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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

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REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO

THE UNITED REPUBLIC OF TANZANIA

FOR THE

AGRICULTURAL SERVICES SUPPORT PROGRAMME

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CURRENCY EQUIVALENTS

Currency unit	=	Tanzanian Shilling (TZS)
USD 1.00	=	TZS 1 105
TZS 1.00	=	USD 0.0009

WEIGHTS AND MEASURES

1 kilogram (kg)	=	2.204 pounds (lb)
1 000 kg	=	1 metric tonne (t)
1 kilometre (km)	=	0.62 miles (mi)
1 metre (m)	=	1.09 yards (yd)
1 square metre (m ²)	=	10.76 square feet (ft ²)
1 acre (ac)	=	0.405 hectare (ha)
1 ha	=	2.47 ac

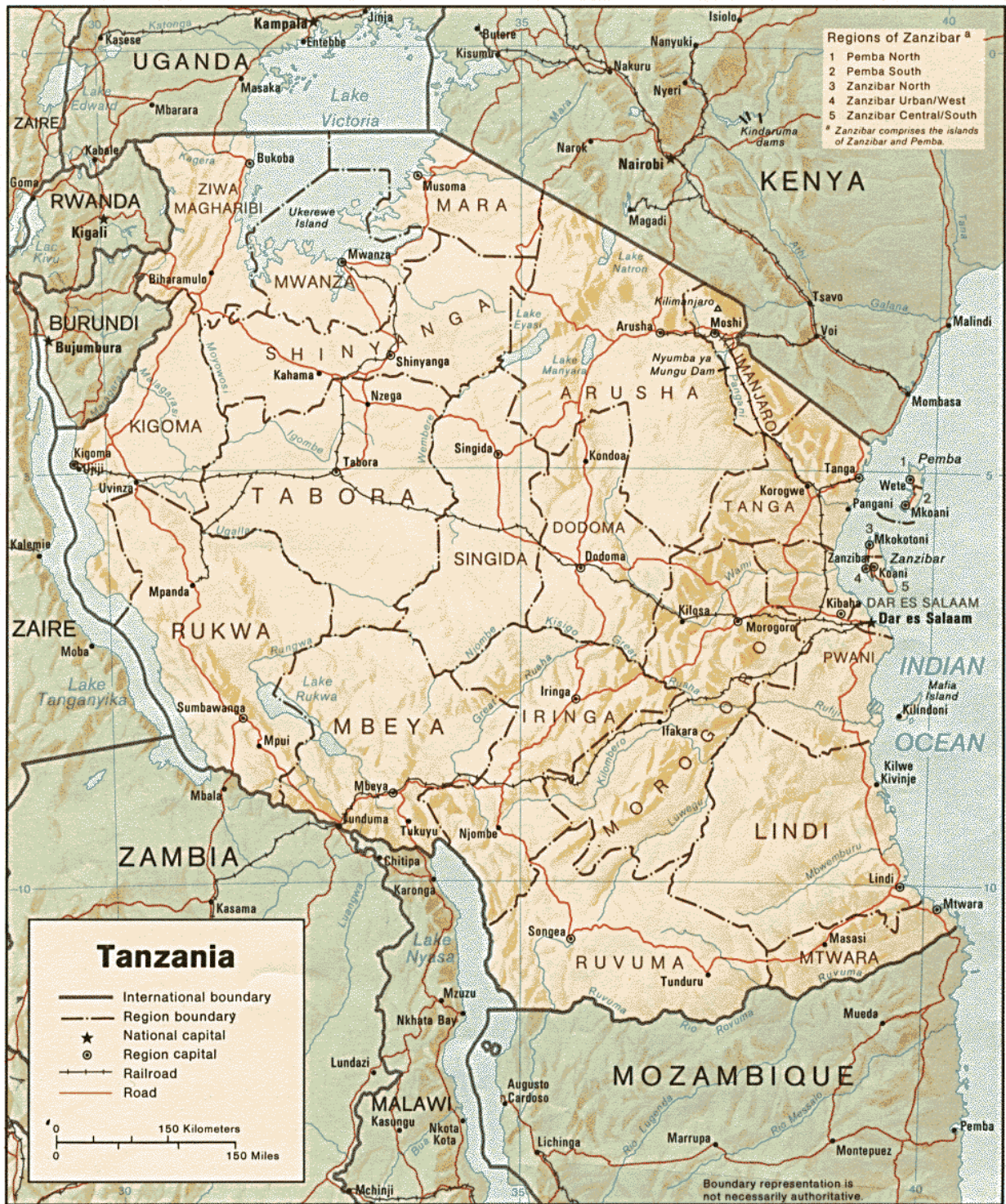
ABBREVIATIONS AND ACRONYMS

ASDP	Agricultural Sector Development Programme
ASDS	Agriculture Sector Development Strategy
ASFT	Agricultural Services Facilitation Team
ASP	Agricultural Service Provider
ASSP	Agricultural Services Support Programme
DADP	District Agricultural Development Plan
DCI	Development Cooperation Ireland
FAO	Food and Agriculture Organization of the United Nations
LGA	Local Government Administration
LGRP	Local Government Reform Programme
M&E	Monitoring and Evaluation
MANREC	Ministry of Agriculture, Natural Resources, Environment and Cooperatives
NGO	Non-Governmental Organization
PO-RALG	President's Office – Regional Administration and Local Government
PRSP	Poverty Reduction Strategy Paper
RDS	Rural Development Strategy
TF	Task Force
UNOPS	United Nations Office for Project Services
ZARDEFs	Zonal Agricultural Research and Development Funds

GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA**Fiscal Year**

1 July – 30 June

MAP OF THE PROGRAMME AREA



Source:

BUBL Link Map Collections

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.

UNITED REPUBLIC OF TANZANIA
AGRICULTURAL SERVICES SUPPORT PROGRAMME

LOAN SUMMARY

INITIATING INSTITUTION:	IFAD
BORROWER:	United Republic of Tanzania
EXECUTING AGENCIES:	The four agricultural sector lead ministries
TOTAL PROGRAMME COST:	USD 221.2 million
AMOUNT OF IFAD LOAN:	SDR 17.05 million (equivalent to approximately USD 25.0 million), of which SDR 13.9 million (equivalent to approximately USD 20.4 million) for the Mainland Sub-Programme, and SDR 3.15 million (equivalent to approximately USD 4.6 million) for the Zanzibar Sub-Programme
TERMS OF IFAD LOAN:	Highly concessional
COFINANCIERS:	World Bank, bilateral donors
AMOUNT OF COFINANCING:	Development partners: USD 72.7 million
TERMS OF COFINANCING:	Basket funding
CONTRIBUTION OF BORROWER:	USD 117.3 million (Mainland) USD 1.3 million (Zanzibar)
CONTRIBUTION OF BENEFICIARIES:	USD 4.8 million (Mainland) USD 42 000 (Zanzibar)
APPRAISING INSTITUTION:	IFAD
COOPERATING INSTITUTION:	United Nations Office for Project Services (UNOPS)

PROGRAMME BRIEF

The programme: Building on ten years' experience in the United Republic of Tanzania as to the nature and magnitude of the technological, organizational and financial constraints facing poor farmers, the programme will support a national vision and strategy of pro-poor extension consistent with the goals of the poverty reduction strategy paper and the Millennium Development Goals. Following a sector-wide approach with basket funding, the programme will restructure and reorganize the existing extension and research system following a decentralized and market-oriented approach. This will involve increased beneficiary control over policies, agendas and financial resources, which will allow farmers and their organizations to obtain cost-effective services from a range of service providers.

Who are the beneficiaries? Three groups of beneficiaries have been identified: some 480 000 farmers who will benefit from empowerment and improved services in the 42 fast-track districts; 317 000 farmers in the 78 other districts where complementary programmes will provide empowerment; and 734 000 farmers who will benefit from investments in improved client-oriented agricultural research funded through Zonal Agricultural Research Funds. The total number of direct beneficiaries from these three sources for the mainland programme is therefore expected to reach 1.53 million farmers, or 575 000 households, equivalent to approximately 10% of the country's total farming population. For Zanzibar it is estimated that 48 000 smallholder farmers and fisherfolk will benefit from the programme with priority being given to women and marginalized groups.

Why are they poor? Difficulties faced by the farming population, particularly the poor, include low productivity arising from the predominantly manual systems of production and substantial transaction costs in accessing means of production and other support services; agricultural policies, regulations and legislation, which, despite being substantially liberalized, still make it difficult for the poor to access technology, financing, markets and natural resources; farmer organizations and public- and private-sector institutions are not biased in favour of the small farmers, including women. As a consequence, it is difficult for such people to make their choices known and for them to be heard or accounted for within the village or district development plans; and, weak coordination, linkages and complementarity among research and extension, including limited capacity for agricultural service provision, makes it extremely difficult to provide cost-effective, efficient and accountable services responsive to the specific needs and priorities of small farmers and women to enhance their production within the various agro-ecological zones.

What will the programme do for them? The programme will help introduce pluralistic institutional approaches to articulate the demand for, and delivery of, pro-poor extension, research and information services, assuring and enhancing their quality, strengthening partnerships between farmers and the private and public-sectors, and decentralizing programme planning and implementation arrangements under client control. All this will be achieved by (a) empowering farmers/farmers' organizations through provision of knowledge, information, technology, financing and organizational strengthening to enable them to improve their lives; (b) improving the delivery of services through reform, rationalization and support of both public and private agricultural service providers, capacity building and training, and by allowing clients more control over resource allocation and management; and (c) providing mechanisms to ensure coordination, quality control, participatory monitoring and evaluation, and impact assessment at various levels to enhance programme efficiency and effectiveness.

How will the beneficiaries participate in the programme: Three complementary institutional approaches will be taken to ensure effective participation of beneficiaries in the programme, namely: (a) promoting the establishment, reinforcement and strengthening of grass-roots farmer organizations and groups (e.g. farmer-field schools) and networks such as farmer forums to own, operate and manage the process, including the determination of policy priorities and disposition of financial resources; (b) establishing appropriate instruments to ensure balanced representation of farmers and farmer organizations on various local and central government committees responsible for policies, regulations, legislation and investments; and (c) strengthening linkages between farmers and private-sector organizations responsible for services, finance and markets.

**REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD
TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO
THE UNITED REPUBLIC OF TANZANIA
FOR THE
AGRICULTURAL SERVICES SUPPORT PROGRAMME**

I submit the following Report and Recommendation on a proposed loan to the United Republic of Tanzania for SDR 17.05 million (equivalent to approximately USD 25.0 million) on highly concessional terms to help finance the Agricultural Services Support Programme (ASSP). It will be administered by the United Nations Office for Project Services (UNOPS) as IFAD's cooperating institution.

PART I – THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY¹

A. The Economy and the Agricultural Sector

1. Over the past decade, the United Republic of Tanzania has made significant economic progress thanks to policies of economic realism and rationalization. However, as yet, there has been no meaningful reduction in poverty, particularly in the rural areas where it is both endemic and structural in nature. The country's per capita gross national product of USD 270 (2003) compares unfavourably with the average of USD 503 for the sub-continent as a whole.

2. Albeit highly labour-intensive, agriculture is still the most dominant and vibrant sector, employing an estimated 85% of the total national work force and accounting for approximately 73% of all exports and 48% of gross domestic product (GDP) (1997-2001). About 93% of the country's farmers own an average of 2 hectares (ha) of cultivable land; farm sizes do not vary dramatically for smallholders, notwithstanding the large differences in income across the zones. The degree of inequality between households in terms of land distribution appears to be lower than in other African countries, with an estimated Gini-coefficient of land concentration of 0.35 compared with 0.42 in Mozambique (traditional sector), 0.55 in Kenya and Somalia, and 0.64 in Ghana.

