
<b>Country Context</b>		
<b>Political Commitment</b>	<b>M</b>	<b>M</b>
<p><b>Risk(s):</b> GoT has adopted a more robust and cautious approach in negotiations regarding external debt, with focus on investments in hard infrastructures to the detriment of 'soft' investments for building human and social capital to make the infrastructures work for the poor. There are risks of delays in signing of financing agreements or canceling of Programmes, as it happened in the past with the Dryland Development Programme and Agriculture Sector Development Programme II.</p>		
<p><b>Mitigations:</b> In order to mitigate the risk of the AFDP Financing Agreement not being signed, the relevant counterpart government officials, led by the Prime Minister's Office, have been actively engaged early and throughout the design and the formulation of the Programme Design Report. The IFAD team will continue to work closely with GoT during the next phases of the programme design, to ensure GoT ownership and alignment with IFAD's policies.</p>		
<b>Governance</b>	<b>M</b>	<b>L</b>
<p><b>Risk(s):</b> Transparency International assigned a corruption perception index (CPI) score of 37 to Tanzania, thus falling within the "medium" bracket. There is only a single level system to handle procurement complaints. In fact, although an independent procurement appeal authority known as the "Public Procurement Appeals Authority" ("PPAA") exists at national level, there is no appeals review panel at the level of the implementing agency. The Internal Auditor General undertakes a compliance audit on an annual basis. However, not all Procuring Entities are audited.</p>		
<p><b>Mitigations:</b> IFAD prior review thresholds will take into account the CPI score for Tanzania. Additionally, all procurement entities, as well as bidders, suppliers, contractors, consultants and service providers, will be requested to observe the highest standard of ethics during the procurement and execution of contracts financed under IFAD funded Projects, in accordance with paragraph 69 of the Procurement Guidelines. The Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations shall apply to all partners, vendors and third parties, in addition to the relevant national anticorruption and fraud laws.</p>		
<b>Macroeconomic</b>	<b>M</b>	<b>L</b>
<p><b>Risk(s):</b> Tanzania is one of the stronger economic performers in Sub-Saharan Africa, with a sustained average 6.5 percent growth of GDP over the past ten years. Real GDP growth was estimated at Programme 6.4 percent in 2020 and 6.6 percent in 2021, before the outbreak of COVID-19 global pandemic. It is foreseen that real GDP growth will decline by just over half - from 5.8 percent in 2019 to 2.5 percent - but it is also expected to rebound significantly to 5.5 per cent in 2021, which is a reflection of the country's strong economic performance. Public debt is currently sustainable, with all debt burden indicators being below the required thresholds.</p>		
<p><b>Mitigations:</b> GoT has reiterated its commitment to macroeconomic policies, aimed at maintaining public debt at a sustainable level, containing inflation within the target range, and preserving external stability. The GoT has taken several fiscal and monetary measures to mitigate the COVID-19 outbreak, ,This notwithstanding, given the country's favorable macroeconomic conditions, there is scope for the GoT to take more targeted measures to</p>		

mitigate the negative effects of the pandemic (e.g. disruptions in supply chains).		
<b>Fragility and security</b>	<b>M</b>	<b>L</b>
<b>Risk(s):</b> The political environment remains stable, thus, political and governance risks are generally low. Tanzania is ranked as high risk on the INFORM COVID-19 Risks Index. The COVID-19 pandemic has undermined Tanzania's growth outlook and will increase poverty in 2020. The crisis is still evolving, and there are uncertainties depending on the pace and extent of the spread of COVID-19. The World Bank's simulations using the 2018 Household and Budget Survey suggest that an additional 500,000 Tanzanians could fall below the poverty line.		
<b>Mitigations:</b> The AFDP makes provision for a sub-component 3.2 on "Contingency and Emergency Response and Recovery", given the risks of Covid-19 global pandemic and the reoccurrence of other unexpected shocks, including climate extremes and desert locust pest invasion. The programme is also aligned with the United Nations Country Team COVID-19 assessment and recovery plans. The Programme could also leverage IFAD's Rural Poor Stimulus Facility, wherein Tanzania's country allocation is US\$ 882,920 as at 20 August 2020. The country is also eligible to apply for the UN COVID-19 Response and Recovery Fund, and other funding mechanisms available in Tanzania.		
