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**President’s report on a proposed grant to private sector entities under the Joint Sustainable Development Goals Fund for the Data for Digital Agricultural Transformation Initiative in the United Republic of Tanzania**

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**FOR: APPROVAL**

**Action:** The Executive Board is invited to approve the recommendation as contained in paragraph 20.

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# President's report on a proposed grant to private sector entities under the Joint Sustainable Development Goals Fund for the Data for Digital Agricultural Transformation Initiative in the United Republic of Tanzania

## I. Background and compliance with the IFAD Regular Grants Policy

1. The agriculture sector in the United Republic of Tanzania employs 65.6 per cent of the country's population of 67.6 million<sup>1</sup> and contributes 26.1 per cent of GDP.<sup>2</sup> Smallholder farmers, who dominate the agriculture sector, face numerous challenges, including climate variability, poor infrastructure, high post-harvest losses and lack of access to inputs, information and capital, all of which undermines their productivity, profitability and livelihoods.
2. Women, who head 26 per cent of these smallholder farmer households, are disproportionately affected. More women than men (67 per cent of the country's total female labour force) work in the agriculture sector, most of whom are at a disadvantage when it comes to accessing productive inputs such as land, labour (family or hired), fertilizer, improved seeds, labour-saving technology and finance.<sup>3</sup>
3. Digital services tailored to the needs of smallholder farmers have proven to be effective in addressing some of the key challenges and empowering communities, but limited digital literacy hinders access and usage, especially for women, who have lower levels of mobile phone ownership at 77 per cent compared to 86 per cent for men,<sup>4</sup> as well as education. Furthermore, current agricultural data on smallholder farmers remain scattered across different platforms and the quality of information available to smallholder farmers is static and outdated, which undermines its utility and adoption of digital services.
4. On the supply side, the growth of agritechs and expansion of digital services to reach scale is slow, due to an environment that does not encourage private investments because of a number of factors, including high perceived risk for lenders and a lack of local angel investor networks and venture capitalists focused on the agriculture sector.
5. To address these challenges for smallholder farmers, especially women and youth, IFAD, the United Nations Capital Development Fund (UNCDF) and FAO – through the United Nations Joint Sustainable Development Goals (SDG) Fund – have jointly developed a programme that will support the Government with a comprehensive roadmap leveraging a multipronged approach to advance food systems transformation and digital connectivity, through enhanced public sector capabilities, public-private partnerships, digital innovation and financing. The joint programme will contribute to SDG targets as follows: eliminating hunger (SDG 2.4), promoting gender equality (SDG 5.b), accelerating economic growth through technology and access to finance (SDGs 8.2, 8.10 and 9.3) and creating meaningful partnerships that ensure that the joint programme is sustainable (SDG 17.8).
6. The proposed programme is in line with the goal and objectives of the IFAD Regular Grants Policy.<sup>5</sup> The joint programme will contribute to the achievement of several SDGs and is well embedded in and complementary to several other information and communications technologies for development (ICT4D) projects in the country,

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<sup>1</sup> World Bank, 2023.

<sup>2</sup> Food and Agriculture Organization of the United Nations (FAO), 2022.

<sup>3</sup> United Nations Development Programme (UNDP), 2023.

<sup>4</sup> Global System for Mobile Communications, 2019. <https://data.gsmaintelligence.com/api-web/v2/research-file-download?id=39256194&file=2712-250219-ME-Global.pdf>.

<sup>5</sup> See EB 2021/132/R.3.

particularly those funded by the European Union, as well as other joint programmes, and the IFAD-supported 50x2030 Initiative and African Agricultural Transformation Initiative. Moreover, the work of the joint programme with various government stakeholders in the establishment of a data framework will ensure that it provides a use case for a larger national objective of developing digital public infrastructure.

7. Investing in this programme through an in-kind contribution from IFAD-financed projects in the United Republic of Tanzania provides an opportunity to enhance the visibility of IFAD's ICT4D work and evolving business model on private sector investments both to donors and within the United Nations system. It will also demonstrate that IFAD is constructively supporting UN 2.0<sup>6</sup> outcomes and is an opportunity to showcase IFAD's capacity to engage with other United Nations entities under a joint programme.
8. The recipient for the data framework part of the programme will be selected in continuation of the Tanzanian Digital Agriculture Strategy for the Ministry of Agriculture, which is also financed by IFAD, while the agritechs to be financed under component 2 will be identified through competitive selection under the accelerator programme.

