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Investing in rural people

President's memorandum

Proposal for additional financing to the United Republic of Tanzania for the Agricultural Sector Development Programme – Livestock: Support for Pastoral and Agro-Pastoral Development (Zanzibar Subprogramme)

Note to Executive Board representatives

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For: Approval

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed additional financing to the United Republic of Tanzania for the Agricultural Sector Development Programme - Livestock: Support for Pastoral and Agro-Pastoral Development (Zanzibar Subprogramme), as contained in paragraph 23.

President's memorandum

Proposal for additional financing to the United Republic of Tanzania for the Agricultural Sector Development Programme – Livestock: Support for Pastoral and Agro-Pastoral Development (Zanzibar Subprogramme)

I. Background

1. This memorandum seeks approval for additional financing in the form of a loan of approximately US\$3.7 million for the Agricultural Sector Development Programme – Livestock (ASDP-L): Zanzibar Subprogramme in the United Republic of Tanzania, approved by the Executive Board in September 2005. The additional financing will be used to support the scaling up of successful programme interventions and results.
2. The additional financing request by the Government of the United Republic of Tanzania will be funded under the 2013-2015 cycle of the performance-based allocation system (PBAS) and supplemented by a contribution of US\$0.278 million from the Revolutionary Government of Zanzibar.
3. The development objective of the ASDP-L is for smallholder farmers, livestock keepers and fishers in Zanzibar, including rural poor men and women, to have better access to and make better use of relevant knowledge and technologies that, through sustained partnerships with service providers, contribute to household food sufficiency and cash income adequacy and hence livelihoods.
4. The Ministry of Agriculture and Natural Resources is the implementing agency for the ASDP-L. The programme became effective on 30 January 2007 and, with the recently approved extension, the new programme completion and closing dates are 31 March and 30 September 2017 respectively.

II. Justification for the additional financing

5. The request complies with all eligibility criteria for additional financing in accordance with President's bulletin PB/2014/01/Rev.1, namely that: (i) the original programme is almost fully disbursed and the disbursement profile is in line with projected disbursements; (ii) the ASDP-L is considered one of the best-performing operations in the East and Southern Africa region, with an average project status report rating of 4.96; (iii) fiduciary aspects are also well rated (average of 4) and the Government's contribution to the programme is satisfactory on a cumulative basis; and (iv) the Zanzibar Subprogramme is compliant with all legal covenants, including the timely submission of the 2013/14 audit reports and the unqualified audit opinion for the preceding fiscal year. The original implementation and closing dates were extended to align implementation with the proposed additional financing.

6. The success of the subprogramme and the opportunity to consolidate and scale up its results for the target and non-target groups make a compelling case for additional financing by IFAD. The financing will allow continuation of activities to enable consolidation and scaling up of the successful interventions that have demonstrably improved household incomes and the livelihoods of farmers and livestock keepers. It will also help in reaching a target of 66,000 households, out of which 35,000 households have already been reached, as noted by the recently concluded country programme evaluation (CPE) carried out by the Independent Office of Evaluation of IFAD.
7. The activities to be supported by the additional financing are consistent with ongoing programme objectives and will not imply any modification to the original programme description or its geographical coverage, implementation arrangements, components or expense categories. The additional financing is aimed at supporting the refinement, consolidation and scaling up of the farmers' empowerment component using the farmer field school (FFS) approach, which has demonstrably improved the incomes and livelihoods of both target beneficiaries and non-target groups.
8. The CPE highlighted the success of the subprogramme and the impacts generated in the targeted rural communities. The CPE also recognized the subprogramme's relevance, efficiency, effectiveness and sustainability as a result of its focus on technology transfer and knowledge dissemination, and recommended scaling up of its innovations.