<b>Sector Strategies and Policies</b>		
<b>Policy alignment</b>	<b>S</b>	<b>M</b>
<b>Risk(s):</b> Despite agriculture being a key driver of growth and transformation, Tanzania's public agriculture expenditure is 5.9 percent i.e. below the 10 percent target of the Comprehensive Africa Agriculture Development Program (CAADP)/ Malabo Declaration. With an average score of 5.08 against a benchmark of 6.66 out of 10 Tanzania is still not on track to meet the Malabo commitments targets by 2025 <sup>1</sup> . Government prioritization of agriculture has not been fully matched with increased investment and financing of the ASDP II.		
<b>Mitigations:</b> AFDP is fully aligned with ASDP II and in fact it is designed to provide support to two of its priority areas and address key sector challenges in the seeds, fisheries and aquaculture value chains. To mitigate this risk IFAD country team will continue to support Government efforts to mobilize co-financing from other development partners. These efforts will be geared towards reducing overall cost of finance of the Programme to the Government.		
<b>Policy development &amp; implementation</b>	<b>S</b>	<b>M</b>
<b>Risk(s):</b> ASDP II funding (estimated at USD 6.2 billion for 5-years) has not materialized. AFDP will be the <b>first donor-supported programme to contribute to ASDP II</b> . Given the serious challenges in funding ASDP II, there is a high risk that the Programme will be implemented in a constrained enabling environment due to the lack of resources to fund ASDP II cross-cutting issues and enablers, including extension services, infrastructures for value chain development, youth entrepreneurship, institutional reforms, monitoring and evaluation, etc.		
<b>Mitigations:</b> AFDP will be a stand-alone programme under the umbrella of ASDP II. This will allow focused support to two Government priorities while ensuring better alignment with IFAD's mandate, thematic priorities, and targeting policy. IFAD country team will continue to support Government's efforts to mobilize additional financing from internal resources and other development partners.		
<b>Environment and Climate Context</b>		
<b>Programme vulnerability to environmental conditions</b>	<b>M</b>	<b>L</b>
<b>Risk(s):</b> The Programme is confirmed as SECAP Category A. Most of AFDP proposed interventions will have some significant impacts that can be readily mitigated or remedied and therefore fall into Category B. However, the deep		

sea fisheries interventions and associated processing activities will trigger an overall Category A status of the Programme.		
<b>Mitigations:</b> An Environmental and Social Management Framework (ESMF) has been prepared and disclosed 120 days before the IFAD Executive Board Session of December 2020. The Programme will also conduct Environmental and Social Impact Assessment (ESIA) studies and associated Mitigation and Management Plan will be prepared to facilitate the implementation of sustainable fishing operations.		
<b>Programme vulnerability to climate change impacts</b>	<b>M</b>	<b>M</b>
<b>Risk(s):</b> The Programme is expected to be moderately sensitive to climate risks and thus requires integration of climate adaptation and mitigation measures into the enhanced production, distribution and utilisation of quality seeds as well as fisheries and aquaculture development. Tanzania is vulnerable to increased climate variability and climate change over most parts of the country. Increasing temperature is being observed, notably over highland areas while late rainfall onset and early cessation, decreasing rainfall amount and seasonal shift in rainfall patterns are becoming more common nationwide.		
<b>Mitigations:</b> Climate financing represents 24% (USD 13.9 million) of the IFAD financing, which is earmarked for climate adaptation interventions. In order to mitigate and adapt to uncertainties associated with climate variability and change (drought and floods), the AFDP will contribute to the development of appropriate locally-adapted seeds which are more resilient to climate change, pests and diseases. The programme will promote environmental friendly adaptive techniques and technologies in fish catching, processing (e.g. solar dryers) and storage. In particular, the Programme will support investments in stock assessments, selective fishing gears and methods to avoid catching non-targeted species and destructive fishing practices and illegal mangrove cutting. Aquaculture will be based on locally adapted species of tilapia and catfish that are able to withstand large variation in environmental and climatic conditions.		