## II. The proposed programme

9. The joint programme aims to improve agricultural efficiency for smallholder farmers, particularly women and youth, by enhancing data integration, scaling agritech and the digital ecosystem and improving digital literacy while leveraging technology-driven agricultural solutions to address challenges in productivity and access to finance, inputs and markets, in addition to managing the impacts of climate change. This will be achieved through pursuing intervention along three pillars: (i) enhance data integration and sharing by establishing a strong foundation for evidence-based planning and policies within the agriculture sector through refinement of regulatory frameworks related to data governance, management and interoperability; (ii) scale agritech and the digital ecosystem by expanding the scale of agricultural technologies (agritechs) and the digital ecosystem to create a more supportive environment for smallholder farmers; and (iii) improve digital literacy and skills through empowering farmers and enhancing their digital literacy and skills, enabling them to effectively utilize digital services, participate in online marketplaces and adopt modern agricultural practices that can lead to higher productivity and income.
10. The overarching objective of the joint programme is to advance food systems transformation and digital connectivity, through enhanced public sector capabilities, public-private partnerships, digital innovation and financing. In working towards this objective, the programme is expected to achieve the following results:
  - (i) Farmer registry data, across different Ministry of Agriculture platforms and related ministries, are interoperable and guided by a data-sharing framework;
  - (ii) National agritechs grow and scale their outreach to smallholder farmers as a result of improved data-driven decision-making, technical assistance and access to capital; and
  - (iii) Smallholder farmers have increased capacities to adopt digital agricultural solutions through improved digital literacy and availability of digital solutions.
11. **Target groups.** The programme's noteworthy feature involves scaling up 10 innovative agritechs through technical support, and providing catalytic investment to at least three agritechs, aimed at improving the quality of digital solutions and scaling service delivery to smallholder farmers, especially women and

<sup>6</sup> [https://www.un.org/two-zero/sites/default/files/2023-09/un-2.0\\_policy-brief\\_en.pdf](https://www.un.org/two-zero/sites/default/files/2023-09/un-2.0_policy-brief_en.pdf).

youth. By enhancing capacity of 500 government extension service providers (at least 30 per cent women and 60 per cent youth), the programme will improve their digital literacy and skills to effectively access and use digital agricultural services. The programme anticipates to directly benefit at least 500,000 smallholder farmers, including 300,000 women and 100,000 youth, who will gain access to enhanced digital services such as agri-inputs, market access, extension advisory assistance and financial services. These services will leverage an interoperable, unified farmer database, advanced government data management capacity and sound data governance frameworks ensuring the protection of personal data.

12. The programme will be implemented over three years and will have the following components:
  - (i) **Component 1: Establishing a national standard for an agriculture data framework and sharing.** This will be achieved through the establishment of a data governance framework, identifying and supporting viable use cases that will leverage the data framework and build synergies through the accelerator.
  - (ii) **Component 2: Scaling agritech through more investment, technical assistance and innovation to accelerate growth for smallholder farmers.** This will be achieved through designing and establishing a data-focused agritech acceleration facility, supporting the design and scaling up of digital solutions by identifying financial partners and financing instruments that will provide financing to agritechs to scale the delivery of digital solutions.
  - (iii) **Component 3: Increasing the use of digitally enabled products and services by smallholder farmers.** This will be achieved through training extension officers, lead farmers, women and youth, delivering agricultural extension services through digital channels.

### III. Expected outcomes/outputs

13. The programme is expected to have the following outcomes:
  - (i) Enhanced Ministry of Agriculture capacity to use data-driven evidence-based decision-making, and to inform formulation of policies, plans and regulations for increased agricultural production, increased market access and higher incomes for smallholder farmers, in close collaboration with private and innovative agritech companies;
  - (ii) Enhanced public-private partnerships between the Ministry of Agriculture and private digital agriculture platforms delivering better value for smallholder farmer productivity, increased market access and higher incomes for improved livelihoods;
  - (iii) Agritechs develop innovative digital agriculture products and services relevant for smallholder farmers, leveraging enhanced use of technology including artificial intelligence and data-management capacities; and
  - (iv) Smallholder farmers have increased capacities to adopt digital agricultural solutions through improved digital literacy and availability of digital solutions.

### IV. Implementation arrangements

14. Under the leadership and with the support of the Resident Coordinator, participating United Nations organizations will work together on achieving key objectives combining their specific mandates, experience and expertise for integrated implementation of multi-faceted joint action. IFAD has been supporting the formulation of a digital agriculture strategy for the Ministry of Agriculture for the United Republic of Tanzania; this work will be extended through this programme to develop a framework to enhance data interoperability and exchange to better

organize and improve the flow of data in the agriculture sector as a key contribution to the strategy.

