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**Rapport du Président****Proposition de prêt****République-Unie de Tanzanie****Projet de transformation climato-compatible de la filière laitière**Numéro du projet: 2000003937

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**POUR: APPROBATION****Mesures à prendre:** Le Conseil d'administration est invité à approuver la recommandation telle qu'elle figure au paragraphe 77.

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## Table des matières

|   |            |
|---|------------|
| <b>Carte de la zone du projet</b>   | <b>.ii</b> |
| <b>Résumé du financement</b>  | <b>iii</b> |
| <b>I. Contexte</b>  | <b>1</b>   |
| A. Contexte national et justification de l'intervention du FIDA                               | 1          |
| B. Enseignements à retenir  | 2          |
| <b>II. Description du projet</b>  | <b>3</b>   |
| A. Objectifs, zone d'intervention et groupes cibles   | 3          |
| B. Composantes, résultats et activités  | 4          |
| C. Théorie du changement  | 5          |
| D. Alignement, appropriation et partenariats  | 5          |
| E. Coût, avantages et financement   | 6          |
| F. Coût du projet   | 6          |
| <b>III. Gestion des risques</b>   | <b>11</b>  |
| A. Risques et mesures d'atténuation   | 11         |
| B. Catégorie environnementale et sociale  | 11         |
| C. Classement au regard des risques climatiques   | 12         |
| D. Soutenabilité de la dette  | 12         |
| <b>IV. Exécution</b>  | <b>12</b>  |
| A. Cadre organisationnel  | 12         |
| B. Planification, suivi-évaluation, apprentissage, gestion des connaissances et communication | 13         |
| C. Plans d'exécution  | 13         |
| <b>V. Instruments et pouvoirs juridiques</b>  | <b>14</b>  |
| <b>VI. Recommandation</b>   | <b>14</b>  |

## Appendices

- I. Negotiated financing agreement
- II. Logical framework
- III. Integrated project risk matrix

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### Équipe d'exécution du projet

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|--------------------------------------|-------------------|
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## Carte de la zone du projet



Les appellations employées et la présentation des données n'expriment aucune position particulière du FIDA quant au tracé des frontières ou limites ni aux autorités concernées.

Carte établie par le FIDA | 27/11/2023

## Résumé du financement

|   |   |
|---|---|
| <b>Institution initiatrice:</b>                               | FIDA  |
| <b>Emprunteur/bénéficiaire:</b>                               | République-Unie de Tanzanie   |
| <b>Organisme d'exécution:</b>                                 | Ministère de l'agriculture  |
| <b>Coût total du projet:</b>                                  | 174,36 millions d'USD   |
| <b>Montant du premier prêt du FIDA:</b>                       | 40,00 millions d'USD  |
| <b>Conditions du premier prêt du FIDA:</b>                    | Conditions particulièrement concessionnelles: 40 ans, y compris un différé d'amortissement de 10 ans, à hauteur de 4,5% du montant total du principal par an sur les années 11 à 30, puis à 1% du montant total du principal par an pour les années 31 à 40                   |
| <b>Montant du deuxième prêt du FIDA:</b>                      | 5,00 millions d'USD   |
| <b>Conditions du deuxième prêt du FIDA:</b>                   | Conditions ordinaires: délai de remboursement de 35 ans maximum, assorti d'un différé d'amortissement maximal de 10 ans, sous réserve d'une échéance moyenne maximale de 20 ans, à un taux d'intérêt correspondant au taux de référence du FIDA et incluant la marge variable |
| <b>Cofinanceurs:</b>  | Fonds vert pour le climat (FVC), Fonds de l'OPEP pour le développement international (Fonds de l'OPEP), Heifer International, Banque de développement agricole de Tanzanie (TADB), Agence française de développement (AFD)  |
| <b>Montant du cofinancement:</b>                              | FVC: 31,00 millions d'USD<br>Fonds de l'OPEP: 20,00 millions d'USD<br>Heifer International: 5,14 millions d'USD<br>TADB: 7,00 millions d'USD<br>AFD: 32,50 millions d'USD   |
| <b>Conditions du cofinancement:</b>                           | Prêts et dons   |
| <b>Contribution de l'emprunteur:</b>                          | 17,95 millions d'USD  |
| <b>Contribution des bénéficiaires:</b>                        | 4,26 millions d'USD   |
| <b>Déficit de financement:</b>                                | 11,53 millions d'USD  |
| <b>Montant du financement climatique apporté par le FIDA:</b> | 21,34 millions d'USD  |
| <b>Institution coopérante:</b>                                | FIDA  |

## I. Contexte

### A. Contexte national et justification de l'intervention du FIDA

#### Contexte national

1. La République-Unie de Tanzanie est un pays à revenu intermédiaire de la tranche inférieure, qui compte une population de 61,7 millions d'habitants. Le taux de croissance de son produit intérieur brut (PIB) s'est légèrement accéléré, passant de 4,3% en 2021 à 4,6% en 2022. Il devrait atteindre 5,3% en 2023.
2. Le taux de pauvreté est passé de 26,2% en 2019 à 27% en 2021, en raison de la pandémie de COVID-19 et de la guerre en Ukraine, qui ont été à l'origine d'un ralentissement de l'économie mondiale. Le pays est classé 160<sup>e</sup> sur 189 pays selon l'indice de développement humain des Nations Unies de 2022.
3. Les principaux facteurs contribuant à l'insécurité alimentaire sont les périodes de sécheresse prolongées et les précipitations irrégulières, qui entraînent une baisse de la production agricole et animale, ainsi que les ravageurs et les maladies, les mauvaises infrastructures et l'accès insuffisant aux marchés, qui sont à l'origine d'une forte hausse des prix et d'un faible pouvoir d'achat.
4. La nutrition reste un défi, avec des niveaux élevés de malnutrition chez les enfants et les femmes. L'enquête démographique et sanitaire de la République-Unie de Tanzanie révèle que la prévalence du retard de croissance chez les enfants de moins de 5 ans est d'environ 30% pour la partie continentale du pays et de 24% pour Zanzibar (2022).
5. La production laitière est faible et ne représente que 2% du PIB national. Pour répondre à la demande nationale, 20 millions de litres d'équivalent lait liquide sont importés chaque année, pour un coût de 25 millions d'USD. L'écart entre la production et la consommation de lait devrait atteindre 5,4 millions de litres d'ici à 2033. Les données montrent que l'élevage de bovins à haut rendement laitier offre un potentiel important pour aider le pays à réduire sa dépendance aux importations et à respecter ses engagements climatiques<sup>1</sup>.