<b>Programme Scope</b>		
<b>Programme relevance</b>	<b>S</b>	<b>M</b>
<b>Risk(s):</b> The main risk under Component 1 is that the significant investments in production infrastructures (long line fishing vessels, fish processing plants, irrigation and laboratory facilities) under Government public institutions, particularly ASA and TAFICO, may not be economically and socially viable without development and implementation of sound business and marketing strategies and capacity building at all levels. Based on previous performance and the challenges of implementing reforms in public institutions, this is a substantial to high risk.  4P business models. Tanzania ranks 141 out of 190 economies according to the World Bank's 'Ease of Doing Business' as the private sector still finds the business environment unpredictable <sup>1</sup> . Public investments in areas open to the private sector may further undermine private sector development in seeds and fish value chains. Furthermore, the some line ministries are not fully conversant with the PPP modalities. There are also mixed views as to what should be the roles and responsibilities of government, private sector and farmers' organisations and cooperatives in the development of the seed and fisheries sectors.  Access to finance. The risks include: (i) lack of interest and engagement of the financial sector for the targeted sectors (seeds and fisheries); (ii) high expectations by the target groups for grants by the Programme; and (iii) reluctance of the target groups to access finance from financial institutions.		
<b>Mitigations:</b>  All the productive investments made in infrastructures and equipment will be supported by business plans, accompanied by technical assistance to refine		

and implement inclusive business models and develop 4P joint ventures. GoT has committed to undertaking the required prefeasibility and feasibility studies for the development of 4P joint ventures in the seed and fisheries sectors. Technical Assistance will be provided to support GoT in preparing concept notes and prefeasibility studies for 4P joint ventures, and for scouting for partners and structuring financing arrangements.		
Access to finance: The risks will be mitigated by: (i) leveraging TADB SCGS and other financial instruments to raise appetite of the financial sector; (ii) Technical assistance to TADB and partner financial institutions specific to targeted value chains, that will incentivize lending to programme beneficiaries and value chains; (iii) linkage of TADB with IFAD NSO private window to raise financial resources specifically targeting targeted value chains; and (iv) specific products will be designed for women and youth coupled with financial literacy training to enhance understanding of and trust in the financial services on offer.		
<b>Technical soundness</b>	<b>S</b>	<b>M</b>
<b>Risk(s):</b> While the Programme has an explicit inclusive food system and value chain focus, there are risks that limited capacities may impact on the implementation of the innovative aspects of the programme, such as the 4Ps joint venture for deep sea fishing.		
<b>Mitigations:</b> The programme will finance technical assistance (TA) in form of 4P advisors/facilitators to support TAFICO and ZAFICO in preparation of 4P concept note and strengthening capacities for negotiating and implementing 4P business models.		
<b>Institutional Capacity for Implementation &amp; Sustainability</b>		
<b>Implementation arrangements</b>	<b>S</b>	<b>M</b>
<b>Risk(s):</b> There are limited skills in gender and social inclusion, value chain and agribusiness, nutrition and postharvest management in the implementing ministries (Agriculture and Livestock and Fisheries) as well as in the implementing organisations to ensure that the Programme is effectively managed and implemented. The districts have limited financial, material and human resources and personnel capacity to undertake their mandates with respect to major areas of this programme (extension services, nutrition, private sector partnership, infrastructure development, community service.		
<b>Mitigations:</b> A Programme Coordination Unit (PCU) will be established and staff recruitment will be done via a competitive process to attract such expertise. The implementation of the Programme will be structured around performance-based contracts. Service providers will be contracted through competitive government procedures and based on renewable performance based service contracts to provide advisory services. As part of the support delivered, service providers will ensure that adequate capacity is built among recipients of their services at various levels including LGAs to guarantee their exit strategy and overall sustainability.		