A. Programme implementation performance

9. The achievement of programme objectives and targets, including the significant strides the programme has made towards the empowerment of women and youth, has generated the need for additional financing. The available data show that 62 per cent of FFS group members are women and 40 per cent are youth. An appreciable number of women and young people are also involved in group and village leadership. This impressive performance has been confirmed by several separate assessments, including the CPE and the FFS impact assessment of September 2014.
10. The commitment of FFS members to form spillover groups has resulted in the inclusion of an additional 12,954 farmers, equivalent to a 60 per cent increase over the number of FFS members trained directly. This commitment reflects both the positive impact experienced as a result of the programme and an evidently widely shared ethic of social solidarity and desire for recognition at a community level. It appears that an FFS movement is emerging that could constitute a form of social protection, which should be recognized and sustained.
11. Livestock support services have greatly improved animal husbandry practices and productivity. For example, monitoring reports from the subprogramme indicate that egg and milk production has doubled on farms that benefitted from access to these services. Moreover, livestock keepers also reported that the production of manure allowed them to triple the production of some crops (e.g. banana, cassava and tomato), thus contributing to improved food security and household income. Other programme results show that 53 per cent of farmers reported an increase in productivity in both crops and livestock, while 24 per cent reported an increase in incomes. Such results have led to a greater need for better market access and the development of value-added activities. The programme also assisted households in constructing biogas units, thus reducing the expense and mitigating the environmental and health effects related to the use of charcoal for cooking. The FFS approach has provided a unique opportunity for rural women and men to interact with each other in the context of social learning processes. FFS groups have proved to be gender-sensitive in sharing leadership and other roles, which has reinforced social cohesion within the communities.

B. Description of activities to be supported

12. The implementation strategy for the additional financing will give greater emphasis to FFS-based enterprise development, access to markets, and financial and non-financial services by seeking greater synergies with other IFAD-supported programmes such as the Marketing Infrastructure, Value Addition and Rural Finance Support Programme (MIVARF) being implemented in Zanzibar. The lessons of prior experiences as well as the demands of FFS members themselves justify the need for this enhanced approach which is substantiated by the CPE findings: the sustainability of programme interventions depends on facilitating self-organized, market-based initiatives benefitting FFS member families and thus reinforcing a virtuous circle of sustainable agroecological intensification and economic incentives.
13. The risks entailed in market-based initiatives will be carefully monitored to assure, as far as possible, financial, organizational and social sustainability. Several pathways will be pursued in this regard, including: working with existing marketing associations, contract farming with local partners and development of FFS-based cooperatives to facilitate insertion in regional value chains. Modest improvements to local dairy and produce markets and the more substantial infrastructure investments of MIVARF will also create additional opportunities.
14. The programme will organize support services for market-based initiatives through business incubators that are attached to existing district agricultural resource centres. These activities will be aided by district farmer forums (DFF), block extension officers and other personnel. It is anticipated that only some FFSs will have the organizational strength, productive assets and opportunity to formulate and implement a business plan during the next two years. The remaining FFSs will continue to participate in the other strategic interventions as outlined below while benefitting from local markets as individual producers or informal groups.
15. The strategic interventions of the additional financing will thus consist of three main activities:
 - (i) Sustainable agricultural intensification based on the FFS approach should be continued and further developed by strengthening the “nexus between agriculture and nutrition”,¹ promoting resilience to climate change (for example, through diversification of systems of production) and building the relevant capabilities of base organizations and social networks. Existing FFSs, including spillover groups, will be supported and new FFSs will be formed.
 - (ii) Development of FFS-based enterprises (such as cooperatives, marketing associations, agro-industries and others) to effectively integrate member households into local markets (short value chains) with the objective of further improving food security and increasing incomes. FFS groups that become part of marketing associations or some other type of cooperative enterprise, or that establish independent, small-scale enterprises will continue to participate in learning processes related to sustainable intensification. On the other hand, enterprises that establish viable operations will be facilitated in developing other enterprises in the same way that spillover groups have been formed in the past.
 - (iii) Strengthening district farmer forums (DFF and other small farmer and livestock keeper organizations that may emerge) as representative organizations whose role involves participatory monitoring and evaluation of agricultural sector and other public-sector programmes, coordination of actors in value and supply chains, participatory planning and natural resource management, among other activities broadly related to governance. DFF could also proceed to establish an apex association of small farmers and livestock keepers that unite the entire base of FFS membership in Zanzibar.