15. Under the joint programme, IFAD and UNCDF will coordinate efforts and apply due diligence processes and screening to competitively select 10 private sector agritechs for an accelerator programme, enabling them with capacity to better manage and utilize data to create customer-centric business models, products and services, especially targeted at enhancing value delivery for youth and women smallholder farmers.
16. IFAD's package received from the programme will support the development of a national data framework and interoperability. IFAD will also provide grants to private sector entities that will be selected competitively from the accelerator programme, either directly or through a third party. The expectation is that these grants will help the companies mobilize further impact funding and commercial funding.
17. The Resident Coordinator will co-chair the joint programme steering committee along with the Ministry of Agriculture. The steering committee will be accountable for effective management of the joint programme and the achievement of results. As such, it will convene joint programme meetings at least once a year and lead engagement with external stakeholders (e.g. Government and private sector). The programme team will comprise participating United Nations organizations, UNCDF, FAO, IFAD and UNDP, and will operate in line with the terms of reference set forth in the United Nations Sustainable Development Group's Guidance Note on a New Generation of Joint Programmes.
18. There will be no deviations from the standard procedures for financial reporting and audits.

## V. Indicative programme costs and financing

19. The joint initiative will receive financing from the Joint SDG Fund of US\$3.65 million, plus in-kind contributions of US\$620,000. IFAD will receive financing of US\$950,000 from the package and will provide US\$200,000 of the in-kind contribution through the project management units of IFAD projects in the United Republic of Tanzania, specifically for arranging workshops and providing other logistical support. Of the US\$950,000 channelled through IFAD, US\$450,000 will support the development of a national data framework and interoperability and US\$500,000 will be provided as grants, either directly or through a third party, to private sector agritech companies to be identified on a competitive basis through the accelerator part of this programme. The expectation is that these grants will be catalytic and help the companies mobilize a further US\$1 million in impact funding, and a further US\$1 million from partnerships and commercial funding.

Table 1

### Costs by component and financier

(Thousands of United States dollars)

<i>Components</i>	<i>IFAD (in kind)</i>	<i>Joint SDG Fund</i>	<i>Total</i>
1. Component 1: Establishing a national standard for an agriculture data framework and sharing	200.00	450.00	650.00
2. Component 2: Scaling agritechs through more investment, technical assistance and innovation to accelerate growth for smallholder farmers	-	500.00	500.00
3. Component 3: Increasing the use of digitally enabled products and services by smallholder farmers	-	-	-
<b>Total</b>	<b>200.00</b>	<b>950.00</b>	<b>1 150.00</b>

Table 2

**Costs by expenditure category and financier**  
(Thousands of United States dollars)

<i>Expenditure category</i>	<i>IFAD (in kind)</i>	<i>Joint SDG Fund</i>	<i>Total</i>
1. Equipment	-	-	-
2. Staff costs	50.00	73.16	123.16
3. Consultancies	-	294.69	294.69
4. Grants	-	500.00	500.00
5. Travel	150.00	20.00	170.00
6. Management fees	-	62.15	62.15
<b>Total</b>	<b>200.00</b>	<b>950.00</b>	<b>1 150.00</b>

**VI. Recommendation**

20. I recommend that the Executive Board approve the proposed programme to provide grants in terms of the following resolution:

RESOLVED: that the Fund use five hundred thousand United States dollars (US\$500,000) of the funds received from the United Nations Joint Sustainable Development Goals Fund to provide grants to private sector entities in furtherance of the programme for its duration of 3 years, and upon such terms and conditions contained in this report.

Alvaro Lario  
President

## Results-based logical framework

<b>Joint Program Outcomes</b>			
CF Outcome statement 1: MDAs, LGAs and private sector have enhanced technical capacity to develop and/or revise transformative, gender-responsive, rights-based, inclusive, evidence-based policies, plans, strategies, and regulatory frameworks that address the needs of the MSMEs and Small holder farmers			
Outcome indicator 1.1: National standard for agriculture data framework and sharing is established, ensuring women's needs are addressed.	Baseline: 0	Target: 2 policies (1 data framework; 1 data guidelines).	Means of verification: Data framework document, IFAD Reports
Outcome indicator 1.2: Data between Ministry of Agriculture departments and private sector is shared, enhancing inclusion of women.	Baseline:0	Target:1 (data sharing agreement)	Means of verification: Data Sharing Agreement and Guideline
CF Outcome statement 2: Relevant institutions have improved capacities to provide gender-responsive, market-oriented, quality programs, infrastructure/facilities, products, and services to MSMEs and small holder farmers, especially women and youth			
Outcome indicator 2.1: Agri-techs are scaled through more investment, technical assistance and innovation for accelerating growth for smallholder farmers especially women and youth.	Baseline:0	Target: 10 to benefit from technical assistance (30% female-led); and at least 3 to benefit from catalytic funding. At least one agri-tech funded is female owned.	Means of verification: Joint Program Report
Outcome indicator 2.2: Financial institutions expand their portfolios to include funding of agri-techs, emphasizing viable, female-led agri-techs.	Baseline:0	Target: at least 1 FI	Means of verification: IFAD Reports
CF Outcome statement 3: Small holder farmers, particularly women and youth, have increased capacities to adopt innovative, climate resilient practices for increased and sustainable production, productivity and commercialization of agricultural commodities			
Outcome indicator 3.1: Smallholder farmers, especially women, increase their use of digitally enabled products and services	Baseline:0	Target: 500,000 (60% female, 40% male; 20% under 24 y.o) smallholder farmers	Means of verification: Joint Program Report