<b>M&amp;E arrangements</b>	<b>S</b>	<b>M</b>
<b>Risk(s):</b> M&E systems for ASDP II are not functional and fully robust to provide credible information on IFAD core indicators for the different levels of results (output, outcome and impact) as well as programme specific indicators.		
<b>Mitigations:</b> The programme logframe include both IFAD and ASDP core indicators for the different levels of results (output, outcome and impact) as well as programme specific indicators. The PMU includes a senior staff responsible for M&E who will develop and put in place robust M&E systems to align with IFAD's Operational Results Management System (ORMS).		
<b>Procurement</b>		
<b>Legal and regulatory framework</b>	<b>M</b>	<b>M</b>
<b>Risk(s):</b>		

<ul style="list-style-type: none"> <li>- The procurement law is fragmented with many amendments and consequential amendments (circulars) which makes application of the law difficult.</li> <li>- Procurement monitoring received a "D" rating from PEFA, due to the incomplete nature of the procurement information published by the Public Procurement Regulatory Authority (PPRA). Specifically, it was noted that while procurement entities share their annual procurement plans, they also procure goods and services outside of said plans. Additionally, only about 50% of the procuring entities submit their general procurement notices and contract award information.</li> <li>- Procurement methods received a "D" rating from PEFA, due to the lack of available consolidated data concerning the use of non-competitive procurement methods and/or direct purchases for urgent procurements. This leaves a loophole that may be exploited by procuring entities to avoid competitive procurement methods.</li> <li>- Concerning public access to procurement information, the PPRA publishes contract awards and bidding opportunities for only 50% of MDAs (Ministries, Departments &amp; Agencies).</li> </ul>		
<p><b>Mitigations:</b></p> <ul style="list-style-type: none"> <li>- A user manual should be developed to be updated whenever there is an amendment of the Law or a circular to PEs.</li> <li>- AFDP will submit the annual procurement plan after receiving IFAD's No-Objection. The use of IFAD's format for the contract register and its regular update will facilitate the submission of complete contract award information to the PPRA.</li> <li>- All procurements via direct contracting and sole source selection will be subject to IFAD's prior review and No-Objection, as per Section 23 of the IFAD Project Procurement Guidelines.</li> <li>- MDAs (these include government agencies that will partner with AFDP) to submit progressive procurement reports related to AFDP to the Implementing Agency for consolidation and submission to PPRA. This would solve the issue of publication of contract awards. The implementing agency should use its own website to publish bidding documents.</li> </ul>		
<p><b>Accountability and transparency</b></p>	<b>M</b>	<b>M</b>
<p><b>Risk(s):</b></p> <ul style="list-style-type: none"> <li>- Transparency International assigned a corruption perception index (CPI) score of 37 to Tanzania, thus falling within the "medium" bracket.</li> <li>- There is only a single level system to handle procurement complaints. In fact, although an independent procurement appeal authority known as the "Public Procurement Appeals Authority" ("PPAA") exists at national level, there is no appeals review panel at the level of the implementing agency.</li> <li>- The Internal Auditor General undertakes a compliance audit on an annual basis. However, not all Procuring Entities are audited. PPRA also undertakes annual audits, but on a sample basis. There is a risk that AFDP might not be audited.</li> </ul>		
<p><b>Mitigations:</b></p> <ul style="list-style-type: none"> <li>- IFAD prior review thresholds will take into account the CPI score for Tanzania. Additionally, all procurement entities, as well as bidders, suppliers, contractors, consultants and service providers, shall observe the highest standard of ethics during the procurement and execution of contracts financed under IFAD funded Projects, in accordance with paragraph 69 of the Procurement Guidelines. The Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations shall apply to all projects/programmes, vendors and third parties, in addition to the relevant national anticorruption and fraud laws.</li> <li>- The Procuring Entity should establish a review panel at the level of the implementing agency, which will provide the first level of review for procurement complaints before eventually submitting them to the PPAA.</li> </ul>		

- The appointed external auditor to undertake an annual 'Compliance Audit'.		