3. Agriculture is the most important source of income for Tanzanians, accounting for 90% of the income of the bottom 20% of the population and 64% of the top 20%. Crop production is the largest subsector in agriculture, contributing around 65% of GDP. The main subsistence crops include maize, sorghum, millet, cassava, rice, plantains, wheat and pulses. The major cash crops – coffee, cotton, tobacco and cashew nuts – are mainly grown by smallholders, while most of the sugar, sisal and tea is produced by large estates. The livestock subsector is the second largest, accounting for 30% of GDP, but since it is not closely integrated with the overall farming systems it has not realized its full potential. The country is not self-sufficient in food production and the average annual shortage is estimated at around 700 000 tons of basic food crops; in times of flood or drought, the deficit sometimes reaches as much as 1.5 million tons.

B. Lessons Learned from Previous IFAD Experience

4. Since 1996, IFAD has been testing a number of pilot extension and research approaches in Uganda and in the United Republic of Tanzania. In the latter, this involves the Mara Region Farmers' Initiative Project and the Kagera Agricultural and Environmental Management Project, in order that,

¹ See Appendix I for additional information.

irrespective of their scale of operations, agro-ecological locations and diverse farm practices, farmers receive appropriate services based on their demand, needs and priorities. The distinguishing feature of these interventions is their capacity to help the farmers to own, operate and manage the process; generate and build customized low-cost technology; and disseminate and communicate such knowledge through farmers' groups and farmer-to-farmer exchange programmes. As these pilot initiatives are very flexible, it has been possible to use and apply integrated pest management and integrated pest nutrition technology in the production of cash and food crops, organize farmers to set up their own commercial enterprises to satisfy their needs for inputs/outputs, and enter into contractual negotiations with research organizations, non-governmental organizations (NGOs) and private-service providers to obtain extension and research services. These more recent IFAD-assisted projects have moved to a more grass-roots focused, demand-driven and bottom-up approach to local agricultural and social development.

5. IFAD recently approved two programmes that are national in scope, namely, the Rural Financial Services Programme and the Agricultural Marketing Systems Development Programme, the objectives of which are to strengthen farmer organizations at the grass-roots level, and establish backward-and-forward linkages among them and formal market operators and commercial banks to enable farmers to receive technical, advisory and financial support based largely on market principles. During implementation of the present intervention, linkages with these programmes will be established with a view to enhancing and complementing agricultural services.

C. IFAD's Strategy for Collaboration with Tanzania

Tanzania's Policy for Poverty Eradication

6. Since independence, the cornerstone of Tanzanian policy has been to pursue egalitarianism and self-reliance. A number of changes have been made to that policy over the last two decades, and increasingly greater attention has been paid to poverty reduction, as evidenced by the country's poverty reduction strategy paper (PRSP) and Vision for 2025. Based on these long-term objectives, the Government has now completed its agriculture sector development strategy (ASDS) and rural development strategy (RDS) papers as the main vehicles for implementing poverty reduction plans and programmes to realize the Millennium Development Goals. Recognizing that poverty is entrenched in the rural areas, the primary objectives of such strategies are to stimulate growth in the rural economy by building on gains achieved at the macro level and empower the rural poor to overcome poverty through better access to land, water, financial resources and markets. In pursuing these objectives, the ASDS will cover crop, livestock production and other related agri-business activities, whereas the RDS will encompass the development of the entire rural economy with a view to strengthening rural infrastructure, governance and capacity-building, and to help in harmonizing and integrating sector policies into strategic actions. The Government also recognizes that stronger agricultural sector performance will be essential if the intended acceleration in real GDP growth and reduction in poverty are to be achieved.

IFAD's Strategy in Tanzania

7. The country strategy and opportunities paper approved by the Executive Board in December 2003 highlighted areas of intervention based on the PRSP, ASDS and programme experiences, set within the *Strategic Framework for IFAD 2002-2006* and the Fund's strategy for the region. The Strategic Framework gives priority to a pro-poor growth strategy, technological change and support to grass-roots institutions of the poor. What the Government and farmers want is change; and what the Government, the World Bank, Development Cooperation Ireland (DCI), the Food and Agriculture Organization of the United Nations (FAO) and IFAD have been working on under the ASSP is to define the nature of the changes necessary to respond to farmers' aspirations and make it possible for Tanzanians to effectively pursue change. Many such issues will be discovered only once the change process has started during the course of implementation. The country's agricultural services have

never been changed in this way in the past. As some similarities exist with the National Agricultural Advisory Services programme in Uganda, emergent lessons have been assimilated. Support for flexibility and learning-by-doing must be accompanied by real accountability – to farmers and to financiers.

8. IFAD is involved in this exercise because Tanzanian farmers urgently need better access to useful technology, and because it offers the possibility of establishing a comprehensive and enduring set of mechanisms for responding to that need. When they work, sector-wide approaches are where scaling up and harmonization takes place, and where the challenge of aid effectiveness is met. IFAD's participation in the ASSP covers the current gap in the portfolio, inasmuch as it deals with agricultural production and services while creating opportunities to link up with ongoing programmes, in particular for rural finance and marketing services.

Poverty Eradication Activities of Other Major Donors

9. The activities of other major donors have been taken into consideration during design, and relevant information is provided in Appendix V.

Programme Rationale

10. **Programme rationale and design considerations.** The ASSP has been designed and prepared as an integral part of the country-owned process. It fits within the framework of the country strategy and opportunities paper and reflects IFAD's regional strategy for Eastern and Southern Africa to achieve the Millennium Development Goals. As well as being produced within the framework of the agreed national formulation process for the Agricultural Sector Development Programme (ASDP), the ASSP development process has been scrutinized and validated by the relevant sectoral donor coordination body.

11. At the request of the Government, the inception and formulation process was initiated in November 2002 following a highly participatory approach and with the active involvement of a number of local task forces (TFs), thematic working groups and investment-specific formulation teams assisted by a multi-donor technical assistance team. The objectives were to: (i) build consensus and consolidate the vision for agricultural services, particularly with respect to the reform of extension services and the proposed national agricultural services executive agency; (ii) assist in interfacing agricultural services with other complementary investment activities, both yet to be initiated or that have been started up at the field level under TF 1; (iii) ensure that both the proposed agricultural services reform and the ASSP were consistent with the Local Government Reform Programme (LGRP); (iv) specify the modalities of development-partner support to reduce rural poverty, with specific focus on IFAD's target groups – the poorest of the poor, small farmers and women; (v) emphasize programme support under a basket-funding mechanism to give greater priority and funds to the agriculture sector; and (vi) prepare a detailed component and sub-component structure, both for the mainland and for the island of Zanzibar, with appropriate financing mechanisms (flow of funds) to respond to farmers' needs and priorities. In addition to normal meetings and interactions with the Government, at least four stakeholder workshops and three multi-donor meetings have been held to crystallize the thinking process and agree on the programme's basic framework.

12. Design work for the ASSP on the mainland was undertaken by TF-3. Since its inception in April 2003, TF-3 has launched working groups and support studies on research, extension, farmer empowerment and organizations, and information and communication. The TF has organized extensive stakeholder consultations so as to reach an understanding of the prevailing situation and to explore options for strengthening services to better address client needs. In November 2003, TF-3 recommended that reforms and future operations be based on a unified national strategy encompassing both agriculture and livestock services, while ensuring integration of the various

elements of agricultural services, in particular research, extension, training, and information and communications.

13. Preparations were also made for a corresponding programme on the island of Zanzibar. Given the formal institutional arrangements and position of Zanzibar within the United Republic of Tanzania, activities under the Zanzibar programme may be considered as linked to, but fully independent from, those on the mainland. Zanzibar has its own institutional set up, with a Ministry of Agriculture, Natural Resources, Environment and Cooperatives (MANREC) and different institutional arrangements. The Zanzibar programme therefore has the same objective, with similar activities and approaches/principles that are set within its own institutional and organizational context and adhere to the Zanzibar poverty reduction plan, the Zanzibar Vision for 2020 and the agricultural sector policy.

14. In March 2004, a joint government-development team prepared a concept paper outlining a possible agricultural services support programme to induce agricultural service reforms and finance operations within the ASDP framework. The concept paper, which was endorsed by the Government, provided the basis for the joint formulation/pre-appraisal mission that preceded preparation of the programme implementation document. The subsequent IFAD appraisal focused on strengthening mechanisms for targeting, monitoring and evaluation (M&E), and, in general, ensuring inclusion of the poor.

15. The ASSP design is completely different from that of a 'regular project'. First of all, the ASSP is a national programme and process aimed at changing current, poorly-responding agricultural service mechanisms into an effective system that responds to client demand. Secondly, a process approach has been taken, whereby agreed concepts and approaches are gradually implemented within the context and possibilities of Tanzanian society, the changing civil-service system and decentralization combined with privatization. Thirdly, it is a government-driven nationwide programme that fosters multi-donor support and is financed by means of a basket-funding mechanism.

PART II – THE PROGRAMME

A. Programme Area and Target Group

16. **Target group.** Given that it is national in scope, all farmers will be entitled to benefit from the new programme. However, the priority for both government and development partners is to concentrate on small farmers and, in particular, the poor, poorest of the poor and the most disadvantaged. The main target group will comprise the poorest of the poor, who live below the food poverty line, which, as estimated in current financial terms based on 2001 household survey figures, is equivalent to TZS 290 000 (USD 262) per household/family/year. This group, which includes the landless and casual labourers, women and orphan-headed and HIV/AIDS-affected small farm households, constitutes an estimated 1.16 million households. The second target group will comprise the poor, who live below the basic needs poverty line, currently estimated at TZS 396 000 (USD 358) per household/year, and account for at least 70% of rural population and for more than 80% of all farming communities. Since the poor comprise 1.21 million households, the IFAD priority target group will thus be 2.37 million households.

17. **Targeting.** The main eligibility criterion will be that at least 70% of the membership of each farmers' group and farmer forum will belong to small farming households. A second thrust of the targeting strategy will be to prioritize districts and wards with a high incidence of poverty. The allocation of funds to districts, wards and villages will be determined on the basis of a formula set up under the aegis of the Local Government Support Project and ASDP. The programme will promote discussions between districts, the Local Government Support Project and the President's Office-Regional Administration and Local Government (PO-RALG), so that the formula is developed to give greater prominence to the deprivation status of a district while reflecting its potential. Thirdly, the aim will also be, among other things, to ensure that at least 40% of the women participate in all

programme-supported activities; landless people, HIV/AIDS-affected households and other disadvantaged groups constitute at least 10% of those involved in programme activities; an equitable balance is maintained among small farm and other households when selecting farmers as resource persons, motivators or cadres; 80% of the grants for participatory on-farm research are used for trials on small farming household plots; and priority consideration is given to problems faced by small farming households, woman- and/or orphan-headed and HIV/AIDS-affected households or other disadvantaged groups in conducting technology application work and advocating policy, regulation and legislative change. Fourthly, programme mechanisms such as small grants – of TZS 10 000-20 000 per beneficiary per season – that are only likely to be of value and interest to producers with limited assets, coupled with the wide coverage of the empowerment component, will ensure that access to ASSP benefits is open even to the poorest.

B. Objectives and Scope

18. The programme will contribute to the borrower's objective of achieving greater and more sustained agricultural productivity, profitability and farm incomes, commensurate with an increase in agricultural growth from the current 3.6% per annum to at least 5% by 2007 (consistent with the PRSP and ASDS targets). The programme's contribution to meeting this objective will be to ensure greater relevance and responsiveness of agricultural advice and technology development, and the adoption by large numbers of farmers of more productive, economically rewarding and environmentally sustainable practices. The overall objective of the programme is that all farmers, including women, have better access to, and use of, relevant agricultural knowledge and technologies, which, through sustained partnerships with service providers, contribute to improving household food sufficiency, cash incomes and hence livelihoods.

C. Components

19. The overall structure of programme components and sub-components is as follows:

A.1 Farmer Empowerment

- Sub-component 1.1: Farmers' knowledge and organization
- Sub-component 1.2: Farmers' institutional and financial empowerment

20. This component will be mainly concerned with strengthening demand for agricultural services and the organizational/financial empowerment of grass-roots farmer groups, district forums and rural producers' organizations, by means of training, coaching and exchanges of experience. With participatory technology development, this should lead to the forging of partnerships with agricultural service providers (ASPs) and improve farmers' bargaining power.