<b>Joint Program Outputs</b>			
Output 1.1: Guidelines, strategies, and regulations enable secure and efficient data sharing among and between public and private sector actors, especially benefitting women and smallholder farmers.			
Output indicator 1.1.1: 1 data framework and guideline developed to cover data sharing, access and use	Baseline: 0	Target: 1	Means of verification: IFAD partner reports
Output 1.2: Dynamic, and interoperable datasets are available to public and private sector actors facilitating disaggregation of gender data among other benefits.			
Output indicator 1.2.1: Report on realistic understanding of the state of data in the agricultural sector and a business case for data is identified	Baseline: 0	Target: 1	Means of verification: UNCDF partner reports
Output indicator 1.2.2: 1 main viable business case identified for the use of data in the agriculture sector	Baseline:	Target: 1	Means of verification: UNCDF partner reports
Output indicator 1.2.3: Capacity of Ministry of Agriculture is built on implementing developed guidelines for data analytics to support effective policymaking and decisions.	Baseline: 0	Target: 10 departments and/or agencies.	Means of verification: FAO reports
Output 2.1: Pathway for development, iteration and investor readiness of innovation around digital agricultural services established.			
Output indicator 2.1.1: Identify 1 innovation hub and 10 agri-techs to run and participate in an Agri-Tech accelerator.	Baseline: 0	Target: 1 hub identified	Means of verification: UNCDF partner reports
Output indicator 2.1.2: Implement an agri-tech accelerator	Baseline: 0	Target: 10 agri-techs completed accelerator of which 30% are female-led.	Means of verification: UNCDF partner reports
Output 2.2: Access to funding and partnerships, driving growth and scale of new and innovative digital agricultural services, expanding reach to women, is established.			
Output indicator 2.2.1: Identify at least 2 funding partners and develop at least 1 financial instrument (for additional financing which could be impact/venture and/or commercial).	Baseline:	Target: 2 funding partners 1 financial instrument	Means of verification: IFAD partner reports
Output indicator 2.2.2: Select at least 3 agri-	Baseline:	Target: 3 agri-techs funded	Means of verification: IFAD partner reports

techs for impact/commercial financing and scale to drive last mile product/service offerings.		with at least one female-led.	
Output 3.1: Increased capacity among smallholder farmers, especially women and youth, to access and use digital agricultural services			
Output indicator 3.1.1: 500 extension officers and lead farmers including, women, youth trained on access and use digital agriculture services.	Baseline:0	Target: 500 (30% female and 60% youth)	Means of verification: FAO partner reports
Output indicator 3.1.2: 500,000 farmers registered in a unified farmer registry and used by agri-tech companies under the JP for increased production, productivity and market linkages.	Baseline:0	Target: 500,000 (60% female, 40% male; 20% under 24 y.o)	Means of verification: FAO partner reports
Output indicator 3.1.3 Registered farmers with complete profiles' data is shared with 3 agri-techs within select regions/value chains.	Baseline:0	Target: 3 agri-techs with at least one female-led.	Means of verification: FAO partner reports
Output indicator 3.1.4: Procure ICT equipment, agricultural tools and equipment and protective gears for youth and women agricultural groups to strengthen last mile delivery to smallholder farmers with UN support.	Baseline:3	Target:6	Means of verification: FAO partner reports
Output indicator 3.1.5: Curate agricultural value chain advisory services adaptable to digital agricultural services by the Agri-tech companies and prominent digital agricultural services in the country.	Baseline:0	Target: 3 agricultural value chains	Means of verification: FAO partner reports
Output indicator 3.1.6: Operationalize at least 1 use-case through Integration of AI bot in one of the prominent digital agricultural extension services by the Ministry of agriculture system in collaboration with the project management unit.	Baseline:0	Target: 1 system integrated with AI bot	Means of verification: FAO partner reports
Output 4.1. Efficiently coordinated gender-responsive JP management, monitoring, reporting and communications			
Output indicator 4.1.1: JP communication materials utilize gender-	Baseline: 0	Target: 100%	Means of verification: Review teams feedback

sensitive language and visuals			
Output 4.1.2. JP monitoring is carried out in a gender- responsive manner	Baseline: 0	Target: 100% of sex disaggregated JP targets above	Means of verification: JP reports
Output indicator 4.1.3: Timely submission of quality annual and final JP reports to the Joint SDG Fund	Baseline: 0	Target: annual reports and final report submission in line with the reporting requirement	Means of verification: Joint SDG Fund's confirmation