<b>Capability in public procurement</b>	<b>M</b>	<b>L</b>
<b>Risk(s):</b> According to the proposed implementation arrangement, the PCU will be embedded within the existing structures of the PMO's office, implying that there will not be a separate procurement management unit (PMU) for AFDP, but rather all procurements will be undertaken by the PMOs PMU. With such an arrangement, there is a risk that there could be delays, and that IFAD procedures could not be adhered to. Since AFDP will be using existing PMO and partner institution structures, the PMU staff may not necessarily have experience in donor-funded public procurement. The same applies to the PMO Tender Board (TB) staff.		
<b>Mitigations:</b> A focal person will be appointed within the PMO's PMU, trained in IFAD guidelines, and mandated with the responsibility of ensuring adherence to IFAD procedures and of following up on procurement processes. TB and PMU staff to be trained in IFAD procurement guidelines.		
<b>Public procurement processes</b>	<b>L</b>	<b>L</b>
<b>Risk(s):</b> <ul style="list-style-type: none"> <li>- According to the existing Public Procurement Act, procurement methods are consistent with IFAD guidelines, except the provision to use non-competitive methods where no consolidated data is provided related to the use of non- competitive procurement methods and/or direct purchase for urgent procurements. This leaves a loophole that may be exploited by PEs to avoid competitive methods of procurement.</li> <li>- AFDP will have several partners who will be required to prepare separate procurement plans. This may lead to delays.</li> <li>- Procurement plans sometimes do not use effective formats with planned and actual rows across 3 different categories.</li> <li>- Not all procuring entities publicly advertise their contract awards.</li> <li>- Most management meetings are not held and appropriate records are not kept as per contract requirements. Consequently, the contract monitoring system/framework should be strengthened.</li> <li>- The process for resolution of final payment and contract closure is not always clear.</li> <li>- Contracts are not always supervised by independent engineers or a named programme manager.</li> </ul>		
<b>Mitigations:</b> <ul style="list-style-type: none"> <li>- All procurements via direct contracting and sole source selection will be subject to IFAD's prior review and No-Objection, as per Section 23 of the IFAD Project Procurement Guidelines.</li> <li>- The coordination unit to organize AWPB preparation workshops with partners.</li> <li>- AFDP will employ IFAD's procurement plan template, so as to ensure that all necessary procurement information are captured.</li> <li>- MDAs (these include government Agencies that will partner with AFDP) to submit progressive procurement reports related to AFDP to the Implementing Agency for consolidation and submission to PPRA. This would solve the issue of publication of contract awards. The use of E-procurement (still in the trial stage) will also facilitate the public advertisement of contract awards.</li> <li>- The appointed contract manager to schedule meetings with the user department and the PMU to discuss progress of contract execution.</li> <li>- Procuring entities/user departments to timely certify the certificates for contractual works and inappropriate contract close out.</li> <li>- Depending on the complexity of the works, an independent supervising firm will be recruited or if works are not complex, PCU staff can supervise contract execution.</li> <li>- In order to improve contract management and monitoring, contract data will be captured in IFAD's CM tool on ICP.</li> </ul>		

- In an effort to enhance transparency of the procurement process, posting of notices and awards (especially for ICB) will be done through the UNDB/IFAD website.		
<b>Financial Management</b>		
<b>Organization and staffing</b>	<b>S</b>	<b>M</b>
<b>Risk(s):</b> Inadequate staff capabilities, skills and experience in project/programme accounting, donor funds management and on IFAD procedures at PCU. PCU will have Programme's dedicated finance team, while each implementing institutions will designate a Programme accountant within its pool of staff who will handle processing of the Programme's financial transactions and financial reporting to the PCU. The institutions do not have much experience with IFAD Programmes, which may impact on quality of financial reports.		
<b>Mitigations:</b> There will be competitive recruitment of the finance staff to ensure the staff have the right skills and knowledge. There will be orientation and capacity building training for all the PCU finance team and all the implementing institutions, which will be carried out by IFAD's financial management division (FMD). The objective of the orientation training will be to orient the finance teams with the expected financial management and reporting to IFAD.		