B.2 Provision of Agricultural Services

- Sub-component 2.1: Institutional reform
- Sub-component 2.2a: Public-sector reorientation and capacity building (national/zonal)
- Sub-component 2.2b: Public-sector reorientation and capacity building (district)
- Sub-component 2.3: Private service-provider support
- Sub-component 2.4: Service provision

21. This component will be involved in implementing institutional reform for public services to agriculture through actions at the village, ward, district, zonal and national levels; reorienting the public sector ethos; building consensus on the changes being brought about by the programme in the provision of agricultural services; providing training and resources for public-sector performance improvement; encouraging, deepening and strengthening the process of private and NGO-sector involvement in key service areas, in particular extension, practical research, training and technical

services; and facilitating and overseeing the provision of on-demand support services to farmers' groups and forums.

C.3 Programme Management

- Sub-component 3.1: Management and coordination
- Sub-component 3.2: Service and contract quality control
- Sub-component 3.3: Planning and monitoring and evaluation

22. Care will be taken to ensure that planning, implementation and M&E are conducted in an integrated and proper manner; that suitable training is provided to all ASSP participants, as required; and that high standards are maintained in providing services and in the fulfilment of contracts from the technical, financial and legal standpoints.

23. **Phasing of district interventions.** Ideally, all three facets of agricultural service support activities, i.e., empowerment of farmers, reform and enhancement of research and extension, and provision of services and associated investment, will be implemented in sequence. However, there are variations in district development and history of/plan for donor-support, and in the status of research and extension outreach and effectiveness. Therefore, two types of districts are expected to be involved in the ASSP, namely: in the first phase of the programme, some 42 so-called fast-track districts that justify priority ranking for both empowerment and services reform and provision; and about 78 follow-on districts that already receive significant inputs for empowerment, farmer mobilization and group formation from alternative sources of assistance, and for which only services reform and enhanced services provision will be appropriate.

Zanzibar Programme

24. The Zanzibar programme will be fully consistent with the overall objectives, rationale and approach of the mainland ASSP. Its design is based on MANREC's commitment both to the participatory approach and to gradually devolving the provision of agricultural services to the private sector. There will be three components: farmer empowerment; provision of services; and programme management. Under the first component, the capacity of beneficiaries will be improved to enable them to articulate their needs and to contract agricultural services accordingly, facilitated by improved extension and research services.

25. The second component will involve the delivery of improved research and extension services. The private-sector proportion of such services will register an increase of 25% by project year (PY) 3 and of 50% by PY 7. It is expected that the farmers and fisherfolk (50% by PY 3 and 80% by PY 7) will themselves decide whether or not the contracts have been executed satisfactorily. Information will be provided on appropriate technologies and practices in sufficient quantity, range and quality to meet the needs of farmers and fishing communities.

26. The programme management component will provide mechanisms to ensure, through capacity building, training and M&E, that existing government structures manage the programme effectively, and in particular that local government is given the means to fulfil its mandate. This is particularly important in Zanzibar, where local government reform has not progressed to the same degree as in most areas on the mainland. At the same time, it will ensure that IFAD's special target groups, which largely correspond with those of government, are positively and verifiably impacted.

27. Programme coordination will be dealt with through a programme steering committee chaired by the Principal Secretary of MANREC and comprising representatives of all stakeholders. An agricultural services facilitation team (ASFT), responsible for programme start-up and coordination, will be integrated into MANREC to strengthen government capacity at the central level, provide links with other activities, and coordinate activities on the mainland.

28. The Zanzibar programme will be implemented in all nine rural districts of Pemba and Unguja, but with a limited range of activities in the five districts now supported under the World Bank-financed Participatory Agricultural Development and Empowerment Project.

D. Costs and Financing

29. On the mainland, the ASSP will be considered as a fully-costed seven-year government programme divided into a three-year first phase and a four-year second phase. The term 'fully-costed' means that the programme costs set out in the present report include estimates of all sources of funding and expenditures that will be committed to the reform and provision of agricultural services in the United Republic of Tanzania. ASSP is not, therefore, a project within a broader budget framework: rather, it constitutes an integrated programme that reflects all anticipated government, development partner and community support expenditures², and all investment and recurrent expenditures as captured within the Government's medium-term expenditure framework during the period in question.

30. Costs for the mainland and Zanzibar programmes are given in Tables 1, 2, 3 and 4. For the mainland components, the development partners will be initially the World Bank, DCI and IFAD; discussions are going forward with other donors. Donors who supply aid as general budget support to the Government are indirectly linked to the programme through the Government's contribution. Through its support for routine service provision (salaries and operating costs), the Government's contribution accounts for 55% of total programme funding. The basket mechanism accounts for 43%, with particular emphasis on farmer empowerment activities, institutional reform, capacity building and support to private-sector service providers. Farmers will contribute 2% of programme costs, mainly through increasing levels of cost sharing for group formation and farmer forum activities. IFAD's share in the programme amounts to USD 20.4 million for the mainland and USD 4.6 million for Zanzibar.

² While there is a range of existing funding for services from donors, NGOs and the private sector, the intention is that in due course these will form part of, or be reflected in, the basket mechanism.

TABLE 1: SUMMARY OF PROGRAMME COSTS FOR THE MAINLAND^a
(USD '000)

Components	Local	Foreign	Total	% of Foreign Exchange	% of Total Base Costs
A.1 Farmer Empowerment					
1.1 Farmers' knowledge and organization	12 106.2	1 838.6	13 944.8	13	6
1.2 Farmers' institutional and financial empowerment	4 208.6	508.2	4 716.8	11	2
Subtotal	16 314.8	2 346.8	18 661.6	13	8
B.2 Provision of Agricultural Services					
2.1 Institutional reform	5 787.5	1 184.2	6 971.7	17	3
2.2a Public-sector reorientation and capacity building (national/zonal)	6 417.0	5 387.4	11 804.4	46	5
2.2b Public-sector reorientation and capacity building (district)	3 967.7	3 636.3	7 604.0	48	3
2.3 Private service-provider support	4 368.4	722.5	5 090.9	14	2
2.4 Service provision	146 733.3	17 270.9	16 4004.2	11	73
Subtotal	167 274.0	28 201.3	19 5475.2	14	87
C.3 Programme Management					
3.1 Management and coordination	2 156.3	1 360.1	3 516.4	39	2
3.2 Service and contract quality control	1 632.6	266.1	1 898.7	14	1
3.3 Planning and monitoring and evaluation	4 343.2	744.9	5 088.1	15	2
Subtotal	8 132.1	2 371.2	10 503.3	23	5
Total base costs	191 721.0	32 919.3	224 640.3	15	100
Physical contingencies	8 824.9	3 291.9	12 116.8	27	5
Price contingencies	-24 286.7	2 770.4	-21 516.3	-13	-10
Total programme costs	176 259.3	38 981.6	215 240.9	18	96

^a Any discrepancies in totals are due to rounding.

TABLE 2: SUMMARY OF PROGRAMME COSTS FOR ZANZIBAR^a
(USD '000)

Components	Local	Foreign	Total	% of Foreign Exchange	% of Total Base Costs
1. Farmer Empowerment	992.6	159.6	1 152.2	14	23
2. Provision of Services	1 626.2	1 308.4	2 934.6	45	59
3. Programme Management	546.2	303.5	849.7	36	17
Total base costs	3 165.0	1 771.4	4 936.4	36	100
Physical contingencies	227.9	147.6	375.5	39	8
Price contingencies	563.6	102.2	665.8	15	13
Total programme costs	3 956.5	2 021.3	5 977.7	34	121

^a Any discrepancies in totals are due to rounding.

TABLE 3: FINANCING PLAN FOR MAINLAND
(USD '000)

Components	Government		Development Partner Basket		Beneficiaries		Total		Foreign Exchange	Local (Excl. Taxes)	Duties and Taxes
	Amount	%	Amount	%	Amount	%	Amount	%			
A.1 Farmer Empowerment											
Farmers' knowledge and organization	905.9	6.6	11 815.3	86.0	1 018.6	7.4	13 739.8	6.4	2 221.8	10 612.1	905.9
Farmers' institutional and financial empowerment	551.6	12.0	3 985.4	86.8	53.9	1.2	4 590.9	2.1	617.9	3 421.4	551.6
Subtotal	1 457.6	8.0	15 800.7	86.2	1 072.4	5.9	18 330.8	8.5	2 839.7	14 033.5	1 457.6
B.2 Provision of Agricultural Services											
Institutional reform	1 122.7	15.9	5 941.1	84.1	-	-	7 063.8	3.3	1 386.9	4 554.2	1 122.7
Public-sector reorientation and capacity building (national/zonal)	2 549.8	20.0	10 221.3	80.0	-	-	12 771.1	5.9	6 288.2	4 532.8	1 950.1
Public-sector reorientation and capacity building (district)	2 894.1	34.5	5 484.2	65.5	-	-	8 378.4	3.9	4 328.5	2 657.4	1 392.4
Private service-provider support	532.3	10.6	4 480.8	89.4	-	-	5 013.1	2.3	876.3	3 604.5	532.3
Service provision	106 461.8	69.5	43 079.6	28.1	3 724.1	2.4	153 265.4	71.2	20 454.6	109 767.2	23 043.6
Subtotal	113 560.8	60.9	69 207.0	37.1	3 724.1	2.0	186 491.8	86.6	33 334.5	125 116.2	28 041.1
C.3 Programme Management											
Management and coordination	966.0	26.6	2 660.3	73.4	-	-	3 626.3	1.7	1 600.0	1 462.2	564.1
Service and contract quality control	339.6	18.2	1 525.7	81.8	-	-	1 865.4	0.9	313.4	1 270.2	281.7
Planning and monitoring and evaluation	1 002.8	20.4	3 923.8	79.6	-	-	4 926.6	2.3	893.9	3 387.5	645.1
Subtotal	2 308.5	22.2	8 109.8	77.8	-	-	10 418.3	4.8	2 807.4	6 120.0	1 490.9
Total programme costs	117 326.8	54.5	93 117.6	43.3	4 796.5	2.2	215 240.9	100.0	38 981.6	145 269.7	30 989.6

TABLE 4: FINANCING PLAN FOR ZANZIBAR
(USD '000)

Components	Government		IFAD		Beneficiaries		Total		Foreign Exchange	Local (Excl. Taxes)	Duties and Taxes
	Amount	%	Amount	%	Amount	%	Amount	%			
1. Farmer Empowerment	294.7	20.0	1 166.1	79.1	12.9	0.9	1 473.7	24.7	187.3	991.7	294.7
2. Provision of Services	769.6	22.3	2 657.2	76.9	28.2	0.8	3 454.9	57.8	1 482.3	1 420.3	552.3
3. Programme Management	264.8	25.2	783.2	74.7	1.0	0.1	1 049.1	17.5	351.7	501.0	196.4
Total programme costs	1 329.2	22.2	4 606.5	77.1	42.1	0.7	5 977.7	100.0	2 021.3	2 913.0	1 043.5

E. Procurement, Disbursement, Accounts and Audit

Mainland

31. **Procurement.** The ASSP will be the first sector-wide agricultural programme to be implemented in the United Republic of Tanzania and, for the mainland, will be funded through a basket-funding mechanism. Agreement has been reached on a harmonized system of procedures that build on experience with other sector-wide approaches and best-practices. The partners will sign a memorandum of understanding setting out arrangements for planning, budgeting, disbursements, procurement, accounting and audit. Procurement of goods, works and services financed from the basket-funding mechanism will comply with the Government's procurement regulations and public finance legislation. Each annual work plan and budget will include a procurement plan and schedule detailing the goods and services to be procured.