#### Aspects particuliers relatifs aux thématiques transversales prioritaires du FIDA

6. Conformément aux engagements en matière de transversalisation, le projet a été validé comme:
  - incluant un financement climatique;
  - porteur de transformations en matière de genre;
  - tenant compte des enjeux nutritionnels.
7. **Nutrition.** Pour améliorer l'accès aux produits laitiers de qualité et leur disponibilité, le projet améliorera la diversité alimentaire en combinant les sources de revenu avec: i) une filière laitière tenant compte de la nutrition; ii) une sensibilisation accrue à la nutrition et une plus grande consommation de produits laitiers; iii) des liens plus étroits entre les agriculteurs locaux et les écoles. Les connaissances nutritionnelles peuvent renforcer l'impact de la production et des revenus des ménages ruraux, ce qui est particulièrement important pour les femmes et les jeunes enfants.
8. **Égalité femmes-hommes et autonomisation des femmes.** L'élevage de bétail laitier est étroitement lié à la répartition des rôles selon le sexe. En règle générale, les hommes sont propriétaires du bétail et les femmes sont propriétaires du lait. Les femmes rencontrent des difficultés dans le développement de la filière laitière parce qu'elles ne possèdent pas de ressources et d'actifs et qu'elles n'y ont pas

<sup>1</sup> <https://www.lancaster.ac.uk/news/a-win-win-win-for-dairy-production-in-east-africa>.

accès, ce qui se traduit également par l'absence de garanties pour accéder à des instruments financiers. Les inégalités entre les hommes et les femmes seront atténuées par une plus grande participation des femmes à la prise de décision et à des postes de responsabilité au sein des groupements d'agriculteurs.

9. **Les jeunes (15-35 ans)** et les enfants représentent 75% de la population. Deux tiers de la population active a moins de 35 ans. Pour les jeunes, il est important d'avoir accès à des actifs, d'être relié à un marché et de travailler avec des technologies modernes et numériques.
10. **Émissions de gaz à effet de serre.** Selon le Rapport national sur les statistiques des changements climatiques de 2019, les niveaux d'émissions de gaz à effet de serre par habitant de la République-Unie de Tanzanie sont encore négligeables et estimés à 0,2 tonne d'équivalent dioxyde de carbone. Cela étant, les projections montrent que les émissions totales pourraient être multipliées par deux d'ici à 2030, dans un scénario de croissance démographique continue, de déforestation accrue, d'extension des terres et des activités agricoles, de prédominance continue de l'élevage en plein air, d'utilisation continue de l'énergie de la biomasse et de la trajectoire de développement industriel actuelle du pays. Les interventions du Projet de transformation climato-compatible de la filière laitière contribueront à réduire les émissions de gaz à effet de serre.

#### **Justification de l'intervention du FIDA**

11. En août 2022, le FIDA a reçu une demande d'investissement dans la filière laitière de la part du Gouvernement de la République-Unie de Tanzanie. Par l'intermédiaire de son Ministère de l'élevage et de la pêche, le Gouvernement tanzanien et le FIDA ont commencé à concevoir le projet en mars 2023. Le projet est soumis au Conseil d'administration pour approbation tacite en 2023. Il devrait démarrer au début de l'année 2024 sur une période de dix ans et s'articuler autour d'une approche progressive composée de quatre phases.
12. Le FIDA a appuyé avec succès le développement de la filière laitière dans plusieurs pays, en établissant des partenariats stratégiques aux niveaux régional et mondial. L'appui du FIDA au développement d'une filière laitière inclusive en République-Unie de Tanzanie offre d'importantes possibilités aux ménages de petits exploitants laitiers.
13. Le recours à une approche d'intensification de la production laitière climato-compatible permettra également d'améliorer l'efficacité de l'utilisation des ressources et de l'énergie dans toute la filière laitière. Enfin, le projet investira dans des systèmes de traçage du carbone et initiera les agriculteurs à la certification de pratiques à faible émission de carbone dans la filière laitière, ce qui renforcera l'adaptation aux changements climatiques et l'atténuation de leurs effets.

## **B. Enseignements à retenir**

14. Les fermes-écoles d'élevage sont un moyen éprouvé de former les agriculteurs aux innovations. L'approche des fermes-écoles d'élevage, combinée aux méthodologies axées sur les ménages et au Système d'apprentissage interactif entre les sexes, joue un rôle central dans le renforcement des capacités des agriculteurs, l'organisation de groupes, l'introduction de technologies, la transformation de la dynamique femmes-hommes et l'accès au marché.
15. Les systèmes de « *pass on the gift* » (« transmission du don ») sont efficaces pour décupler les effets des investissements en têtes de bétail dans les ménages pauvres à un coût minime. Leur pérennité est conditionnée par l'implication étroite des autorités locales et par leur mise en œuvre dans des groupes de fermes-écoles d'élevage où les liens sociaux sont solides.
16. Les centres et les points de collecte de lait sont des mécanismes efficaces d'agrégation du lait et ont besoin d'un appui important pour améliorer leur gouvernance et leur gestion commerciale.

17. Les partenariats productifs offrent aux agriculteurs d'importantes possibilités de développement pérenne de la filière; ces derniers ont ainsi accès à un marché du lait garanti et à des services essentiels tels que la vulgarisation, la fourniture d'intrants et le crédit.
18. L'accès aux services de santé animale est essentiel à la productivité et à une gestion climato-compatible des produits laitiers. C'est pourquoi il est essentiel d'offrir des services de gestion sanitaire et laitière de proximité et d'effectuer des tests de diagnostic appropriés tout en réduisant les risques dans le cadre de l'approche « Une seule santé ».
19. Les approches tenant compte des enjeux nutritionnels ont un impact plus important lorsqu'elles combinent une agriculture et des filières tenant compte de la nutrition avec des activités de sensibilisation dans des localités vulnérables sur le plan nutritionnel et qu'elles les associent à une éducation nutritionnelle, à la communication des changements dans les comportements et les structures sociales.
20. L'autonomisation des femmes est essentielle, car elle garantit leur accès aux ressources productives, aux possibilités de revenus, aux services de vulgarisation, au crédit et aux services liés à l'énergie et à l'eau, et leur permet de faire entendre leur voix dans les décisions prises au sein des ménages et des coopératives.
21. La numérisation de la filière, mise à l'essai par ASAS Dairies Ltd., a permis aux parties prenantes d'accéder à des services de conseil et d'appuyer la prestation de services dans la filière laitière.
22. **Enregistrement des animaux.** Le Système national d'identification et de traçabilité du bétail de République-Unie de Tanzanie a enregistré un grand nombre d'animaux. Sa reproduction à plus grande échelle est nécessaire pour que le système soit robuste.
23. **Accès au financement.** La numérisation des services financiers contribue à accroître la rentabilité de la prestation de services aux entreprises rurales.
24. L'assurance agricole, basée sur l'expérience acquise par le FIDA dans le cadre du programme Assurance pour la résilience et le développement économique des zones rurales (INSURED), est un outil puissant pour réduire la vulnérabilité des petits exploitants agricoles.