¹ Hawkes, C, and Ruel, M.T. 2020. Conference Paper 4: Value Chains for Nutrition (updated June 2011).

16. In addition to these activities, support will also be provided to create better synergies between the programme and other IFAD-supported programmes (particularly MIVARF) by linking FFS-based enterprises to committed business partners through various potential public-private-producer partnerships (4Ps). FFS interventions will also be combined with complementary participatory research related to topics such as pest control and disease management in the context of implementing organic systems of production, animal health and diversification. Finally, considering the regional grant proposal² to Heifer International for the support to the Rwanda and United Republic of Tanzania country programmes, the ASDP-L will constitute the entry point to leverage the partnership with Heifer International for sustainable impact in the livestock sector in Zanzibar.

C. Description and quantification of the expected benefits

17. The results framework of the programme has been simplified and adjusted to reflect the strategic thrusts of the additional financing and extended implementation period. The updated logical framework is attached to this memorandum.
18. The expected benefits to be derived from the additional financing are: (i) increased crop and livestock productivity from better access to agricultural knowledge and technology; (ii) social benefits for women and youth resulting from greater empowerment and inclusion; (iii) resilience to climate change through crop diversification and combining crop and livestock production; (iv) enhanced capabilities of base organizations and social networks; and (v) effective integration of FFS members into value chains leading to improved food security, nutrition and income. The total number of beneficiaries targeted is 66,100 households.

III. Programme costs and financing

19. The total cost of the additional financing package is US\$3.978 million. The additional financing contributors are IFAD with a loan of US\$3.7 million along with cofinancing from the Revolutionary Government of Zanzibar amounting to US\$0.278 million. Details are presented in the tables below.

Table 1
Programme costs by component and financier
(Thousands of United States dollars)

| <i>Component</i> | <i>IFAD loan</i> | <i>Government</i> | <i>Total</i> |
|---|------------------|-------------------|----------------|
| | <i>Amount</i> | <i>Amount</i> | <i>Amount</i> |
| 1. Farmer empowerment | 1 958.0 | 147.4 | 2 105.4 |
| 2. Technical support to livestock development | 635.4 | 47.8 | 683.2 |
| 3. Support to policy dialogue, legal and regulatory environment | | | |
| 4. Management and coordination | 1 107.0 | 83.3 | 1 189.9 |
| Total | 3 700.4 | 278.5 | 3 978.5 |

² The regional grant East Africa Livestock for Livelihoods provided to Heifer International will facilitate partnership and collaboration through the Post-Harvest and Agribusiness Support Project in Rwanda and ASDP-L in Zanzibar.

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

| <i>Expenditure category</i> | <i>IFAD loan</i> | | <i>Government</i> | | <i>Total</i> |
|--------------------------------------|------------------|-------------|-------------------|------------|----------------|
| | <i>Amount</i> | <i>%</i> | <i>Amount</i> | <i>%</i> | <i>Amount</i> |
| 1. Civil works | | | | | |
| 2. Vehicles, equipment and materials | 94.4 | 93.0 | 7.1 | 7.0 | 101.5 |
| 3. Training, workshops and studies | 728.9 | 93.0 | 54.9 | 7.0 | 783.8 |
| 4. Technical assistance | 336.5 | 93.0 | 25.3 | 7.0 | 361.8 |
| 5. Contracts for service providers | | | | | |
| 6. Grants | 1 669.9 | 93.0 | 125.7 | 7.0 | 1 795.6 |
| 7. Operating costs | 870.3 | 93.0 | 65.5 | 7.0 | 935.9 |
| Total | 3 700.0 | 93.0 | 278,5 | 7.0 | 3 978.5 |

IV. Financial management, procurement and governance

20. The programme will use the existing financial management, procurement and governance procedures in line with IFAD's and the Government's procedures. The additional financing from IFAD will be channelled through existing programme bank accounts.

V. Audit

21. As is the case for all other IFAD-financed operations in the country, consolidated financial statements will be audited in accordance with International Standards on Auditing and the IFAD Guidelines on Project Audits by the Office of the Controller and Auditor-General of the Government.