32. **Accounts and audit.** The financing mechanism set out in the ASDP financial mechanism document (developed with support from the Japanese International Cooperation Agency) and agreed between the Government and development partners, will be adopted to ensure the effective flow and management of programme funds. Each participating national, zonal, district and ward entity will be responsible for financial reporting and for providing quarterly financial statements to the programme office. The programme will produce, and submit to IFAD, a consolidated quarterly financial statement within 45 days after the end of the quarter, and prepare and submit consolidated annual financial statements within three months of the end of the financial year.

33. **Disbursement.** In view of the basket-funding mechanism, no Special Account will be required. However IFAD will disburse quarterly tranches of funds directly into the ASSP basket-fund account. Replenishment will be on the basis of regular withdrawal requests signed by the Ministry of Finance (Treasury) in Dar-es-Salaam and approved by UNOPS as cooperating institution, based on full justification of the penultimate quarterly tranche. Documentation relating to expenditures and procurement will be retained at the various district and zonal offices, with copies sent to programme management headquarters, and will be made available for examination by supervision missions and auditors, as required.

Zanzibar

34. The usual principles, procedures and systems, including a Special Account, the use of IFAD's procurement procedures, and eligibility requirements applicable to IFAD projects will be applied.

F. Organization and Management

35. Overall, the ASSP will be implemented within existing government structures, the medium-term expenditure framework and the framework for ASDP change management. It will be implemented at two main levels – national and zonal under the primary responsibility of agricultural sector lead ministries, and regional and local, including district, ward and village levels, which, in turn, are the responsibility of PO-RALG and local government administrations (LGAs). Given the emphasis on public-sector decentralization, the bulk of decision-making and expenditure will be at the sub-national levels.

36. Implementation will be governed by the principle of greater control on the part of the farmer clients, in cooperation with public-sector agencies and increasingly with private-sector ASPs, NGOs and civil society. The emphasis will be on transferring jurisdiction over agricultural service provision to the farmers and their representative forums. Roles and responsibilities for implementing the programme will be further developed in the programme implementation plan to be prepared before the programme becomes operational. Until the final institutional arrangements are in place, temporary arrangements for ASSP implementation will be made by the Ministry of Agriculture and Food Security, which is the lead agricultural sector ministry. During this transition period, strong

coordination mechanisms will be set up to ensure that all sector ministries and stakeholders are adequately involved.

37. With respect to the Mainland Sub-Programme, at the national level, the existing multistakeholder ASDP National Steering Committee and its Inter-Ministerial Coordinating Committee will provide overall policy guidance based on ASDP principles and sector priorities. Implementation responsibilities and modalities will be set out in the programme implementation plan, but it is presently foreseen that the ASDP TF-3 will oversee both the completion of the services reform process and the early stages of implementation. Under the Zanzibar Sub-Programme, the PSC will oversee implementation, which will be handled on a day-to-day basis under the guidance of the ASFT-Zanzibar.

38. At the regional level, the main task will be to backstop the preparation and review of the district agricultural development plans (DADPs), which will include provision for agricultural services. In particular, the regional agricultural advisers will review the DADPs to ensure that they conform to national policy.

39. **Districts** will take a leading role in implementing the empowerment activities and in extension operations. They will also be the main clients of, and partners in, the research and development activities. The participating districts will implement the programme under the leadership of their district executive director, who will report to the district council. Day-to-day implementation will be the responsibility of the district agricultural and livestock officer and the agricultural team. Programme funds for implementing the reform of public services will be handled by the LGA treasurer, on the basis of the above-mentioned memorandum of agreement. Funds for financing operations, such as the contracting of service providers by client groups, will be channelled through the district financing system but allocated only at the behest of the district agricultural and livestock officer and district executive director until such time as the farmer forums can be financed directly.

40. **Monitoring and evaluation.** Programme design will be refined through progressive improvements to the draft logframe, as shown in the first table of the Key File, during programme implementation plan preparation and throughout implementation. The logframe also summarizes the indicators and measurement tools to be used as part of the planning and M&E arrangements, and provides the basis for a set of performance milestones. The ASSP will use and enforce the current M&E system, including the compulsory results and impact management indicators.

41. An important element of the M&E system will be constituted by participant, beneficiary and service provider responsibility and input, allied to compatibility with the reporting and M&E systems already in place through the LGRP. To the extent possible, the system will use the existing LGA procedures and formats and tap into tools such as surveys and field assessments, annual work programme and budgets, and meeting and workshop minutes and records. In addition, for all service provision and assignment contracts assisted by the programme, the contractor, beneficiary group or forum and ward or district department involved will be obliged to make routine reports on progress, accomplishments and – where possible – impact. Farmers' groups and forums, and village and ward councils and administrations will be actively encouraged to develop and use their own logframes for programme activities, possibly in association with more general development planning.

42. Since the mainland programme will be funded by a basket mechanism, it will not be feasible for individual development partners/financiers to trace the status and use of their contributions. Only the aggregate financial performance of the whole programme, including the majority government contribution, will be accessible and measurable under the joint development-partner M&E system. For IFAD to be assured as to the satisfactory use of its loan – and compliance with its mandate – it will need to take a more active part than usual in liaising with programme management and in supervision. It should also participate in as many surveys as possible so that physical evidence of

target group coverage and impact and the progress of the reform and privatization thrusts can be assessed and related to overall disbursement.

G. Economic Justification

43. The total number of direct beneficiaries for the mainland programme is expected to reach 1.53 million farmers, or 575 000 households, equivalent to approximately 10% of the total farming population. The financial analysis indicates projected with-programme increases of 45-67% in annual farm income and incremental returns per family labour day of 6-33%, with resultant values of TZS 800-2 600 (USD 0.72-2.4). These incremental incomes relate to crop and livestock on-farm activities only: no account has been taken of other potential sources of income. The economic analysis shows that the overall programme has the capacity to generate an economic rate of return of 18% over a 20-year period and that the economic rate of return is relatively stable with respect to cost increases, reductions in benefits or delays in implementation, thus justifying programme investments.

44. The corresponding figures for the Zanzibar programme show the estimated number of beneficiaries as 137 500 farm families, with increases in annual farm income of 20-94%, for an average of 45%, and incremental returns per family labour day of 19%. The resultant economic rate of return for programme activities is 14%; as for the mainland programme, this return is relatively stable for cost, benefit and delay variations.

H. Risks

45. The manner in which the programme will address the critical risks can be summarized as follows:

- For issues relating to government policy; sector budgetary provision; market distortions; resistance to reform; and structure, calibre and autonomy of management, the only available avenues of mitigation are dialogue between the Government and development partners and strong leadership by programme proponents.
- The programme will mitigate the risks of hesitancy and possible recalcitrance of research and extension personnel by full sensitization and training, and by providing incentives for extension staff to move to the field or to accept retrenchment and work as private-service providers under contract. Adoption by districts of the reform programme cannot be forced, but the minimum conditions of compliance for district involvement will minimize the threat of disruption.
- Limited financial capacity at the LGA level will be mitigated by programme initiatives in inculcating efficiency of administration, timeliness and transparency of funding; supporting the authorities in facilitating the flow of funds; and the provision of technical and professional assistance, where necessary.
- The risk of scarcity of ASPs will be mitigated by the special training and technical and financial assistance that will be available to existing and potential providers; incentives to public-sector employees to take on a private advisory role; encouraging the amalgamation of groups to optimize group coverage as well as use of those available; and adjusting the pace of implementation to the level of capacity available, as discovered from ASP inventories and district diagnostic assessment.
- The problem of propensity for – and rate of – uptake of ASSP interventions is also related to the time taken for effective empowerment. The programme will emphasize the need to create institutions only in response to the need perceived by local people; adopt a gradual and flexible approach to developing farmer groups; and carefully sensitize other stakeholders to the nature and challenges of the empowerment process.

I. Environmental Impact

46. A full environmental and social management framework developed by the World Bank is summarized in the environmental screening and scoping note. In essence, the programme is expected to lead to significant environmental benefits, but mitigation action may be required if farming intensification involves increased use of pesticides.

J. Innovative Features

47. In a sense the entire programme is innovative inasmuch as it responds to the Government's challenge to Parliament to change the way of doing business into 'business unusual' so as to ensure that service provision has greater relevance to farmers' needs. It will also improve the efficiency of resource use by mobilizing both public and private resources under a common framework, and reduce transaction costs. It will increase effectiveness and accountability in the delivery and use of technology by supporting closer linkages (through decentralization) and service agreements with (private) service providers responding with appropriate technology generation and use in response to farmers' needs. For IFAD, it will pose the challenge of working in a sector-wide programme while seeking to ensure an effective and measurable impact on the livelihoods of the rural poor.

PART III – LEGAL INSTRUMENTS AND AUTHORITY

48. A loan agreement between the United Republic of Tanzania and IFAD constitutes the legal instrument for extending the proposed loan to the borrower. A summary of the important supplementary assurances included in the negotiated loan agreement is attached as an annex.

49. The United Republic of Tanzania is empowered under its laws to borrow from IFAD.

50. I am satisfied that the proposed loan will comply with the *Agreement Establishing IFAD*.

PART IV – RECOMMENDATION

51. I recommend that the Executive Board approve the proposed loan in terms of the following resolution:

RESOLVED: that the Fund shall make a loan to the United Republic of Tanzania in various currencies in an amount equivalent to seventeen million and fifty thousand Special Drawing Rights (SDR 17 050 000 to mature on or prior to 1 December 2044 and to bear a service charge of three fourths of one per cent (0.75%) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

Lennart Båge
President

**SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES
INCLUDED IN THE NEGOTIATED LOAN AGREEMENT**

(Negotiations concluded on 26 October 2004)

1. **Cofinancing.** In addition to the IFAD loan and the International Development Association (IDA) credit, the Government of the United Republic of Tanzania (the “Government”) intends to obtain financing from other development partners, in the form of either loans or grants, to assist in financing the programme in accordance with the development partners’ memorandum of understanding and on such other terms and conditions as may be set forth in separate agreements between the Government and each other such development partner (each such agreement, a “development partner agreement”).
2. **ASDP basket-fund account.** The Government will open and maintain in its central bank, or another bank agreed by the Government and IFAD, an account denominated in United States dollars for the purpose of financing the mainland subprogramme (the “ASDP basket-fund account”). As from the effective date, the Government may request withdrawals from the loan account quarterly in advance during the programme implementation period on the basis of withdrawal applications prepared and submitted by the Government and approved by the cooperating institution. The amount so requested will not exceed the amount of expenditures that are included in the annual workplan and budget (AWP/B) for the mainland subprogramme to be financed by IFAD from the loan for that quarter. The loan proceeds from the ASDP basket-fund account will be used in accordance with the aforementioned AWP/Bs and replenishment of loan proceeds in the ASDP basket-fund account will be made upon presentation by the Government of full documentary justification, including the presentation of the quarterly performance report for such quarter covering the penultimate quarterly advance received by the Government from IFAD into the ASDP basket-fund account. The Government will make payments out of or use the proceeds of the ASDP basket-fund account exclusively for eligible expenditures. The lead programme agency for the mainland subprogramme will operate the ASDP basket-fund account in accordance with the loan agreement, as may be supplemented by the development partners’ memorandum of understanding.
3. **Special Account – Zanzibar subprogramme.** The Government will open and thereafter maintain in its central bank, or another bank agreed by the Government and IFAD, a special account denominated in United States dollars for the purpose of financing the Zanzibar subprogramme. The lead programme agency for the Zanzibar subprogramme, on behalf of the Government, will be fully authorized to operate the special account.
4. **Annual workplans and budgets.** The mainland ASFT, with respect to the mainland, and the Zanzibar ASFT, with respect to Zanzibar, will prepare a draft AWP/B for each programme year with respect to the relevant subprogramme. Each draft AWP/B will include, among other things, a detailed description of planned programme activities during the coming programme year under the mainland subprogramme, and the sources and uses of funds therefor, based on the respective workplans and budgets prepared by each agricultural sector lead ministry (ASLM) (in the case of the mainland subprogramme only) and each programme district participating in the respective subprogramme.
5. The Government will ensure that the proceeds of the IDA credit and other development partner financing are made available to the ASLMs with respect to the mainland subprogramme, in accordance with the respective AWP/Bs for that subprogramme.
6. As soon as practicable, but in no event later than 180 days after the effective date, the ASLMs, with respect to the mainland subprogramme, and the lead programme agency of the Zanzibar subprogramme, with respect to the Zanzibar subprogramme, will enlarge and ensure the proper functioning of their existing information management system, to enable them to continuously monitor the programme.