## II. Description du projet

### A. Objectifs, zone d'intervention et groupes cibles

25. L'objectif du projet est de contribuer à la transformation de la filière laitière afin d'améliorer les moyens d'existence, d'accroître la sécurité sanitaire des aliments et d'atténuer son impact sur les changements climatiques. L'objectif de développement du projet est d'améliorer les revenus, la résilience climatique et la nutrition des petits producteurs laitiers ainsi que leur participation à une filière compétitive et sûre.
26. Les principaux critères de sélection des zones cibles du projet sont le potentiel d'impact et la concentration géographique, notamment: i) l'importance de la production laitière dans la région; ii) la prévalence des systèmes de petites exploitations; iii) l'existence d'acheteurs; iv) la présence d'un marché local; v) les interventions d'autres partenaires de développement; vi) la vulnérabilité face aux changements climatiques. Le projet sera exécuté dans 17 districts répartis dans 6 régions<sup>2</sup> de la partie continentale du pays et dans 10 districts de Zanzibar.

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<sup>2</sup> Mbeya, Njombe, Iringa, Morogoro, Pwani et Tanga.

27. Le projet touchera 600 000 ruraux (120 000 ménages), dont 40% de femmes et 30% de jeunes. Une attention particulière sera accordée aux besoins des groupes vulnérables, y compris les personnes handicapées.

## **B. Composantes, résultats et activités**

28. Le projet comprend trois composantes: i) la productivité et la résilience des systèmes de production laitière; ii) les filières climato-compatibles inclusives, l'investissement privé, la consommation de lait et la participation à l'élaboration des politiques; iii) l'appui aux politiques et la gestion du projet, le suivi-évaluation et la gestion des savoirs.

### **Composante 1: Productivité et résilience des systèmes de production laitière**

29. Cette composante vise à accroître la productivité des producteurs laitiers grâce à une approche de développement de l'élevage climato-compatible, qui associe l'augmentation de la productivité à la réduction des émissions de gaz à effet de serre dues à l'élevage. La santé animale, le choix des races, le fourrage et la gestion des agriculteurs sont les pierres angulaires de la résilience et de l'augmentation de la productivité, qui se traduit également par une réduction des émissions de gaz à effet de serre.
30. L'augmentation de la productivité nécessite une gestion et des connaissances et pratiques adéquates, ainsi que des services au dernier kilomètre et un plus grand appui en matière de santé animale. Pour y parvenir, une formation dans des fermes-écoles d'élevage est dispensée dans un premier temps aux agriculteurs, notamment en ce qui concerne les priorités climato-compatibles et celles de l'approche « Une seule santé », suivie d'un accompagnement en gestion laitière.

### **Composante 2: Filières climato-compatibles inclusives, investissement privé, consommation de lait et participation à l'élaboration des politiques**

31. Cette composante vise à promouvoir des filières climato-compatibles inclusives en tirant parti de l'investissement privé et en augmentant la consommation de lait. Le projet y parviendra i) en créant et en renforçant les groupes de producteurs laitiers et les coopératives dans la gouvernance et la gestion des centres et points de collecte de lait; ii) en soutenant les centres de collecte de lait primaires, notamment par la réhabilitation des routes de desserte; iii) en appuyant les partenariats productifs pour faciliter l'accès aux intrants et aux services aux points d'agrégation; et iv) grâce à la digitalisation pour aider les acteurs de la filière à augmenter leurs gains d'efficacité.
32. Le projet favorisera l'entrepreneuriat des jeunes, l'accès aux services financiers, l'assurance du bétail et l'aide aux petites et moyennes entreprises (PME) dans l'ensemble de la filière. Il encouragera la consommation de lait et la sensibilisation à la nutrition dans toute la zone du projet. Enfin, il collaborera avec les décideurs et les acteurs de la partie continentale du pays et de Zanzibar afin de créer un cadre d'action propice à la transformation du secteur laitier.

### **Composante 3: Appui aux politiques et gestion du projet, suivi-évaluation et gestion des savoirs**

33. Cette composante concerne l'exécution globale, y compris la collecte, l'analyse et la diffusion des données du projet pour informer les décideurs.



## C. Théorie du changement

34. La production laitière des petits exploitants en République-Unie de Tanzanie est confrontée à deux défis majeurs: une faible production et un accès difficile au marché. Cette faible production est due à l'insuffisance et/ou à la mauvaise qualité du fourrage et de l'eau, à la mauvaise santé des animaux, à un matériel génétique de qualité inférieure et à une capacité de gestion technique et commerciale limitée. Les exploitants sont également confrontés à des problèmes de transport et de réfrigération. Les produits à base de lait cru en vrac sont donc prédominants sur le marché du lait, ce qui a une incidence sur la quantité et la sécurité sanitaire du lait vendu.
35. Le projet vise à éliminer ces goulets d'étranglement grâce aux mesures suivantes: i) mettre en place des fermes-écoles d'élevage; ii) renforcer les services de vulgarisation, les services vétérinaires et les laboratoires, en menant des campagnes de vaccination et en encourageant l'amélioration génétique à l'aide de l'intelligence artificielle; iii) favoriser l'accès aux vaches et mettre à l'essai la production de biogaz; iv) construire des barrages et des forages pour faciliter l'accès des vaches à l'eau; v) développer des innovations techniques et des solutions fondées sur la nature; vi) promouvoir des technologies à haut rendement énergétique et de réduction des émissions de gaz à effet de serre. Il adoptera des approches nutritionnelles et en matière d'égalité femmes-hommes pour veiller à ce que les femmes soient habilitées à prendre des décisions et à jouer un rôle de premier plan.
36. Pour relever les défis liés aux marchés, le projet encouragera une réfrigération et une transformation efficaces et renforcera l'accès aux marchés; il améliorera la sécurité sanitaire des aliments et créera de nouveaux emplois dans toute la filière, en facilitant l'investissement dans l'entrepreneuriat par l'accès au crédit et la promotion de l'assurance; et il fournira un appui aux politiques et facilitera le dialogue entre les parties prenantes.
37. Un indicateur de changement important de l'itinéraire d'impact de la théorie du changement serait que les groupes de producteurs, les PME et les entreprises agroalimentaires plus importantes appliquent, adaptent et appuient les innovations numériques et fondées sur la nature, ainsi que des accords de partenariat productifs et des mécanismes de financement pérennes. En outre, la réussite du projet repose sur la stabilité macroéconomique et politique, un cadre d'action favorable, des niveaux suffisants d'investissements publics et privés dans la filière, ainsi que sur les capacités institutionnelles et techniques.

