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United Republic of Tanzania

Agriculture and Fisheries Development Programme (AFDP)

Negotiated financing agreement

Executive Board — 131st Session
Rome, 7-9 December 2020

For: **Information**

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	
TOTAL	58 850 000	

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.