7. **Additional events of suspension.** The following are specified as additional events of suspension of the Government's right to make withdrawals from the loan account:

- (a) IFAD may suspend in the event of:
 - (i) On or after the effective date, the IDA agreement and/or any other development partner agreement has failed to enter into full force and effect by the date or dates specified therein or a later date or dates established by IDA and/or such other development partner(s) for that purpose and substitute funds are not available to the Government on terms and conditions acceptable to IFAD.
 - (ii) The right of the Government to withdraw the proceeds of the IDA credit and/or any other financing provided by other development partner(s) has been suspended, cancelled or terminated, in whole or in part, or the IDA credit and/or other non-grant financing has become due and payable prior to the agreed maturity thereof; or any event has occurred which, with notice or the passage of time, could result in any of the foregoing.
 - (iii) The focus, framework or substance of the ASDP has been changed in such a way that, in the opinion of IFAD, the goals and purposes of the programme or the terms of this agreement may not be fulfilled.
 - (iv) Either or both of the programme implementation plans (PIPs), or any provision(s) thereof, has been waived, suspended terminated, amended or modified without the prior consent of IFAD, and IFAD has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the programme.
- (b) IFAD will suspend, in whole or in part, the right of the Government to request withdrawals from the loan account if the audit report for the mainland subprogramme or the audit report for the Zanzibar subprogramme or both have not been satisfactory completed within 12 months after the end of the fiscal year.

8. **Programme district memoranda of agreement.** As a prerequisite for programme participation, each eligible and selected programme district will enter into a memorandum of agreement with the relevant lead programme agency of the subprogramme, in which the programme district will declare its commitment to the goal and purposes of the programme and, in furtherance of such goals and purposes, the programme district will undertake to carry out the programme in accordance with the loan agreement and the programme district memorandum of agreement. Among other things, each programme district memorandum of agreement will specify:

- (a) The flow of funds mechanism and checks-and-balances system, financial and physical progress reporting requirements and other obligations set forth in the loan agreement, the development partners memorandum of understanding and the relevant PIP;
- (b) That the programme district will establish or expand its existing information management system to cover programme activities; and
- (c) The nature of programme support to be provided, the obligations of the local authorities, and the deliverables and timeframes of these mutual undertakings. The memorandum of agreement will also cover the assistance for planning and implementing the district extension services reform, including the most appropriate local arrangement for the positioning of extension staff.

9. **Pest management practices.** As part of maintaining sound environmental practices as required by Section 7.15 of the *General Conditions for Agricultural Development Financing*, the programme parties will maintain appropriate pest management practices under the programme and, to that end, the Government will ensure that pesticides procured under the programme do not include any pesticide either proscribed by the International Code of Conduct on the Distribution and Use of

Pesticides of the Food and Agriculture Organization of the United Nations, as amended from time to time, or listed in Tables 1 (Extremely Hazardous) or 2 (Highly Hazardous) of the World Health Organization Recommended Classification of Pesticides by Hazard and Guidelines to Classification 1996-1997, as amended from time to time.

10. **Monitoring.** The Government and IFAD will ensure that the monitoring and evaluation systems from the programme include, inter alia, the framework indicators under IFAD's Results and Impact Management System, which IFAD will communicate to the Government.

11. **Mid-term review.** The mid-term review will also review the functioning of the mainland ASFT and the Zanzibar ASFT and make any recommendations for revisions to their composition, functions, etc. The parties understand that this may require amendments to the loan documents.

12. **Contracting of service providers and ASPs.** All service providers contracted under the programme will have qualifications, terms of reference and conditions of engagement satisfactory to IFAD and the cooperating institution.

13. **Insurance of programme personnel.** The Government will insure key programme personnel against health and accident risks to the extent consistent with customary practice in respect of its national civil service.

14. **Gender focus.** The programme will seek to achieve gender balance in its operations. To this end, among the programme's targeting criteria, the Government will ensure that all programme-supported implementation teams, committees, farmer organizations and training programmes contain at least 40% membership participation by women.

15. **Institutional restructuring.** The final steps required for the integration of agricultural research services in light of the mixed farming systems and the transfer of most agricultural and livestock extension functions to LGAs will be completed by the Government within 18 months after the effective date.

16. **IDA cofinancing.** Within 18 months after the effective date, the Government will have duly entered into the IDA agreement and provided a copy of same, certified as true and complete by a competent officer of the Government, to IFAD, and the signature and performance thereof by the Government will have been duly authorized or ratified by all necessary administrative and governmental action; and all conditions precedent to the effectiveness of the IDA agreement (other than the effectiveness of the loan documents) will have been fulfilled.

17. **Conditions precedent to effectiveness of the loan agreement.** The following are specified as conditions precedent to the effectiveness of the loan agreement:

- (a) The programme steering committee will have been duly established;
- (b) The mainland ASFT and the Zanzibar ASFT will have been established and staffed;
- (c) The PIPs for the mainland subprogramme and for the Zanzibar subprogramme, including, inter alia, targeting mechanisms, will have been prepared by the Government, approved by IFAD and adopted in the form so approved;
- (d) The Government will have opened the ASDP basket-fund account;
- (e) The Government will have duly opened or caused to be duly opened the special account and the Zanzibar programme account;
- (f) The Government will have made an initial budgetary allocation of its contribution to the programme available to the ASLMs and the lead programme agency for the Zanzibar subprogramme;
- (g) The AWP/Bs for programme year 1 will have been prepared and submitted to IFAD and the cooperating institution for their respective review and approval;

ANNEX

- (h) The auditor of the programme will have been duly appointed;
- (i) The district selection matrix, procedures and process for the selection of programme districts for both subprogrammes will have been approved by IFAD;
- (j) The loan agreement will have been duly signed, and the signature and performance thereof by the Government will have been duly authorized and ratified by all necessary administrative and governmental action;
- (k) The development partners' memorandum of understanding will have been duly signed by the Government and IFAD, at a minimum, and the signature and performance thereof by the Government will have been duly authorized or ratified by all necessary administrative and governmental action, and the performance by the other parties thereto, other than IFAD, will have been duly authorised or ratified by all necessary corporate and administrative action; and all conditions precedent to the effectiveness thereof (other than the effectiveness of the loan documents) will have been fulfilled; and
- (l) A favourable legal opinion, in form and substance acceptable to IFAD, will have been delivered by the Government to IFAD.

APPENDIX I

COUNTRY DATA

TANZANIA

Land area (km² thousand), 2001 1/	884	GNI per capita (USD), 2001 1/	270
Total population (million), 2001 1/	34.45	GDP per capita growth (annual %), 2000 1/	3.4
Population density (people per km²), 2001 1/	39	Inflation, consumer prices (annual %), 2001 1/	5
Local currency	Tanzanian Shilling (TZS)	Exchange rate: USD 1.0 =	TZS 1 105
Social Indicators		Economic Indicators	
Population (average annual population growth rate), 1995-2001 1/	2.5	GDP (USD million), 2001 1/	9 341
Crude birth rate (per thousand people), 2001 1/	39	Average annual rate of growth of GDP 2/ 1981-1991	n.a.
Crude death rate (per thousand people), 2001 1/	18	1991-2001	3.4
Infant mortality rate (per thousand live births), 2001 1/	104	Sectoral distribution of GDP, 2001 1/	
Life expectancy at birth (years), 2001 1/	44	% agriculture	45
Number of rural poor (million) (approximate) 1/	n/a	% industry	16
Poor as % of total rural population 1/	n/a	% manufacturing	7
Total labour force (million), 2001 1/	17.73	% services	39
Female labour force as % of total, 2001 1/	49	Consumption, 2001 1/	
Education		General government final consumption expenditure (as % of GDP)	6
School enrolment, primary (% gross), 2001 1/	63 a/	Household final consumption expenditure, etc. (as % of GDP)	86
Adult illiteracy rate (% age 15 and above), 2001 1/	24	Gross domestic savings (as % of GDP)	8
Nutrition		Balance of Payments (USD million)	
Daily calorie supply per capita, 1997 2/	2 360	Merchandise exports, 2001 1/	780
Malnutrition prevalence, height for age (% of children under 5), 2001 3/	44 a/	Merchandise imports, 2001 1/	1 660
Malnutrition prevalence, weight for age (% of children under 5), 2001 3/	29 a/	Balance of merchandise trade	-880
Health		Current account balances (USD million)	
Health expenditure, total (as % of GDP), 2001 1/	6 a/	before official transfers, 2001 1/	-887
Physicians (per thousand people), 1999 1/	n/a	after official transfers, 2001 1/	-298
Population using improved water sources (%), 2001 3/	68	Foreign direct investment, net 2001 1/	193 a/
Population with access to essential drugs (%), 1999 3/	50-79	Government Finance	
Population using adequate sanitation facilities (%), 2001 3/	90	Overall budget deficit (including grants) (as % of GDP), 2001 1/	n/a
Agriculture and Food		Total expenditure (% of GDP), 2001 1/	n/a
Food imports (% of merchandise imports), 2001 1/	16 a/	Total external debt (USD million), 2000 1/	6 676
Fertilizer consumption (hundreds of grams per ha of arable land), 2000 1/	56	Present value of debt (as % of GNI), 2000 1/	15
Food production index (1989-91=100), 2001 1/	104	Total debt service (% of exports of goods and services), 2000 1/	10
Cereal yield (kg per ha), 2001 1/	1 525	Lending interest rate (%), 2001 1/	20
Land Use		Deposit interest rate (%), 2001 1/	5
Arable land as % of land area, 2000 1/	5		
Forest area as % of total land area, 2000 1/	44		
Irrigated land as % of cropland, 2000 1/	3		

a/ Data are for years or periods other than those specified.

1/ World Bank, *World Development Indicators* CD ROM 2003.

2/ United Nations Development Programme (UNDP), *Human Development Report*, 2000.

3/ UNDP, *Human Development Report*, 2003.