## D. Alignement, appropriation et partenariats

38. Le projet est conforme aux objectifs de développement durable nos 1 (pas de pauvreté), 2 (faim « zéro »), 5 (égalité entre les sexes), 8 (travail décent et croissance économique) et 13 (lutte contre les changements climatiques). Il contribuera également à trois effets directs du Plan-cadre de coopération des Nations Unies pour le développement durable, à savoir: prospérité, personnes et planète.
39. Le projet est conforme au Programme de développement du secteur agricole II, à la Vision 2050 du développement de Zanzibar et au troisième Plan quinquennal national de développement (2021/22-2025/26). Il contribue directement à la mise en œuvre des effets directs du plan de transformation du secteur de l'élevage afin de garantir une appropriation et un engagement forts du Gouvernement.
40. Le projet de transformation climato-compatible de la filière laitière est conforme aux trois objectifs stratégiques du Cadre stratégique du FIDA 2016-2025 et aux objectifs stratégiques du programme d'options stratégiques pour le pays du FIDA 2022-2027, définis conjointement avec le Gouvernement tanzanien. Il est également en phase avec la priorité absolue de la Treizième reconstitution des

ressources du FIDA (FIDA13), à savoir la création de systèmes alimentaires locaux durables, inclusifs et résilients et la transformation des moyens d'existence des populations rurales.

### **E. Coût, avantages et financement**

41. Le déficit de financement de 11,53 millions d'USD peut être financé par les cycles du Système d'allocation fondé sur la performance (SAFP) à partir de l'allocation restante de FIDA12 ou par un cofinancement à déterminer au cours de l'exécution du projet.
42. Un plan d'urgence a été élaboré pour assurer une mise en œuvre harmonieuse du projet si le déficit de financement devait se concrétiser.
43. Le montant total alloué par le FIDA au projet au titre du financement de l'action climatique, calculé suivant les méthodes des banques multilatérales de développement pour le suivi du financement de l'adaptation aux changements climatiques et de l'atténuation de leurs effets, est estimé à 21,34 millions d'USD, soit 47,4% de la contribution totale du Fonds.

### **F. Coût du projet**

44. Le coût total du projet est estimé à 174,36 millions d'USD, dont 143,27 millions d'USD représentent le coût de base et 31,10 millions d'USD, la provision pour aléas. Les contributions du SAFP et du Gouvernement tanzanien sont considérées comme garanties au début de la mise en œuvre. La contribution de l'AFD n'est pas encore assurée, et le FVC a son propre calendrier et ses propres conditions à remplir. Si les cofinancements ne sont pas confirmés, les activités du projet devront être réduites (à environ 40%) au cours des premières années du projet. Ce risque a été prévu lors de la conception et peut être atténué en commençant par 44 districts répartis sur les 6 régions et en reportant certaines activités jusqu'à ce que le cofinancement soit assuré.

Tableau 1  
**Coût du projet par composante et par source de financement**  
(en milliers d'USD)

| Composante   | Gouvernement  |             | Premier prêt du FIDA |             | Deuxième prêt du FIDA |            | Fonds de l'OPEP |             | FVC – PADNET* |             | AFD (à confirmer) |             | TADB         |            | Heifer International |            | Déficit de financement |            | Bénéficiaires |            | Total          |              |
|--|---------------|-------------|----------------------|-------------|-----------------------|------------|-----------------|-------------|---------------|-------------|-------------------|-------------|--------------|------------|----------------------|------------|------------------------|------------|---------------|------------|----------------|--------------|
|  | Montant       | %           | Montant              | %           | Montant               | %          | Montant         | %           | Montant       | %           | Montant           | %           | Montant      | %          | Montant              | %          | Montant                | %          | Montant       | %          | Montant        | %            |
| 1. Productivité climato-compatible et résilience des systèmes de production laitière des petits exploitants                            | 7 796         | 12,8        | 18 648               | 30,6        | -                     | -          | -               | -           | 24 862        | 40,8        | 1 798             | 2,9         | 447          | 0,7        | 2 282                | 3,7        | 919                    | 1,5        | 4 258         | 7,0        | 61 010         | 35,0         |
| 2. Filières climato-compatibles inclusives, investissement privé, consommation de lait et participation à l'élaboration des politiques | 9 188         | 9,7         | 15 244               | 16,0        | 5 000                 | 5,3        | 20 000          | 21,0        | 4 588         | 4,8         | 25 828            | 27,1        | 6 553        | 6,9        | 2 856                | 3,0        | 5 902                  | 6,2        | -             | -          | 95 159         | 54,6         |
| 3. Appui aux politiques et gestion du projet, suivi-évaluation et gestion des savoirs  | 957           | 5,3         | 6 108                | 33,6        | -                     | -          | -               | -           | 1 550         | 8,5         | 4 874             | 26,8        | -            | -          | -                    | -          | 4 705                  | 25,9       | -             | -          | 18 195         | 10,4         |
| <b>Total</b>   | <b>17 941</b> | <b>10,3</b> | <b>40 000</b>        | <b>22,9</b> | <b>5 000</b>          | <b>2,9</b> | <b>20 000</b>   | <b>11,5</b> | <b>31 000</b> | <b>17,8</b> | <b>32 500</b>     | <b>18,6</b> | <b>7 000</b> | <b>4,0</b> | <b>5 138</b>         | <b>2,9</b> | <b>11 527</b>          | <b>6,6</b> | <b>4 258</b>  | <b>2,4</b> | <b>174 364</b> | <b>100,0</b> |

\* PADNET = Pathways to Dairy Net Zero.

Tableau 2  
**Coût du projet par catégorie de dépenses et par source de financement**  
(en milliers d'USD)

