

Document: EB 2011/LOT/P.1
Date: 27 January 2011
Distribution: Public
Original: English

E



Enabling poor rural people
to overcome poverty

President's memorandum

Proposed supplementary grant to the United Republic of Tanzania for the

Marketing Infrastructure, Value Addition and Rural Finance Support Programme

Note to Executive Board representatives

Focal points:

Technical questions:

John Gicharu
Country Programme Manager
Tel.: +39 5459 2373
e-mail: j.gicharu@ifad.org

Dispatch of documentation:

Deirdre McGrenra
Governing Bodies Officer
Tel.: +39 06 5459 2374
e-mail: gb_office@ifad.org

For: Approval

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed supplementary financing to the United Republic of Tanzania for the Marketing Infrastructure, Value Addition and Rural Finance Support Programme, as contained in paragraph 13.

President's memorandum

Proposed supplementary grant to the United Republic of Tanzania for the Marketing Infrastructure, Value Addition and Rural Finance Support Programme

I. Introduction

1. This memorandum seeks approval for supplementary grant financing of US\$1.0 million for the Marketing Infrastructure, Value Addition and Rural Finance Support Programme (MIVARF) in the United Republic of Tanzania, approved by the Executive Board in December 2010.
2. As highlighted in paragraph 2 of the relevant document (EB 2010/101/R.24/Rev.1), the programme is financed by IFAD with a loan of SDR 59.4 million (equivalent to approximately US\$90.59 million). The supplementary financing being sought is available under Sweden's complementary contribution to the Eighth Replenishment of IFAD's resources. The use of this contribution for the programme is consistent with the Executive Board's earlier decision that the Swedish funds be used for enhancing the design and implementation of regular IFAD projects and programmes geared to increase food security in the least developed countries (EB 2009/97/R.40/Rev.2).

II. Background

3. In paragraph 18 of document EB 2010/101/R.24/Rev.1, the African Development Bank (AfDB) and Alliance for a Green Revolution in Africa (AGRA) were identified as key cofinancing partners for MIVARF. At the time of MIVARF design, it was agreed that there was a need for awareness creation, stakeholder sensitization, and identification of capacity gaps and opportunities, particularly at local and community levels.

III. Justification and rationale

4. The overall goal of the grant-financed activities is to sensitize and strengthen the capacity of key stakeholders at national, regional and district levels. The strategy pursued under the grant is to build stronger ownership of programme activities from the outset, and develop an action plan with clearly defined roles and responsibilities for each stakeholder engaged with MIVARF implementation. The recipient of this grant will be the lead programme agency of MIVARF, namely the Prime Minister's Office. All proposed activities will be coordinated and managed by a programme facilitation team with qualifications and experience acceptable to IFAD. IFAD will also directly supervise related activities.
5. Planned activities to be financed from the supplementary grant would be carried out immediately after Executive Board approval in order to reduce the learning curve and simultaneously accelerate the pace of programme

implementation. MIVARF is based on a set of principles of engagement to ensure transparency in resource allocation among stakeholders using agreed eligibility criteria. These criteria are underpinned by a governance framework that was endorsed by the borrower and cofinanciers during negotiation of the IFAD financing agreement. It is important that all stakeholders should be made aware of both the eligibility criteria and governance framework from the outset.

6. Planned activities will also provide opportunities for identifying potential linkages between MIVARF and the ongoing multidonor funded Agricultural Sector Development Programme, which is equally supported by IFAD. Such linkages will be crucial in ensuring efficient resource use and common approaches in community empowerment, especially at district and local levels. These activities will also help stakeholders in identifying capacity gaps, and community and local institutions that should play a useful role in programme implementation

IV. Programme costs

7. The total programme cost is US\$169.5 million over seven years. The sources of financing are: (i) IFAD, with a loan of US\$90.59 million; (ii) AfDB, US\$62.9 million; (iii) AGRA, US\$6.9 million; (iv) other cofinancing, US\$1.0 million; (v) Government and beneficiaries, US\$7.1 million; and (vi) the proposed supplementary grant of US\$1.0 million.

V. Proposed modifications to the financing agreement

8. Upon approval by the Executive Board, the financing agreement will be amended to reflect the supplementary IFAD financing. This grant strengthens the financing plan initially agreed at design and does not imply any modification of the programme description

VI. Exceptions to IFAD General Conditions for Agricultural Development Financing and operational policies

9. Expenditures incurred before effectiveness but after Executive Board approval of MIVARF on 15 December 2010 and not exceeding US\$450,000 equivalent in the aggregate may be financed from the grant account in respect of eligible expenditures under categories III and V. Such expenditures will be considered eligible for retroactive financing for all purposes of the financing agreement, inclusive of duties and taxes levied in the territory of the borrower.

VII. Legal instruments and authority

10. An amendment to the current financing agreement between the United Republic of Tanzania and IFAD will constitute the legal instrument for extending the proposed supplementary financing to the borrower/recipient.
11. The United Republic of Tanzania is empowered under its laws to receive financing from IFAD.
12. I am satisfied that the proposed supplementary financing will comply with the Agreement Establishing IFAD.

VIII. Recommendation

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

RESOLVED: that the Fund shall provide a supplementary grant to the United Republic of Tanzania in an amount of one million United States dollars (US\$1,000,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze
President