PREVIOUS IFAD FINANCING IN TANZANIA

Project Name	Initiating Institution	Cooperating Institution	Lending Terms	Board Approval	Loan Effectiveness	Current Closing Date	Loan Acronym	Amount Approved
Mwanza/Shinyanga Rural Development Project	World Bank: IBRD	World Bank: IDA	HC	13 Apr 78	28 Feb 79	31 Dec 84	L-I-2-TAN	USD 12 000 000
Southern Highlands Smallholder Food Crop Project	IFAD	World Bank: IDA	HC	05 Sep 85	03 Aug 87	31 Dec 93	L-I-176-TZ	SDR 14 500 000
Smallholder Support Project in Zanzibar	IFAD	World Bank: IDA	HC	13 Sep 89	07 Mar 91	31 Dec 97	L-I-242-TZ	SDR 8 150 000
Southern Highlands Extension and Rural Financial Services Project	IFAD	World Bank: IDA	HC	06 Apr 93	30 Jun 93	30 Sep 00	L-I-324-TZ	SDR 11 500 000
Smallholder Development Project for Marginal Areas	IFAD	UNOPS	HC	06 Dec 89	05 Oct 90	31 Dec 97	G-S-20-TZ L-S-24-TZ	SDR 650 000 SDR 11 450 000
Mara Region Farmers' Initiative Project	IFAD	UNOPS	HC	06 Dec 95	25 Jun 96	30 Jun 03	L-I-400-TZ	SDR 9 650 000
Agricultural and Environmental Management Project	IFAD	UNOPS	HC	04 Dec 96	10 Sep 97	31 Dec 03	L-I-433-TZ	SDR 10 300 000
Participatory Irrigation Development Programme	IFAD	UNOPS	HC	08 Sep 99	18 Feb 00	30 Sep 06	L-I-511-TZ	SDR 12 550 000
Rural Financial Services Programme	IFAD	UNOPS	HC	07 Dec 00	12 Oct 01	30 Jun 11	L-I-550-TZ	SDR 12 800 000
Agricultural Marketing Systems Development Programme	IFAD	UNOPS	HC	06 Dec 01	04 Oct 02	30 Jun 10	L-I-575-TZ	SDR 12 950 000

HC: Highly concessional

IBRD: International Bank for Reconstruction and Development (World Bank Group)

IDA: International Development Association (World Bank Group)

LOGICAL FRAMEWORK

Mainland

Narrative	Indicators	Means of Verification	Assumptions
<p>Programme Goal</p> <p>Poverty reduction (PRSP goal)</p> <p>Greater productivity, profitability and farm incomes (ASDP PDO) from increased investment in agriculture (through greater private-sector involvement and improved public service delivery)</p>	<p>Impact (third-level indicators)</p> <p>Number of those living below the poverty line decreases from 48% to 24% by 2010</p> <p>Agricultural GDP growth increases from 3.6% to 5% p.a. by 2007</p> <p>25% of targeted farming households show improvement in productive assets ownership index by 2010</p> <p>Child malnutrition (weight-for-age) reduced in 25% of targeted farming households by 2010</p>	<p>National statistics</p> <p>RDS surveys supported by ASSP</p>	<p>Political will for progressive devolution and commercialization continues, and is translated into policy reforms</p> <p>Macroeconomic factors and conditions remain stable and liberal</p>
<p>Programme purpose (or development objective) comprising two strategic objectives:</p> <p>1. Targeted farmers (including the rural poor and women) have better access to, and use of, agricultural knowledge and technologies responsive to their needs thanks to sustained partnerships with service providers. This contributes to their household food sufficiency and cash income adequacy and hence their livelihoods</p>	<p>Outcomes (second-level or headline indicators)</p> <ol style="list-style-type: none"> 1. 30% of 1.5 million assisted farmer group members, representing approximately 575 000 households, judge improved services as contributing to their family food sufficiency and cash income adequacy by PY 3 and 70% by PY 7 2. 25 % of assisted farmers show sustained use over more than 2 years of one or more relevant technologies, practices and products of knowledge by PY 3 and 75% by PY 7 3. 25% of group members fall within specific categories of disadvantaged, including food-insecure households, women-headed, orphan-headed and HIV/AIDS-affected households, and unemployed youth, the elderly or disabled 	<p>Surveys and participatory evaluations conducted under RDS and PO-RALG supported where required by ASSP and contracted national consultants, firms or institutions</p>	<p>Input supply, marketing systems and credit availability respond to higher effective farmer demand</p> <p>Other investments under ASDP (from other task forces) support ASSP's objectives</p>
<p>Strategic objective (or component) A.1</p> <p>Farmer Empowerment (demand)</p> <p>Client capacity is improved to articulate demand, contract agricultural services and form partnerships with ASPs</p>	<p>Outcomes (second-level or headline indicators)</p> <ol style="list-style-type: none"> 4. Groups and private ASPs access 25% of total ASSP funds through grant mechanisms/service contracts by PY 3; and 50% by PY 7 5. 50% of groups and forums have bank accounts with deposits equal to TZS 10 000 per member by PY 3; and 75% by PY 7 6. 50% of existing groups, plus four new groups per ward per 	<p>Ditto</p>	<p>Ditto</p>

Narrative	Indicators	Means of Verification	Assumptions
	year are listed at the district, and the number of farmers represented by networks or groups doubles by PY 3; and 75% of all participating farmers are represented in recognized groups by PY 7		
Outputs: Component A.1, Farmer Empowerment – Farmers’ knowledge and organization	First-level results Proportion of target group participating in viable groups doubles by end of Phase 1, from present estimated 15-20% (to be confirmed by baseline studies)	Baseline studies, PO-RALG M&E system reports	Farming and fishing are profitable
– Farmers’ institutional and financial empowerment	Proportion of sustainable, registered and financially active groups doubles by the end of Phase 1	Stakeholder forum reports, LGA/RDS surveys, farm case studies	Ditto
Activities: Component A.1, Farmer Empowerment	Enable the delivery of appropriate advice and information to differentiated categories of farmers cost-effectively		
Strategic objective (or component) B.2. Provision of Agricultural Services (supply) Improved sector-service delivery from both reformed public providers and private/NGO providers is achieved	Outcomes (second-level or headline indicators) 7. The proportion of all services in participating districts delivered by NGOs and private service providers rises from existing levels by 25% by PY 3; and 50% by PY 7 8. 50% of all district and zonal service contracts and agreements executed in first three years are rated as satisfactorily completed by clients and 80% by PY 7 9. The proportion of farmers in participating districts that rate advisory services as improving rises from 10% to 25% by PY 3; and to 50% by PY 7 10. All zonal agricultural research and development institutes (ZARDIs) have institutionalized client-oriented management and development approaches (CORDEMAS) and established zonal agricultural research and development funds (ZARDEFs) by PY 7	National survey of agriculture and district diagnostic assessment. Completion reports will assess contract completion, relevance and responsiveness to farmer needs	New policies eliminate conflicts & unfair competition between private and public services Input supply, marketing systems & credit availability respond to higher effective farmer demand Other investments under ASDP support ASSP’s objectives
Outputs: Component B.2, Provision of Agricultural Services	First-level results Value of services delivered through NGOs and private service providers rises by 25% by 2008; 50% of service contracts satisfactorily completed by 2007, and 80% by 2009; 75% of disseminated technologies adopted for more than one season	Baseline studies, PO-RALG M&E system reports	Contract mechanism and contract rates for ASPs are efficient and profitable. Farmers engage with

Narrative	Indicators	Means of Verification	Assumptions
			ASPs
– Institutional reform	First-level results Reform strategy for farmer-driven agricultural service provision prepared by end-2005, agreed with Government by mid-2006, and recommendations effective by end-2006	Publication of strategy; annual research/extension review; district reports	Political will for progressive devolution and commercialization continues, and is translated into policy reforms
– Public sector reorientation and capacity building	First-level results National-level core team in place by end-PY 3, training curricula rise by 50%, and number of courses for targeted groups and ASPs rises to meet demand. All ZRELUs and relevant ministries have Internet connection and mobile telephones. Favourable farmer group evaluations of reoriented ASPs	Appointment contracts Reports from training institutes and zones District annual reports	All relevant ministries support reorientation reform Clients become more and more critically appreciative
– Private service provider support	First-level results Registry and guidelines for ASPs in place by end-PY 1 No. of courses for targeted groups and ASPs doubles each year 25% of public sector staff opt for private sector by PY 2 At least five contracts for assistance per participating district per year	Publications MAFS/MANREC records District records	programme steering committee approval. Sufficient availability of ASPs Favourable business environment for ASPs Conflict of interest with district teams as fund managers and ASPs avoided
– Service provision	First-level results ZARDEFs operational with 75% of research budget by 2008, plus 75% endorsement by farmers Number of funded farmer groups doubles each year	Research funds reports District M&E database	Farmers engage with ASPs
Activities: Component B.2, Provision of Agricultural Services	Deliver appropriate technologies, practices, advice and information in sufficient quantities and range to meet identified farmers' needs		
Strategic objective (or component) C.3 Programme Management	Outcomes (second-level or headline indicators) Outputs from each component are reported on time and	Funding statements Programme M&E Progress reports	

Narrative	Indicators	Means of Verification	Assumptions
Provide mechanisms to ensure sound coordination and quality control	disbursement targets are met		
– Management and coordination	<p>First-level results Appropriate institutional structures and capacity to operate ASSP effectively developed at all levels, e.g. ASSP Board established and functioning, ASSP HQ/Executive fully staffed, ASSP structures/ procedures compliant with Local Government Act and regulations</p>	ASSP progress reports Budget estimates	Local government capacity, particularly at district level, continues to be strengthened by LGA district development programmes and projects
– Service and contract quality control	<p>First-level results Quality of services in legal, governance, participatory, technical, environmental terms assured, e.g. speed of contract processing meets targets, <20% of contracts cancelled or uncompleted, 90% of discovered frauds are pursued legally/reprimanded. Targeting of special groups also addressed: poverty, gender, HIV/AIDS, and 25% of group members fall within them</p>	District M&E Court cases Beneficiary assessments, group records	Legal and supervisory processes facilitate service quality delivery
Planning and monitoring and evaluation	<p>First-level results Participatory M&E system effective based on group, sub-project, service contract level recording, compliant with LGRP system, with feed-back adjustment to ASSP workplan at the national, zonal and local levels. Beneficiary groups monitor and evaluate own progress against self-developed criteria, and use lessons learned</p>	ASSP records Annual review Beneficiary case studies	
<p>Activities Component C.3, Programme Management</p>	Develop training programmes for institutional strengthening and capacity building at the group, village, ward and district levels. Develop organizational structure, recruit and appoint staff. Develop management system with dynamic and participatory M&E control closely linked with district administration and stakeholder and farmer forums		

Zanzibar

Narrative	Indicators	Means of Verification	Assumptions
<p>Programme goal</p> <p>Poverty reduction (PRSP Goal)</p> <p>Greater productivity, profitability and farm incomes (ASDP PDO) from increased investment in agriculture (through greater private-sector involvement and improved public-service delivery)</p>	<p>Impact (third-level indicators)</p> <p>Number of those living below the poverty line decreases from 48% to 24% by 2010</p> <p>Agricultural GDP growth increases from 3.6% to 5% p.a. by 2007</p> <p>25% of targeted farming households show improvement in productive assets ownership index by 2010</p> <p>Child malnutrition (weight for age) reduced in 25% of targeted farming households by 2010</p>	<p>National statistics</p> <p>RDS surveys supported by ASSP</p>	<p>Political will for progressive devolution and commercialization continues, and is translated into policy reforms</p> <p>Macroeconomic factors and conditions remain stable and liberal</p>
<p>Programme purpose (or development objective) comprising two strategic objectives:</p> <p>1. Targeted farmers (including the rural poor and women) have better access to, and use of, agricultural knowledge and technologies responsive to their needs thanks to sustained partnerships with service providers. This contributes to their household food sufficiency and cash income adequacy and hence their livelihoods</p>	<p>Outcomes (second-level or headline indicators)</p> <ol style="list-style-type: none"> 1. 30% of about 600 000 assisted farmer group members, representing approximately 110 000 households in Zanzibar's nine rural districts, judge improved services as contributing to their family food sufficiency and cash income adequacy by PY 3 and 70% by PY 7 2. 25% of assisted farmers show sustained use over more than 2 years of one or more relevant technologies, practices and products of knowledge by PY 3 and 75% by PY 7 3. 25% of group members fall within specific categories of disadvantaged, including food-insecure households, women-headed, orphan-headed and HIV/AIDS-affected households, and unemployed youth, the elderly or disabled 	<p>Surveys and participatory evaluations conducted under RDS and RALG supported where required by ASSP and contracted national consultants, firms or institutions</p>	<p>Input supply, marketing systems and credit availability respond to higher effective farmer demand</p> <p>Other investments under ASDP (from other task forces) support ASSP's objectives</p>
<p>Strategic objective (or component)</p> <p>A.1 Farmer Empowerment (demand)</p> <p>Client capacity is improved to articulate demand, contract agricultural services and form partnerships with ASPs</p>	<p>Outcomes (second-level or headline indicators)</p> <ol style="list-style-type: none"> 4. Groups and private ASPs access 25% of total ASSP funds through grant mechanisms/service contracts by PY 3; and 50% by PY 7 5. 50% of groups and forums have bank accounts with deposits equal to TZS 10 000 per member by PY 3; and 75% by PY 7 6. 50% of existing groups plus four new groups per ward per year are listed at the district, and the number of farmers represented by networks or groups doubles by PY 3; and 75% of all participating farmers are represented in recognized groups by PY 7 	<p>Ditto</p>	<p>Ditto</p>