| Catégorie de dépenses                      | Gouvernement  |             | Premier prêt du FIDA |             | Deuxième prêt du FIDA |            | Fonds de l'OPEP |             | FVC – PADNET  |             | AFD (à confirmer) |             | TADB         |            | Heifer International |            | Déficit de financement |             | Bénéficiaires |            | Total          |              |
|--|---------------|-------------|----------------------|-------------|-----------------------|------------|-----------------|-------------|---------------|-------------|-------------------|-------------|--------------|------------|----------------------|------------|------------------------|-------------|---------------|------------|----------------|--------------|
|  | Montant       | %           | Montant              | %           | Montant               | %          | Montant         | %           | Montant       | %           | Montant           | %           | Montant      | %          | Montant              | %          | Montant                | %           | Montant       | %          | Montant        | %            |
| <b>I. Dépenses d'investissement</b>        |               |             |                      |             |                       |            |                 |             |               |             |                   |             |              |            |                      |            |                        |             |               |            |                |              |
| Travaux                                    | 10 098        | 16,1        | 7 293                | 11,6        | 556                   | 0,9        | 18 850          | 30,0        | 14 215        | 22,6        | 5 791             | 9,2         | 619          | 1,0        | 185                  | 0,3        | 2 960                  | 4,7         | 2 308         | 3,7        | 62 874         | 36,1         |
| Véhicules                                  | 317           | 4,9         | 1 268                | 19,6        | -                     | -          | -               | -           | -             | -           | 1 812             | 28,0        | 3 070        | 47,5       | -                    | -          | -                      | -           | -             | -          | 6 468          | 3,7          |
| Biens, services et intrants                | 6 719         | 15,2        | 15 223               | 34,4        | 205                   | 0,5        | -               | -           | 8 018         | 18,1        | 4 693             | 10,6        | 3 310        | 7,5        | 3 282                | 7,4        | 826                    | 1,9         | 1 950         | 4,4        | 44 226         | 25,4         |
| Équipement et matériel                     | 159           | 18,0        | 718                  | 81,3        | -                     | -          | -               | -           | -             | -           | -                 | -           | -            | -          | -                    | -          | 6                      | 0,7         | -             | -          | 883            | 0,5          |
| Services de consultants                    | -             | -           | 4 388                | 34,0        | 611                   | 4,7        | 1 150           | 8,9         | 2 479         | 19,2        | 2 084             | 16,1        | -            | -          | -                    | -          | 2 204                  | 17,1        | -             | -          | 12 915         | 7,4          |
| Formation et ateliers                      | -             | -           | 6 882                | 37,0        | 3 628                 | 19,5       | -               | -           | 4 738         | 25,5        | 741               | 4,0         | -            | -          | 1 671                | 9,0        | 948                    | 5,1         | -             | -          | 18 609         | 10,7         |
| Dons et subventions                        | -             | -           | 940                  | 6,7         | -                     | -          | -               | -           | -             | -           | 12 855            | 91,3        | -            | -          | -                    | -          | 285                    | 2,0         | -             | -          | 14 079         | 8,1          |
| <b>Total des dépenses d'investissement</b> | <b>17 293</b> | <b>10,8</b> | <b>36 722</b>        | <b>22,9</b> | <b>5 000</b>          | <b>3,1</b> | <b>20 000</b>   | <b>12,5</b> | <b>29 450</b> | <b>18,4</b> | <b>27 965</b>     | <b>17,5</b> | <b>7 000</b> | <b>4,4</b> | <b>5 138</b>         | <b>3,2</b> | <b>7 229</b>           | <b>4,5</b>  | <b>4 258</b>  | <b>2,7</b> | <b>160 055</b> | <b>91,8</b>  |
| <b>II. Dépenses ordinaires</b>             |               |             |                      |             |                       |            |                 |             |               |             |                   |             |              |            |                      |            |                        |             |               |            |                |              |
| Salaires, traitements et indemnités        | -             | -           | 2 627                | 24,5        | -                     | -          | -               | -           | 224           | 2,1         | 3 558             | 33,2        | -            | -          | -                    | -          | 4 298                  | 40,1        | -             | -          | 10 707         | 6,1          |
| Dépenses de fonctionnement                 | 648           | 18,0        | 651                  | 18,1        | -                     | -          | -               | -           | 1 326         | 36,8        | 976               | 27,1        | -            | -          | -                    | -          | -                      | -           | -             | -          | 3 602          | 2,1          |
| <b>Total des dépenses ordinaires</b>       | <b>648</b>    | <b>4,5</b>  | <b>3 277</b>         | <b>22,9</b> | <b>-</b>              | <b>-</b>   | <b>-</b>        | <b>-</b>    | <b>1 550</b>  | <b>10,8</b> | <b>4 535</b>      | <b>31,7</b> | <b>-</b>     | <b>-</b>   | <b>-</b>             | <b>-</b>   | <b>4 298</b>           | <b>30,0</b> | <b>-</b>      | <b>-</b>   | <b>14 309</b>  | <b>8,2</b>   |
| <b>Total</b>                               | <b>17 941</b> | <b>10,3</b> | <b>40 000</b>        | <b>22,9</b> | <b>5 000</b>          | <b>2,9</b> | <b>20 000</b>   | <b>11,5</b> | <b>31 000</b> | <b>17,8</b> | <b>32 500</b>     | <b>18,6</b> | <b>7 000</b> | <b>4,0</b> | <b>5 138</b>         | <b>2,9</b> | <b>11 527</b>          | <b>6,6</b>  | <b>4 258</b>  | <b>2,4</b> | <b>174 364</b> | <b>100,0</b> |

Tableau 3  
**Coût du projet par composante et par année du projet**  
(en milliers d'USD)

| <i>Composante</i>  | <i>2024</i>   | <i>2025</i>   | <i>2026</i>   | <i>2027</i>   | <i>2028</i>   | <i>2029</i>   | <i>2030</i>   | <i>2031</i>   | <i>2032</i>  | <i>2033</i>  | <i>Total</i>   |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|----------------|
| 1. Productivité climato-compatible et résilience des systèmes de production laitière des petits exploitants                            | 5 345         | 8 366         | 9 210         | 6 812         | 6 625         | 5 660         | 4 130         | 2 639         | 1 673        | 350          | 50 810         |
| 2. Filières climato-compatibles inclusives, investissement privé, consommation de lait et participation à l'élaboration des politiques | 3 393         | 7 436         | 13 473        | 14 405        | 12 789        | 10 291        | 5 599         | 5 503         | 3 128        | 1 208        | 77 225         |
| 3. Appui aux politiques et gestion du projet, suivi-évaluation et gestion des savoirs  | 3 414         | 1 393         | 1 371         | 1 234         | 1 439         | 1 247         | 1 233         | 1 198         | 1 239        | 1 456        | 15 223         |
| <b>Total composantes</b>   | <b>12 152</b> | <b>17 195</b> | <b>24 055</b> | <b>22 451</b> | <b>20 853</b> | <b>17 198</b> | <b>10 963</b> | <b>9 339</b>  | <b>6 040</b> | <b>3 014</b> | <b>143 258</b> |
| <b>Provisions pour imprévus matériels</b>  | <b>-</b>      | <b>191</b>    | <b>789</b>    | <b>877</b>    | <b>958</b>    | <b>702</b>    | <b>508</b>    | <b>434</b>    | <b>264</b>   | <b>12</b>    | <b>4 734</b>   |
| Provisions pour hausse des prix  |               |               |               |               |               |               |               |               |              |              |                |
| Inflation  |               |               |               |               |               |               |               |               |              |              |                |
| Monnaie locale   | 186           | 809           | 1 852         | 2 395         | 2 945         | 3 109         | 2 385         | 2 395         | 1 846        | 1 164        | 19 086         |
| Devises  | 61            | 267           | 755           | 1 098         | 1 340         | 1 281         | 1 008         | 1 011         | 698          | 235          | 7 754          |
| Sous-total inflation   | 247           | 1 076         | 2 607         | 3 493         | 4 285         | 4 390         | 3 393         | 3 406         | 2 544        | 1 399        | 26 841         |
| Dévaluation  | (4)           | (19)          | (43)          | (56)          | (70)          | (76)          | (59)          | (61)          | (48)         | (32)         | (468)          |
| <b>Sous-total provisions pour aléas financiers</b>   | <b>243</b>    | <b>1 057</b>  | <b>2 565</b>  | <b>3 438</b>  | <b>4 215</b>  | <b>4 314</b>  | <b>3 334</b>  | <b>3 345</b>  | <b>2 496</b> | <b>1 367</b> | <b>26 372</b>  |
| <b>Coût total du projet</b>  | <b>12 395</b> | <b>18 442</b> | <b>27 408</b> | <b>26 765</b> | <b>26 025</b> | <b>22 214</b> | <b>14 804</b> | <b>13 118</b> | <b>8 799</b> | <b>4 393</b> | <b>174 364</b> |