<b>Budgeting</b>	<b>S</b>	<b>M</b>
<b>Risk(s):</b> Late inclusion of the AWPB into the national approval process given the loan agreement for the Programme is expected to be signed in January 2021 with an effectiveness date of March 2021, which will be in the course of financial year 2020/21. Over expenditure/ under expenditure on programme activities not properly tracked.		
<b>Mitigations:</b> The Government will be required to ensure authorization to incur expenditure/ supplementary budget provision for the Programme for FY 2020/21 is provided immediately after signing of the loan so as to enhance transfers of funds and payments for the initial activities in FY 2020/21. The programme accounting software will include the budget module to track budget utilization. This to be installed right at programme start. Monthly monitoring reports will be prepared regularly to provide opportunity for management oversight.  Clear budget guidelines and procedures to be detailed in the PIM to assist the preparation of budgets.		
<b>Funds flow/disbursement arrangements</b>	<b>H</b>	<b>S</b>
<b>Risk(s):</b> The new regulatory framework in the country introduced recently reveals a longer disbursement timelines from the Ministry of Finance for all transfers from the Bank of Tanzania and foreseen will affect disbursements timelines to Programme accounts.		
<b>Mitigations:</b> To mitigate this risk, the PCU will be required to judiciously monitor cash flow requirements and process any disbursements requests early on time considering the longer turnaround time. The programme will adhere to the liquidity mitigation measures incorporated within IFAD disbursement guidelines relating to submission timelines and thresholds for withdrawal applications. To a great extent use the direct payment method for payments above USD 100,000 as provided in IFAD guidelines will be opted where the criteria is met.		
<b>Internal controls</b>	<b>H</b>	<b>S</b>
<b>Risk(s):</b> Lack of adequate delegation of authority within the Finance unit due to limited staff numbers. Failure to justify programme expenditures in implementing districts and provinces, leading to delayed replenishment of the designated account and potential ineligible expenditures.		

<b>Mitigations:</b> The FM manual will detail controls and procedures to be followed in using programme funds. The PCU will perform quarterly reimbursements to implementing agencies to ensure timely replenishment before replenishment to their accounts. Internal Audits will be carried out in line with risks based audit guidelines so as to focus on areas of high risks. The internal auditors will be required to carry out the audit of the Programme at least twice a year.		
<b>Accounting and financial reporting</b>	<b>S</b>	<b>M</b>
<b>Risk(s):</b> The Government is in the process of developing a new accounting system called "mfumo wa malipo serikalini" to replace the old system, which had various inefficiencies. The new system is still in design and testing period and may not incorporate required parameters for IFAD accounting and reporting. Thus the use of the government system poses the following risks. Lack of timely accounting data and reports inadequate record keeping of accounting records. Failure to properly track use of loan proceeds to disbursed to implementers. Failure to produce IFAD –specific reports.		
<b>Mitigations:</b> To mitigate this risk, an off-shelf accounting system will be acquired. PIM to detail reporting and monitoring requirements and rules including on fund disbursement and report requirements to the participating institutions. The PCU will be responsible for coordination and oversight of all financial management processes of the Programme and so will carry out capacity building for all implementing partners to meet IFAD financing guidelines		
<b>External audit</b>	<b>S</b>	<b>M</b>
<b>Risk(s):</b> The key risk is the potential delay in performance of independent and competent audit of programme financial statements leading to possible suspension due to compliance breach. Risk that the audit report will not meet the acceptable standards of IFAD.		
<b>Mitigations:</b> Office of the National Auditor General, the Supreme Audit Institution of Tanzania, has confirmed adequate capacity to undertake the programme annual external audits timely, in line with IFAD guidelines. The programme will proactively engage this Office during the financial year to plan for timely execution of year-end audits.  The standard TOR as contained in the IFAD handbook on Financial Reporting and Auditing will be shared with the programme as a sample upon adequate TOR will be developed by the programme for the programme audit.		