VI. Proposed modifications to the programme financing agreement

22. This additional financing implies modifying the original financing agreement by reflecting the allocation of the additional financing in schedule 2. The activities related to self-organized FFS-based enterprises and market access will be integrated within the farmer empowerment component that supports FFS for both crop and livestock.

VII. Recommendation

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

RESOLVED: that the Fund shall provide an additional loan on highly concessional terms to the United Republic of Tanzania in an amount equivalent to two million six hundred and thirty thousand special drawing rights (SDR 2,630,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze
 President

Updated logical framework

| Narrative Summary | Key Performance Indicators | Means of Verification | Assumptions (A) / Risks (R) |
|---|---|---|--|
| Goal: | | | |
| Contribute to the sustainable reduction of rural poverty in the framework of the Zanzibar Strategy for Growth and Reduction of Poverty II | <ul style="list-style-type: none"> ▪ Increased assets by 50% for participating households ▪ Child malnutrition reduced to < 5% in project area shehias by 2018 ▪ Basic need poverty line reduced from 49% to 20% in project area by 2018 | <ul style="list-style-type: none"> ▪ National statistics ▪ Surveys supported by ASDP-L | Political-progressive devolution and commercialisation continues and is translated into policy reforms. |
| Project development objective: | | | |
| Sustainable increased returns and livelihood of farmers through sustainable agricultural intensification ³ , diversification and self-organized enterprise development | <ul style="list-style-type: none"> ▪ 66,000 households (% 60 women) receiving project services (RIMS) ▪ 60% of FFS households evidence 50% increase in income and assets from farm, value-added and/or service enterprises by 2018 ▪ 80% farmers (60% women) adopt recommended production practices and technologies (RIMS) ▪ 20% farmers (at least 40% women entrepreneurs) linked with the private sector | <ul style="list-style-type: none"> ▪ Surveys and participatory evaluation conducted under ASDP-L ▪ Programme M&E reports ▪ Impact study and completion reports | Continued Government commitment to institutionalize FFS |
| Component 1: Farmer empowerment | | | |
| Participating farmers have the skills and technologies, as well as access to processing, marketing, and enterprise development services | <ul style="list-style-type: none"> ▪ 95% of participating farmers (60% women and unemployed youth) accessing facilitated advisory services ▪ 80% of new and existing FFS are strengthened through participatory learning processes to better manage sustainable intensification and diversification ▪ 9 DFF effectively coordinate actors in value-chain initiatives to benefit FFS-based enterprises ▪ 50% of FFS-based enterprises that received training and business development services are operational after three years ▪ 100% of FFS-based enterprises that receive program support develop bankable business plans | <ul style="list-style-type: none"> ▪ Project M&E reports ▪ Participatory evaluation based on FFS member input | <p>Continued Government commitment to institutionalize FFS</p> <p>Continued commitment of RGoZ and Districts on empowerment and community development in rural areas</p> <p>BDS services are available</p> |

³ Includes both crop and livestock

| Narrative Summary | Key Performance Indicators | Means of Verification | Assumptions (A) / Risks (R) |
|---|--|--|--|
| Component 2: Technical support to livestock development | | | |
| <p>Sustainable livestock development achieved through intensification and diversification of production, improved sector service delivery and increased private sector investment</p> | <ul style="list-style-type: none"> ▪ 50% of FFS livestock holders have increased assets in livestock (number, type and quality) by 2018 ▪ 60% of FFS producers implement climate resilient practices measured by crop/livestock diversification and adoption of organic methods ▪ 60% of dairy producers have access to artificial insemination services ▪ 1 private veterinary practice in Pemba by 2016 ▪ At least 5 rural veterinary or livestock centres effectively maintained and used ▪ 40% of private and public service providers acquire increased capacities for service delivery ▪ Private investment in livestock marketing and processing increased by at least 30% by 2018 | <ul style="list-style-type: none"> ▪ Project M&E reports ▪ Stakeholders report | <p>Livestock and dairy farming is profitable and there is a demand for services</p> <p>AI services can be privatized</p> |