### **Stratégie et plan de financement et de cofinancement**

45. Le coût total du projet est estimé à 174,36 millions d'USD, à décaisser sur une période de 10 ans. Sur ce montant, la contribution du FIDA au titre du SAFP de FIDA12 pour la République-Unie de Tanzanie s'élève à 40,00 millions d'USD, auxquels s'ajoutent 5,00 millions d'USD déjà confirmés du Mécanisme d'accès aux ressources empruntées du FIDA, soit un total de 45,00 millions d'USD (25,9%). Le projet mobilisera des fonds provenant d'une opération régionale du FVC couvrant la République-Unie de Tanzanie, notamment l'initiative « Pathways to Dairy Net Zero », estimée à 31,0 millions d'USD (17,8%); 20,0 millions d'USD seront financés par le Fonds de l'OPEP (11,5%); l'AFD fournira 32,5 millions d'USD pour le projet (équivalant à 30 millions d'EUR, à confirmer). La TADB financera le projet à hauteur de 7,0 millions d'USD (4%). La contribution de Heifer International s'élèvera à 5,14 millions d'USD (2,9%). Celle du Gouvernement tanzanien est estimée à 17,95 millions d'USD (10,3%). Les bénéficiaires fourniront 4,26 millions d'USD (2,4%). Enfin, le projet accusera un déficit de financement de 11,53 millions d'USD (6,6%), qui pourrait être couvert par la prochaine allocation au titre du SAFP. Le projet est censé attirer d'autres financeurs, car il est conçu comme un programme phare conforme au pacte national convenu.

### **Décaissement**

46. Les financements du FIDA seront versés sur deux comptes désignés, libellés en dollars des États-Unis, ouverts auprès de la Banque de Tanzanie, l'un destiné à recevoir les prêts du FIDA et l'autre à recevoir les financements du FVC par l'intermédiaire du FIDA. Par ailleurs, le projet gèrera deux comptes bancaires opérationnels, libellés en shillings tanzaniens, afin de recevoir les ressources des comptes désignés.
47. En ce qui concerne le Fonds de l'OPEP, les demandes de retrait suivront les procédures du FIDA et seront soumises via le Portail clients du FIDA. Le FIDA informera le Fonds de l'OPEP du caractère satisfaisant des demandes de retrait. Le Fonds de l'OPEP transférera ensuite les fonds sur un compte désigné ouvert en monnaie forte.
48. Pour les fonds de l'AFD, le bureau de coordination du projet (BCP) soumettra les demandes de retrait au FIDA, qui examinera chacune d'entre elles et demandera à l'AFD de transférer les paiements sur un compte désigné distinct.
49. Les fonds pour Heifer International seront transmis par le BCP en monnaie locale sur un compte ouvert par cette organisation auprès d'une banque commerciale. Cela se fera sur une base trimestrielle, sur justification des avances précédentes et sur la base des rapports requis.
50. Un accord de partenariat entre la TADB et le projet sera signé. L'accord indiquera les modalités de décaissement et les exigences en matière d'établissement de rapports trimestriels. La TADB ouvrira un compte opérationnel distinct en shillings tanzaniens pour recevoir les fonds du projet. Elle conclura alors des accords individuels avec les institutions financières partenaires admissibles pour l'utilisation des fonds.
51. Le projet tiendra un compte distinct pour les contributions de contrepartie de la République-Unie de Tanzanie.

### **Résumé des avantages et analyse économique**

52. L'analyse économique indique que les projets laitiers sont viables, avec une valeur actuelle nette de 132,69 millions d'USD et un taux de rentabilité économique interne (TREI) de 24,13%, ce qui laisse penser que le projet global est rentable pour les groupes cibles. Si les bénéfices sont générés avec un retard de deux ans ou s'ils diminuent de 30% par rapport au scénario de base, le TREI serait réduit à 17,85% et 18,40%, respectivement, ce qui est nettement supérieur au taux

d'actualisation. Les dépassements de coûts n'auraient qu'un impact limité, le TREI tombant à 19,94% en cas d'augmentation de 30%.

### Stratégie de retrait et durabilité

53. La durabilité des interventions du projet dépend de l'établissement de partenariats productifs et de la participation du secteur privé. Le renforcement des organisations paysannes garantira également la durabilité des services fournis aux agriculteurs. Enfin, les collectivités locales devraient continuer à soutenir les investissements après l'exécution du projet.

## III. Gestion des risques

### A. Risques et mesures d'atténuation

54. Une présentation détaillée des risques du projet à prendre en compte figure dans la matrice intégrée des risques du projet. Les principaux risques sont les suivants:
55. **Risques de gestion financière.** Le risque de gestion financière inhérent du portefeuille actuel du FIDA en République-Unie de Tanzanie<sup>3</sup> est substantiel. La qualité de la gestion financière, pour sa part, est modérément satisfaisante. Le portefeuille a accusé des retards lors de la phase de démarrage et des lenteurs de décaissement dues à des lourdeurs administratives. De plus, la durée de la procédure d'exonération fiscale, condition préalable au paiement<sup>4</sup>, ainsi que l'insuffisance de la formation à l'utilisation de ce système constituent un sérieux goulot d'étranglement pour les flux de fonds du projet. L'adoption obligatoire du Système d'information de gestion financière intégrée (IFMIS), qui n'est pas suffisamment adapté avec un plan comptable approprié pour établir des rapports par composante/catégorie, entraîne un recours excessif à des opérations manuelles sujettes à des erreurs. Au niveau des districts, on note une forte rotation du personnel et l'absence d'ordinateurs de travail pour les comptables (voir la matrice intégrée des risques du projet dans les annexes du rapport de conception du projet pour les mesures d'atténuation).