<b>Environment, Social and Climate Impact</b>		
<b>Biodiversity conservation</b>	<b>M</b>	<b>L</b>
<b>Risk(s):</b> The main risk to biodiversity stems from the potential for overfishing in the EEZ, and the risks of bycatch comprising endangered species such as sea turtles, cetaceans (such as dolphins), and sirenian (dugongs). The risk to biodiversity due to fishing operations is therefore considered to be high.  Risks to biodiversity from aquaculture, mariculture and crop seed production are considered to be low and can be mitigated.		
<b>Mitigations:</b> These risks will be mitigated through the Programme's support to the review and implementation of the Tuna Fisheries Management Plan (TFMP) in partnerships with SWIOFISH, and The Nature Conservancy in the preparation and development of the Marine Spatial Plan.  The TFMP will include specific measures to ensure fishing is carried out in a sustainable manner. In particular, the TFMP will make provisions for the following actions that reduce the risk of overfishing: (i) assessment and monitoring of tuna catches on a regular basis to ensure the stocks remain within sustainable levels. The TMFP ensures that tuna fisheries are managed		

based on sound scientific data and knowledge; (ii) an effective system of controlling fishing capacity through licensing of fishing vessels and appropriate gears, also to avoid by-catch; (iii) mechanisms for monitoring, control, surveillance and enforcement of fishing regulations to eliminate Illegal, unregulated and unreported (IUU) activities, including on-board observer programs; (iv) mechanisms for sustainable financing of the Tuna management plan through license fee, levy on catches, trust fund etc.; (v) actions for post-harvest management to reduce losses and value addition of fisheries products; (vi) capacity building of local fishery management institutions; and (vii) building synergies and partnerships with regional and international programmes and institutions., such as the Indian Ocean Tuna Commission (IOTC).		
<b>Resource efficiency and pollution prevention</b>	<b>M</b>	<b>L</b>
<b>Risk(s):</b> Overall, the risks to resource efficiency and pollution prevention is considered to be medium. Crop seed development will require fields to be irrigated, while aqua-parks will require water for the fish ponds. Water will be sourced from surface water sources or groundwater. These activities will take place mainly in the drier parts of the country, which are somewhat water stressed. There will be some air emissions from agro processing facilities, and dust (from construction activities and harvesting of seed) but these are not expected to be significant emissions.		
<b>Mitigations:</b> The technologies to be adopted will be geared towards the efficient use of water, involving water recycling, reuse and/or recovery. Abstraction permits will be required for drawing water from any source, which will also limit the quantity of water that can be used. Aquaculture may result in contamination of water bodies, but effluents can be treated prior to discharge to open water bodies.		
<b>Cultural heritage</b>	<b>L</b>	<b>L</b>
<b>Risk(s):</b> There are several historic, cultural and religious sites, in Zanzibar, particularly Unguja and Pemba Islands. The locations of most of these sites are known, and therefore any disturbance to the sites will be avoided. The risk to cultural heritage is therefore considered to be low.		
<b>Mitigations:</b> Nonetheless, the environmental and social analysis to be carried out for any interventions will include an assessment of physical cultural resources and cultural heritage, and a chance find procedure will be prepared.		
<b>Indigenous Peoples</b>	<b>NA</b>	<b>NA</b>
<b>Risk(s):</b> N/A. There are no indigenous people in the Programme area.		
<b>Mitigations:</b> N/A		
<b>Community health and safety</b>	<b>L</b>	<b>L</b>
<b>Risk(s):</b> Programme outcomes include improved nutrition status, and promoting alternative livelihoods thereby increasing household income. This has positive implications on household health. This notwithstanding, a few Programme activities may have some risks to the communities. For example risks to the public during construction activities, including SEA.		
<b>Mitigations:</b> Mitigation measures can be easily applied to avoid such risks. While gender-based violence and SEA are risks, the Programme also aims to empower women and youth, thus mitigating those risks. Therefore the risk to community health and safety is considered to be low.		