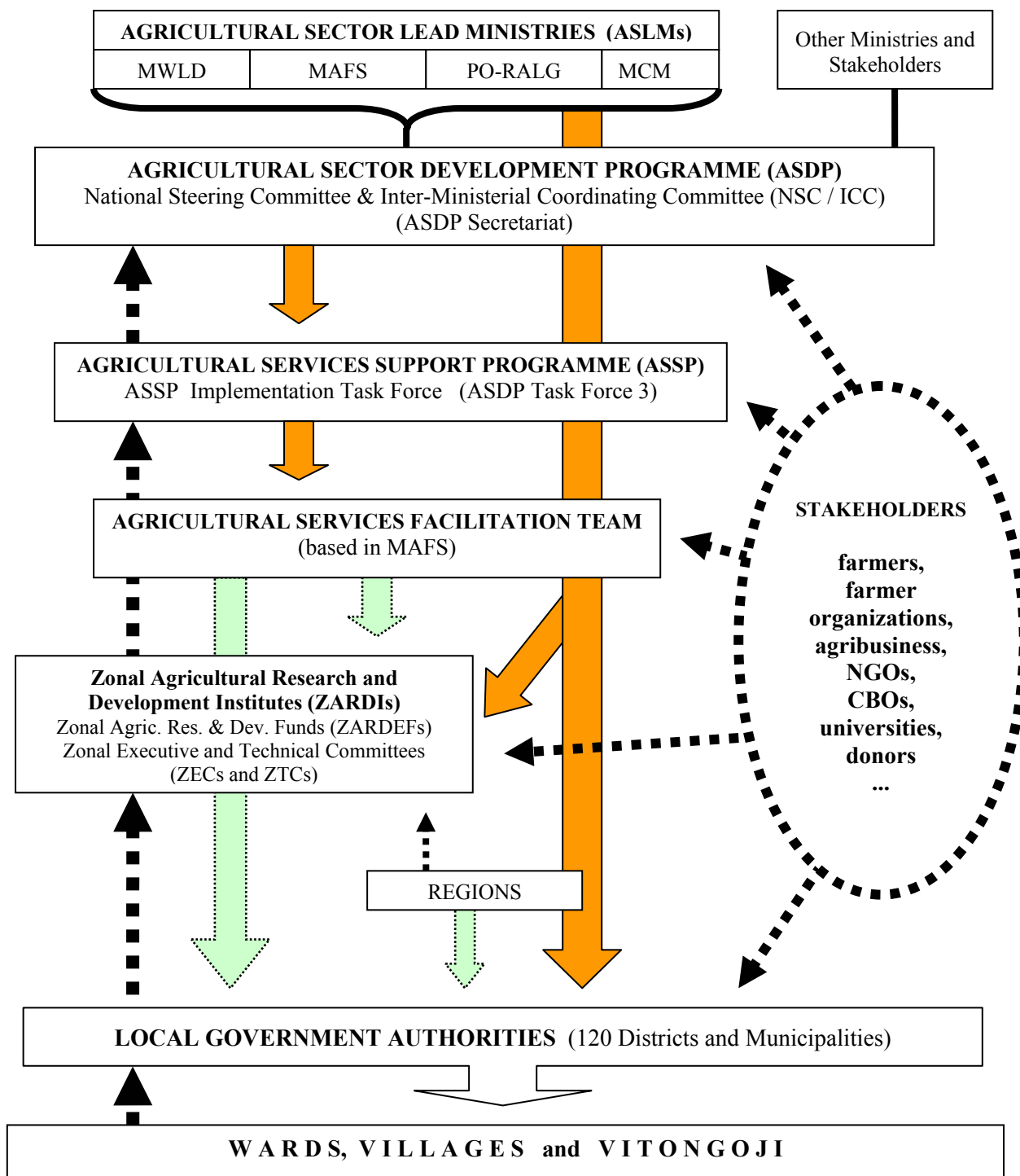
Narrative	Indicators	Means of Verification	Assumptions
Outputs: Component A.1, Farmer Empowerment Farmers' knowledge and organization	First-level results Proportion of target group participating in viable groups doubles by end of Phase 1, from present estimated 15-20% (to be confirmed by baseline studies)	Baseline studies, RALG M&E system reports	Farming and fishing are profitable
– Farmers' institutional and financial empowerment	Proportion of sustainable, registered and financially active groups doubles by the end of Phase 1	Stakeholder forum reports, LGA/RDS surveys, farm case studies	Ditto
Activities: Component A.1, Farmer empowerment	Enable the delivery of appropriate advice and information to differentiated categories of farmers cost-effectively		
Strategic objective (or component) B.2 Provision of Agricultural Services (supply) Improved sector-service delivery from both reformed public providers and private/NGO providers is achieved	Outcomes (second-level or headline indicators) 7. The proportion of all services in participating districts delivered by NGO and private service providers rises from existing levels by 25% by PY 3; and 50% by PY 7 8. 50% of all district and all zonal service contracts and agreements executed in first three years are rated as satisfactorily completed by clients and 80% by PY 7 9. The proportion of farmers in participating districts that rate advisory services as improving rises from 10% to 25% by PY 3; and to 50% by PY 7 10. All ZARDIs have institutionalized CORDEMA and established ZARDEFS by PY 7	National survey of agriculture and district diagnostic assessment. Completion reports will assess contract completion, relevance and responsiveness to farmer needs.	New policies eliminate conflicts & unfair competition between private and public services Input supply, marketing systems & credit availability respond to higher effective farmer demand Other investments under ASDP support ASSP's objectives
Outputs: Component B.2, Provision of Agricultural services	First-level results Value of services delivered through NGOs and private service providers rises by 25% by 2008; 50% of service contracts satisfactorily completed by 2007, and 80% by 2009; 75% of disseminated technologies adopted for more than one season	Baseline studies, RALG M&E system reports	Contract mechanism and contract rates for ASPs are efficient and profitable. Farmers engage with ASPs
– Institutional reform	First-level results Reform strategy for farmer-driven agricultural service provision prepared by end-2005, agreed with Government by mid-2006, and recommendations effective by end-2006.	Publication of strategy; Annual research/extension review; district reports	Political will for progressive devolution and commercialization continues, and is translated into policy reforms
– Public-sector reorientation and capacity building	First-level results National-level core team in place by end-PY 3, training curricula rise by 50%, and number of courses for targeted groups and ASPs rises to meet demand. All ZRELUs and relevant ministries have Internet	Appointment contracts Reports from training institutes and zones District annual reports	All relevant ministries support reorientation reform Clients become more and

Narrative	Indicators	Means of Verification	Assumptions
	connection and mobile telephones. Favourable farmer group evaluations of reoriented ASPs		more critically appreciative
– Private service-provider support	First-level results Registry and guidelines for ASPs in place by end-PY 1 No. of courses for targeted groups & ASPs doubles each year 25% of public sector staff opt for private sector by PY 2 At least five contracts for assistance per participating district per year	Publications MANREC records District records	programme steering committee approval. Sufficient availability of ASPs Favourable business environment for ASPs Conflict of interest with district teams as fund managers and ASPs avoided
– Service provision	First-level results ZARDEFs operational with 75% of research budget by 2008, plus 75% endorsement by farmers Number of funded farmer groups doubles each year	Research funds reports District M&E database	Farmers engage with ASPs
Activities: Component B.2, Provision of Agricultural Services	Deliver appropriate technologies, practices, advice and information in sufficient quantities and range to meet identified farmers' needs		
Strategic objective (or component) C.3 Programme Management Provide mechanisms to ensure sound coordination and quality control	Outcomes (second-level or headline indicators) Outputs from each component are reported on time and disbursement targets are met	Funding statements Programme M&E Progress reports	
– Management and coordination	First-level results Appropriate institutional structures and capacity to operate ASSP effectively developed at all levels, e.g. ASSP Board established and functioning, ASSP HQ/Executive fully staffed, ASSP structures/ procedures compliant with Local Government Act & regulations	ASSP progress reports Budget estimates	Local government capacity, particularly at the district level, continues to be strengthened by LGA district development programmes and projects
– Service and contract quality control	First-level results Quality of services in legal, governance, participatory, technical, environmental terms assured, e.g. speed of contract processing meets targets, <20% of contracts cancelled or uncompleted, 90% of discovered frauds are pursued legally/reprimanded. Targeting of special groups also addressed: poverty, gender, HIV/AIDS, and 25% of group members fall within them	District M&E Court cases Beneficiary assessments, group records	Legal and supervisory processes facilitate service quality delivery

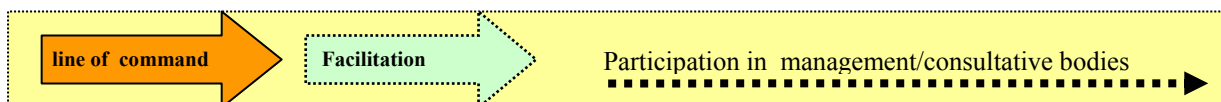
Narrative	Indicators	Means of Verification	Assumptions
– Planning and monitoring and evaluation	First-level results Participatory M&E system effective based on group, sub-project, service contract level recording, compliant with LGRP system, with feed-back adjustment to ASSP workplan at the national, zonal and local levels. Beneficiary groups monitor and evaluate own progress against self-developed criteria, and use lessons learned	ASSP records Annual review Beneficiary case studies	
Activities: Component C.3, Programme Management	Develop training programmes for institutional strengthening and capacity building at the group, village, ward and district levels. Develop organizational structure, recruit and appoint staff. Develop management system with dynamic and participatory M&E control closely linked with district administration and stakeholder and farmer forums		

ORGANIGRAMMES

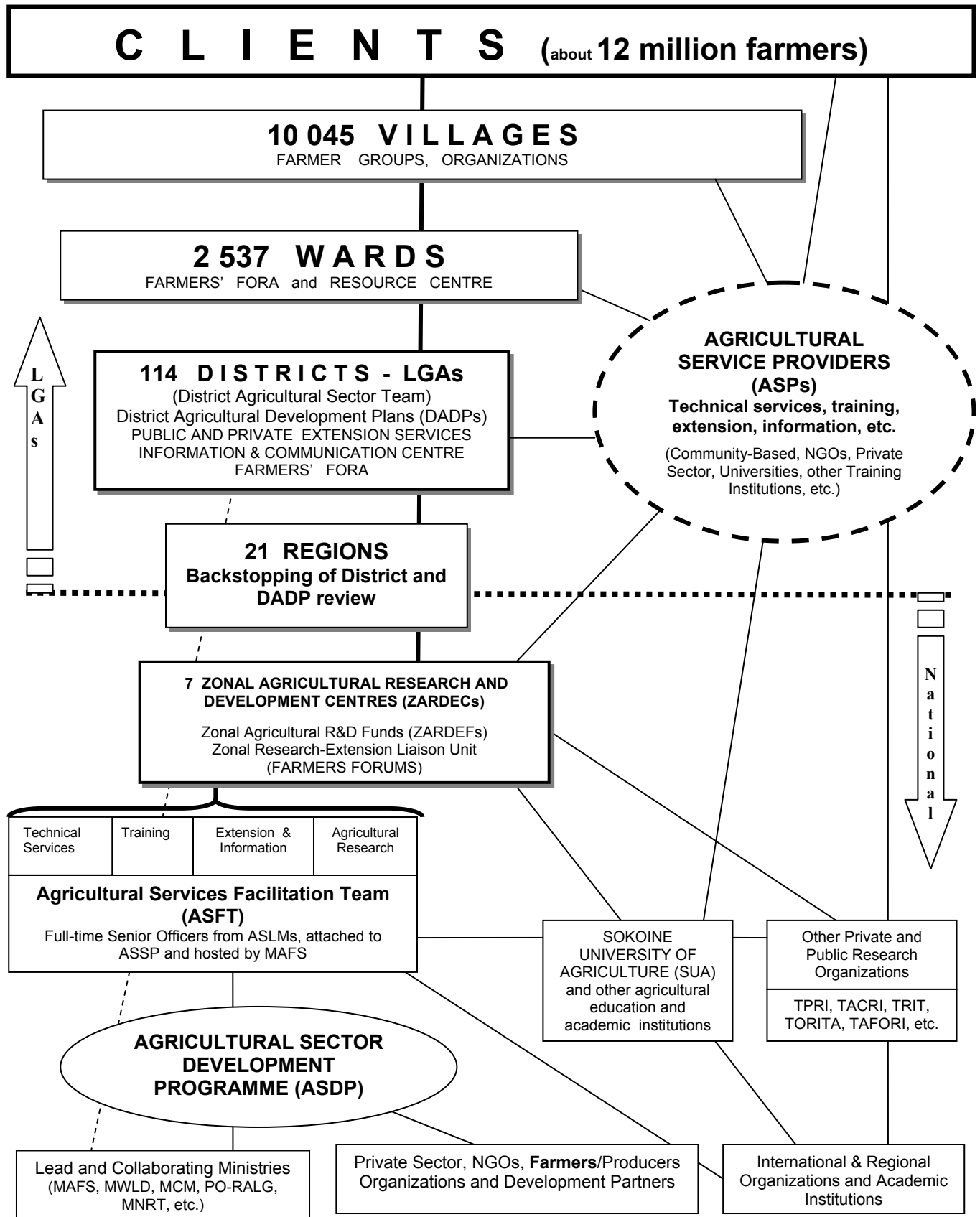
Mainland Programme Management – Overview of Phase 1