Tableau 4

#### Synthèse des risques

| <i>Aspect du risque</i>                              | <i>Niveau de risque inhérent</i> | <i>Évaluation du risque résiduel</i> |
|--|----------------------------------|--------------------------------------|
| Contexte national                                    | Modéré                           | Modéré                               |
| Stratégies et politiques sectorielles                | Substantiel                      | Modéré                               |
| Contexte environnemental, social et climatique       | Substantiel                      | Modéré                               |
| Portée du projet                                     | Modéré                           | Modéré                               |
| Capacités institutionnelles d'exécution et viabilité | Substantiel                      | Substantiel                          |
| Gestion financière                                   | Substantiel                      | Substantiel                          |
| Passation des marchés au titre du projet             | Modéré                           | Modéré                               |
| <b>Risque global</b>                                 | <b>Modéré</b>                    | <b>Modéré</b>                        |

### B. Catégorie environnementale et sociale

56. Le risque environnemental et social est jugé **substantiel**. D'un point de vue social, les femmes et les jeunes doivent faire l'objet d'une attention particulière. Le projet encouragera les activités porteuses de transformations en matière de genre et tenant compte des enjeux nutritionnels pour garantir un impact positif sur les moyens d'existence. Il encouragera également la participation des jeunes âgés de 18 à 35 ans, et les normes internationales du travail seront appliquées.

<sup>3</sup> Projet « Inverser les tendances de la dégradation des terres et accroître la sécurité alimentaire dans les écosystèmes dégradés des zones semi-arides du centre de la Tanzanie », et Programme de développement de l'agriculture et de la pêche.

<sup>4</sup> C'est-à-dire que les demandes d'exemption sont traitées par un nouveau système en ligne dont les informations d'identification ne sont fournies qu'à un nombre limité d'utilisateurs.

57. La dégradation de l'environnement, l'utilisation accrue de pesticides et d'engrais, les risques de pollution liés à l'intensification de la production laitière et l'absence de gestion appropriée des déchets, l'extraction ou la rétention importante de l'eau et la consommation de matières premières sont autant d'aspects importants à prendre en compte dans l'ensemble de la filière laitière. Le projet comprendra des mesures visant à renforcer l'utilisation efficace des ressources et de l'énergie et à réduire les émissions associées à la production laitière. L'amélioration de la productivité et de la qualité des pâturages et la promotion de sources d'énergie à faible teneur en carbone sont des moyens importants pour améliorer la sécurité alimentaire et la gestion des ressources naturelles et atténuer les risques environnementaux.

### **C. Classement au regard des risques climatiques**

58. Le risque climatique du projet est jugé **modéré**. Une évaluation détaillée des risques climatiques et de l'adaptation aux changements climatiques a été effectuée et comprend une liste d'investissements en faveur de l'adaptation aux changements climatiques et de l'atténuation de leurs effets à mettre en œuvre dans l'ensemble de la filière laitière. Le choix des mesures d'adaptation à adopter sera guidé par l'analyse de chaque sous-projet et des risques climatiques les plus pertinents au regard des conditions locales.

### **D. Soutenabilité de la dette**

59. Selon l'analyse de la soutenabilité de la dette réalisée en 2021 par l'Association internationale de développement et le Fonds monétaire international, le risque de surendettement extérieur de la République-Unie de Tanzanie reste modéré. Le rapport souligne l'importance d'accéder à des financements extérieurs à des conditions concessionnelles. De plus, pour que les finances publiques et la dette restent soutenables, les autorités devraient améliorer la gestion des investissements publics et procéder à des investissements générant des retombées socioéconomiques.

## **IV. Exécution**

### **A. Cadre organisationnel**

#### **Gestion et coordination du projet**

60. Un BCP semi-autonome sous l'égide du Ministère de l'élevage et de la pêche supervisera l'exécution du projet au quotidien au niveau central. Les unités d'exécution au niveau des districts mettront en œuvre les activités au niveau local par l'intermédiaire des équipes de facilitation de district. Les unités d'exécution seront soutenues par des équipes recrutées par voie d'appel d'offres et de personnel détaché.

#### **Gestion financière, passation des marchés et gouvernance**

61. Le projet devrait utiliser les modalités de gestion financière adoptées par l'actuel portefeuille de projets du FIDA, qui sont parfaitement alignées sur les systèmes et les procédures du pays. Le projet présentera des rapports financiers intermédiaires tous les trois mois dans les 45 jours suivant la fin de la période des décaissements et du suivi de la situation financière.
62. L'IFMIS a été adopté à l'échelle nationale. Il ne permet toutefois pas suffisamment d'établir des rapports financiers par financeur, par catégorie et par composante, comme l'exige le FIDA. Jusqu'à son adaptation, un système de comptabilité vendu dans le commerce sera temporairement utilisé.
63. Une unité d'audit interne indépendante, placée sous l'égide de l'Auditeur général interne, a été créée au sein du Ministère de l'élevage et de la pêche et assurera la surveillance du projet. Les rapports d'audit interne du projet seront soumis au FIDA sur demande.



64. L'audit externe relèvera de la responsabilité du Contrôleur et Auditeur général et sera conforme aux politiques et procédures du FIDA. L'audit couvrira l'utilisation des fonds provenant de toutes les sources de financement.
65. Les droits et taxes seront pris en charge par le Gouvernement de la République-Unie de Tanzanie.
66. La République-Unie de Tanzanie dispose d'une loi robuste sur la passation des marchés publics avec des organes de surveillance établis, l'Autorité de régulation des marchés publics et l'Autorité chargée des marchés publics et de la cession des actifs pour la partie continentale du pays et Zanzibar, respectivement. Ces cadres juridiques couvrent tous les aspects des marchés publics.

#### **Participation et retours d'information du groupe cible, et mécanisme de réponse aux doléances**

67. Le BCP soutiendra les activités du Dairy Development Forum (Forum du développement de la filière laitière) et utilisera cette plateforme pour informer les parties prenantes de l'avancement du projet et des difficultés à surmonter. Au niveau des districts, des plateformes multipartites pour les produits laitiers réunissant des délégués des différentes activités de la filière seront constituées afin d'assurer une large participation de tous les acteurs de la filière laitière à la planification et à l'examen des activités du projet.
68. Le BCP mettra en place un mécanisme de traitement des doléances pour répondre aux éventuels griefs des bénéficiaires et des parties prenantes. Elle facilitera également la résolution des plaintes et des doléances concernant les mesures de sauvegarde environnementale et sociale du projet.

### **B. Planification, suivi-évaluation, apprentissage, gestion des savoirs et communication**

69. La planification et le suivi-évaluation du projet auront une fonction de gestion et de reddition des comptes. L'unité collectera des données en continu. Trois types de suivi-évaluation seront réalisés dans le cadre du projet: i) le suivi de la mise en œuvre et de la situation financière; ii) le suivi des mesures de protection environnementale et sociale; iii) l'évaluation des effets directs et de l'impact.
70. **Gestion des savoirs et communication.** Les enseignements tirés des approches du projet seront diffusés en collaboration avec le Tanzania Dairy Development Forum, où des acteurs publics et privés se réunissent chaque année pour regrouper, synthétiser et diffuser des informations utiles à l'industrie laitière. Grâce à des campagnes radio/télévisées et Internet/médias sociaux, la gestion des savoirs favorisera une plus grande sensibilisation de la société à l'importance nutritionnelle de la consommation de lait sûr.