<b>Labour and working conditions</b>	<b>L</b>	<b>L</b>
<b>Risk(s):</b> The Programme will not condone forced or child labour, sexual exploitation and abuse, discriminatory and unsafe/unhealthy working conditions for people employed to work on any Programme interventions.		
<b>Mitigations:</b> Labour and working conditions will be closely monitored by the PCU's Environmental and Social Management Specialist, and any non-compliances reported and dealt with immediately.		

<b>Physical and economic resettlement</b>	<b>L</b>	<b>L</b>
<b>Risk(s):</b> Crop seed development and aquaculture will not affect land rights since these interventions involve agricultural technologies, production and value chain development on land belonging to the government or national institutions, or in the case of the aquaculture ponds, will be developed on request from farmers on their own land.		
<b>Mitigations:</b> No physical or economic resettlement is anticipated.		
<b>Greenhouse gas emissions</b>	<b>M</b>	<b>L</b>
<b>Risk(s):</b> The fishing vessels will use diesel fuel, which will contribute to some level of GHG. However, other proposed interventions will not significantly increase GHG emissions. In addition, seaweed farming has potential for carbon sequestration.		
<b>Mitigations:</b> The Programme will promote the use of renewable energy technologies in value chain development, wherever possible. For example, through the use of solar dryers for seaweed and "dagaa" drying, and solar pumps for irrigation.		
<b>Vulnerability of target populations and ecosystems to climate variability and hazards</b>	<b>M</b>	<b>L</b>
<b>Risk(s):</b> The programme is expected to be moderately sensitive to climate risks and thus requires integration of climate adaptation and mitigation issues into the enhanced production, distribution and utilisation of quality seeds as well as fisheries and aquaculture development. Tanzania is vulnerable to increased climate variability and climate change over most parts of the country. Increasing temperature were observed notably over highland areas while late rainfall onset and early cessation, decreasing rainfall amount and seasonal shift in rainfall patterns are becoming more common nationwide.		
<b>Mitigations:</b> In order to mitigate and adapt to uncertainties associated with climate variability and change (drought and floods), the AFDP will contribute to the development of appropriate locally-adapted seeds, which are more resilient to climate change, pests and diseases. The Programme will also promote environmental friendly adaptive techniques and technologies in fish catching, processing (e.g. solar dryers) and storage. Infrastructure associated with fisheries and crop seed production and value chains will be designed so as to be climate resilient, taking into consideration factors such as siting, water availability, and renewable energy technologies.		
<b>Stakeholders</b>		
<b>Stakeholder engagement/coordination</b>	<b>M</b>	<b>L</b>
<b>Risk(s):</b> Smallholder farmers and fishers and civil society organisations may show limited interest in contributing to Programme activities and their implementation.		
<b>Mitigations:</b> The establishment of dialogue platforms with multi-stakeholder groups is part of the Programme's strategy for inclusion and participation. AFDP will develop stronger partnerships with farmer organizations and cooperatives, including emerging public-private-producer partnerships (e.g. Agriculture Non-state Actors Forum and Agricultural Council of Tanzania); Financial institutions such as TADB and partner commercial banks accessing the Smallholder Farmers Credit Guarantee Scheme under MIVARF); and Civil society (e.g. TASTA MVIWATA, East African Business Council, East Africa Grain Council, etc. Furthermore, different stakeholders' groups will participate in the elaboration of the Annual Workplan and budget (AWPB), the supervision missions and MTR as well as in the various M&E participatory processes.		
<b>Stakeholder grievances</b>	<b>M</b>	<b>L</b>
<b>Risk(s):</b> Beneficiaries, particularly smallholder farmers and fishers may not be aware of their power and mechanisms to lodge complains and grievance and seek redress.		

<b>Mitigations:</b> Grievance and redress mechanisms are presented in the ESMF and SECAP Notes. The Programme will establish a digital platform for collecting beneficiary feedback and complaints, using social media (WhatsApp, Facebook and Twitter).		
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The four available ratings are: High (H), Substantial (S), Moderate (M) and low (L)