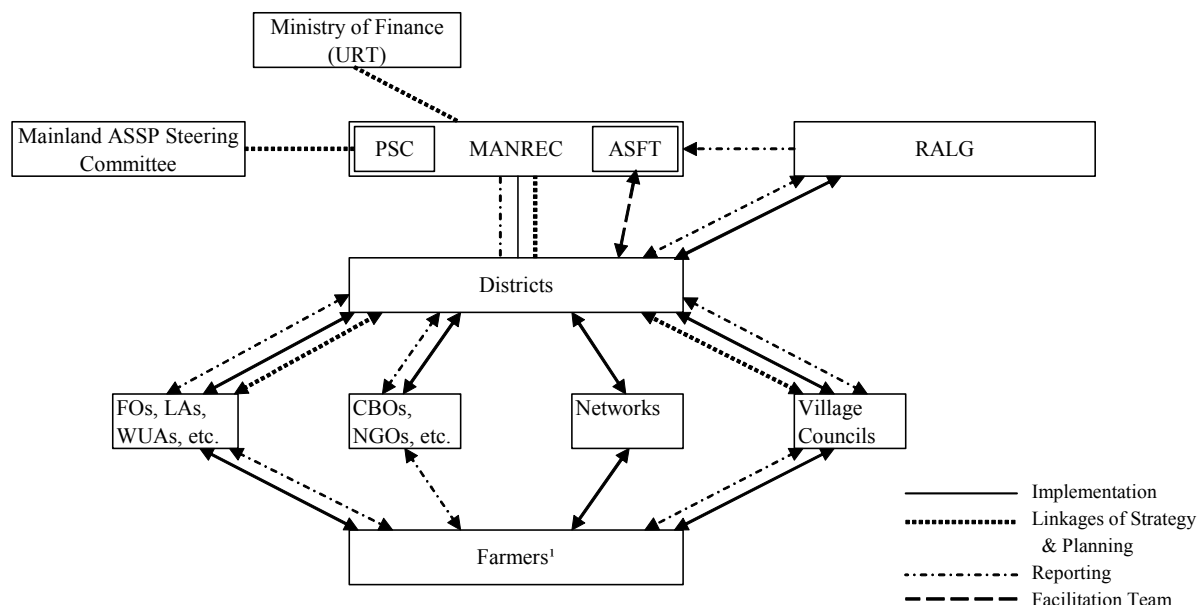
Legend:



Mainland – Proposed Agricultural Services Framework



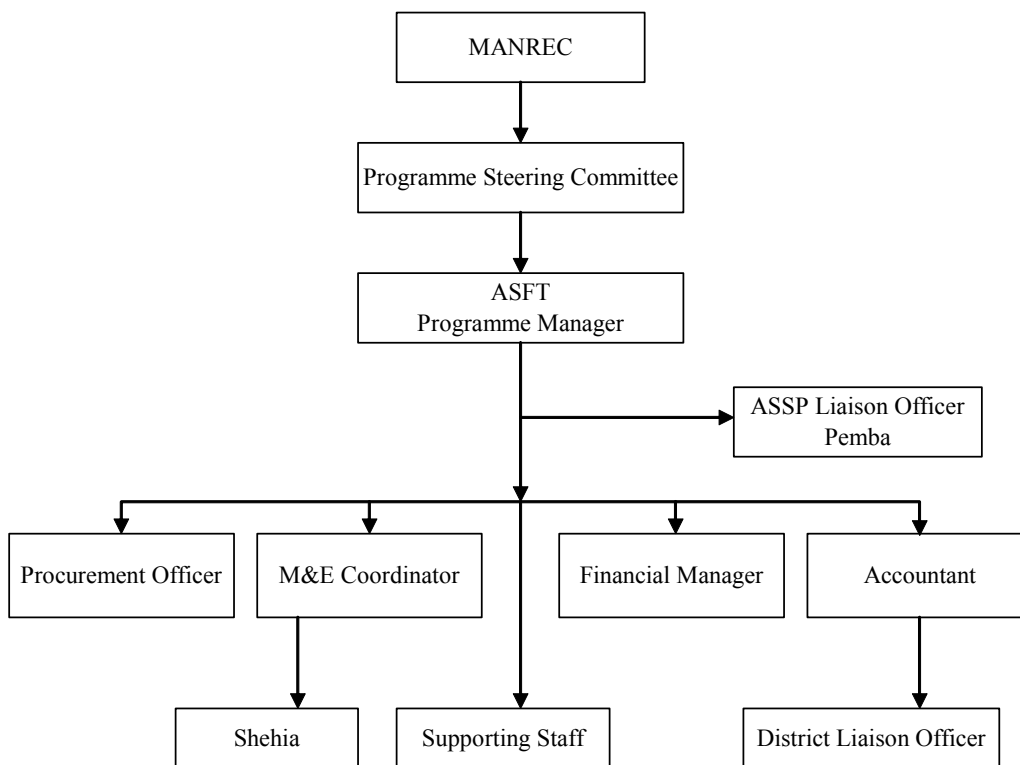
Zanzibar – Programme Management and Implementation Structure



1. Rural Poor, Marginalised, Youth, Women

ASFT	Agricultural Services Facilitation Team	MOF	Ministry of Finance
ASSP	Agricultural Services Support Programme	NGOs	Non-Governmental Organizations
CBOs	Community Based Organization	PSC	Programme Steering Committee
FOs	Farmer Organisations	RALG	Regional Administration and Local Government
LAs	Livestock Associations	URT	United Republic of Tanzania
MANREC	Ministry of Agriculture, Natural Resources, Environment and Cooperatives	WUAs	Water User Associations

ASSP Zanzibar Institutional Arrangements



POVERTY ERADICATION ACTIVITIES OF OTHER MAJOR DONORS

1. In terms of national coverage and volume of funding in the agricultural sector, the major player has been the World Bank. The latter has been providing more general economic support to mitigate the fall-out from the structural adjustment programme through the Tanzania Social Action Fund (TASAF), which has concentrated on providing grants and loans for economic activities to groups of disadvantaged people. Apart from this, its main interventions have been through:

- (a) the National Agricultural Extension Project, Second Phase – **NAEP II**. The project closed in 2003, having piloted the use of farmer groups, farmer motivators and farmer-field schools as components of a more effective, demand-led extension structure and system, but otherwise had little impact on services reform or on on-farm, wider impact beyond the direct participants;
- (b) the Tanzania Agricultural Research Project, Second Phase – **TARP II**. This project closed in June 2004, which to a degree moved forward the agenda of client-oriented research management (CORMA) and improved the dissemination of research findings. However, it did not turn these findings into practicable on-farm systems or transform the introspective, scientific ethos of the research establishment; and
- (c) the Participatory Agricultural Development and Empowerment Project – **PADEP** – which will eventually cover selected villages or wards in some 28 districts with investment funds following participatory diagnosis. Although this project can be considered a forerunner of ASSP, it will not focus on extension service reform or improvement.

2. The African Development Bank is the next largest donor to the United Republic of Tanzania and is now in the process of finalizing a new intervention under Task Force 1 – for investments – of ASDP. The emphasis will be on preparing and implementing DADPs, including support to farmer and community initiatives, farmer group capacity building, farmer-field school establishment and operation, rural infrastructure, microfinance and marketing, but again with substantive input to the strengthening and implicit expansion of the existing public-sector capacity and no specific focus on extension or research service reform. This programme will be typical of others where there is a degree of overlapping with the ASSP and where, therefore, the coverage and scope of operations will need to be tailored to fit farmer and district client needs.

3. Of the other multilateral agencies, the European Union (EU) has mainly provided technical assistance through FAO for the ASDP Secretariat; support from Stabex funds from commodity export value differentials for coffee and tea research; and some assistance for DADP preparation in selected districts in Dodoma Region. The EU is also involved with the Japanese International Cooperation Agency, which has also provided periodic support to the ASDP Secretariat, the Danish International Development Assistance (DANIDA) and possibly others, in additional studies designed to consolidate current investigations into the convergence or otherwise of individual donor implementation arrangements for investments related to DADPs and into the actual performance of DADP execution.

4. The implicit aim of this new study is the proposition of further joint donor support for DADP preparation and execution. It should be noted that, during appraisal field work, the chairperson of Task Force 1 revealed that in a sense, by January 2005, it would have a basket fund, since under the local government support project it had available unconditional grant funds for general support from a series of bilateral donors – including EU, The Netherlands, Ireland, DANIDA, Finnaid and Norad – that currently had ongoing or prospective integrated projects, including agriculture in some cases, in 33 districts.

APPENDIX V

5. While not a major donor, FAO has been instrumental in providing technical, supervisory and project planning support to a number of initiatives, including project formulation for agricultural investment under the New Partnership for African Development (NEPAD), and of the IFAD technical assistance grant for integrated pest management and farmer-field school development.

6. The Netherlands Government has been funding a district rural development programme, which is scheduled to close in June 2004 and has been assisting LGAs in 14 districts in the planning and execution of sustainable development processes, involving communities, community-based organizations, NGOs and private-sector consultants and contractors to identify, implement and evaluate development activities. While this programme has had a wider focus than just agriculture, it has tested and proved modalities of empowerment – and to some extent service reform – that can be adapted for the ASSP. The Government of The Netherlands has also been a major actor in the CORMA initiative for the research sector.

7. Through DANIDA, the Danish Government is implementing an agricultural sector programme support project in its second phase in seven regions. This project has been providing agricultural development support to LGAs in participatory planning and implementation of sub-projects; in private-sector agricultural support; in seed industry development; and in policy development work. The DCI which is a cofinancier with IFAD in the PIDP and AMSDP, is implementing a relevant intervention, the Eastern Zone Client-oriented Research and Extension Project, which has pioneered participatory planning and outsourcing methods for the provision of technical and advisory services that can be seen as a trail-blazing initiatives for the ASSP. DCI is interested in the financing of ASSP.

8. Apart from the above-mentioned donors, it is understood that the Government of Sweden supports a long-term district development programme in three Lake Basin districts, with a partnership/budget support approach to LGRP implementation; and that the Government of Belgium is preparing an agricultural sector assistance programme for Kigoma Region. It is believed that these donors and the Government of Germany, through the German Agency for Technical Assistance, may also be interested in contributing to the basket fund or otherwise assisting in the implementation of the ASSP.