#### **Innovations et reproduction à plus grande échelle**

71. Un certain nombre d'approches innovantes présentant des possibilités de reproduction à plus grande échelle ont été prévues dans le cadre du projet: les fermes-écoles, la numérisation, les partenariats productifs, l'assurance du bétail, l'adaptation aux changements climatiques et la finance verte, la gestion de proximité des produits laitiers et les services de santé animale. Ces technologies seront testées et adaptées afin d'en assurer la durabilité.

### **C. Plans d'exécution**

#### **Plans de préparation à l'exécution et de démarrage**

72. Le projet est conçu de manière à permettre un démarrage rapide dès son entrée en vigueur. Des plans détaillés de passation de marchés et des termes de référence pour les prestataires de services sont inclus dans le manuel du projet. Le projet se déroule en quatre phases, chaque phase déclenchant l'exécution de la suivante.

**Supervision, examen à mi-parcours et plans d'achèvement**

73. Le FIDA et le Gouvernement effectueront des missions annuelles conjointes pour examiner l'avancement de la mise en œuvre du projet, relever les goulets d'étranglement et aider le BCP à l'améliorer. Des examens à mi-parcours et réguliers seront effectués au cours des deuxième, cinquième et septième années du projet.

**V. Instruments et pouvoirs juridiques**

74. L'octroi à l'emprunteur/au bénéficiaire du financement proposé est régi par un accord de financement entre la République-Unie de Tanzanie et le FIDA. Une copie de l'accord de financement négocié figure à l'appendice I.
75. La République-Unie de Tanzanie est habilitée, en vertu de son ordre juridique, à recevoir un financement du FIDA.
76. Je certifie que le financement proposé est conforme aux dispositions de l'Accord portant création du FIDA, et aux Principes et critères applicables aux financements du FIDA.

**VI. Recommandation**

77. Je recommande au Conseil d'administration d'approuver le financement proposé par la résolution suivante:

DÉCIDE: que le Fonds accordera à la République-Unie de Tanzanie un prêt à des conditions particulièrement concessionnelles d'un montant de quarante millions de dollars des États-Unis (40 000 000 USD), qui sera régi par des modalités et conditions conformes en substance aux modalités et conditions indiquées dans le présent rapport.

DÉCIDE EN OUTRE: que le Fonds accordera à la République-Unie de Tanzanie un prêt à des conditions ordinaires d'un montant de cinq millions de dollars des États-Unis (5 000 000 USD), qui sera régi par des modalités et conditions conformes en substance aux modalités et conditions indiquées dans le présent rapport.

Le Président  
Alvaro Lario

# Negotiated financing agreement

NEGOTIATED TEXT  
24 November 2023

LOAN NO. [number]  
LOAN NO. [number]

## FINANCING AGREEMENT

*Climate-Smart Dairy Transformation Project (C-SDTP)*

between the

**UNITED REPUBLIC OF TANZANIA**

and the

**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**

Signed in

Dar es Salaam, United Republic of Tanzania \_\_\_\_\_

OR

Dar es Salaam, United Republic of Tanzania, and Rome, Italy

AK Inini

United Republic of Tanzania  
Climate-Smart Dairy Transformation Project (C-SDTP)

Loan NO. \_\_\_\_\_  
Loan No. \_\_\_\_\_

### FINANCING AGREEMENT

Loan No: \_\_\_\_\_  
Loan No: \_\_\_\_\_

Project name: Climate-Smart Dairy Transformation Project ("the C-SDTP"/ "the Project")

The United Republic of Tanzania (the "Borrower")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and both of them collectively the "Parties")

**WHEREAS** the Borrower has requested loans from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

**WHEREAS**, the Project is expected to be co-financed by the Green Climate Fund ("GCF"), OPEC Fund, Heifer International, Tanzania Agriculture Development Bank ("TADB"), Agence française de développement ("AFD").

**WHEREAS**, the Fund has agreed to provide financing for the Project;

**NOW THEREFORE**, the Parties hereby agree as follows:

#### Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2022, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.

3. The Fund shall provide two Loans (the "Financing") to the Borrower, which the Borrower shall use to implement the Project in accordance with the terms and conditions of this Agreement.

#### Section B

1. A. The amount of loan one ("Loan 1") is eligible to highly concessional terms ("HCT Loan") is forty million United States dollars (USD 40 000 000).
- B. The amount of loan two ("Loan 2") is eligible to ordinary terms ("OT Loan") is five million United States dollars (USD 5 000 000).

2. In relation to the HCT Loan:

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United Republic of Tanzania  
Climate-Smart Dairy Transformation Project (C-SDTP)

Loan NO. \_\_\_\_\_  
Loan No. \_\_\_\_\_

- (i) The HCT Loan shall be free of interest but shall bear a fixed service charge as determined by the Fund at the date of approval of the Loan by the Fund's Executive Board, payable semi-annually in the Loan Service Payment Currency. The HCT Loan shall have a maturity period of forty (40) years, including a grace period of ten (10) years starting from the date of approval of the Loan by the Fund's Executive Board.
  - (ii) The principal of the HCT Loan will be repaid at four and half per cent (4.5%) of the total principal per annum for years eleven (11) to thirty (30), and one per cent (1%) of the total principal per annum for years thirty first (31) to forty (40).
3. In relation to the OT Loan:
    - (i) The Loan granted on ordinary terms (OT Loan) shall be subject to interest on the principal amount outstanding of the Loan at a rate equal to the IFAD Reference Interest Rate including a variable spread, payable semi-annually in the Loan Service Payment Currency, and have a maturity period of thirty one (31) years, including a grace period of eight (8) years, starting from the date as of which the Fund has determined that all general conditions precedent to withdrawal have been fulfilled.
  4. The Loan Service Payment Currency shall be in United States dollars.
  5. The first day of the applicable Fiscal Year shall be 1 July.
  6. Payments of (principal) and (interest)(service charge) shall be payable on each 15 May and 15 November.
  7. There shall be one (1) Designated Account in USD, for the exclusive use of the Project opened in the Bank of Tanzania to receive funds from IFAD loans. The Borrower shall inform the Fund of the officials authorized to operate the Designated Account.
  8. There shall be Project Account in Tanzanian shillings (TZS) to receive the proceeds of the IFAD financing from the Designated Account for the benefit of the Project in a commercial bank.
  9. The Borrower shall provide counterpart financing for the Project in the estimated amount of seventeen million nine hundred and fifty thousand United States dollars (USD 17 950 000) in the form of tax and duty exemptions on all expenditure for works, goods and services required for project implementation. A tax waiver for the Project will be granted in accordance with prevailing Tanzanian tax laws.

### Section C

1. The Lead Project Agency shall be the Ministry of Livestock and Fisheries
2. The following are designated as additional Project Parties: Tanzania Livestock Research Institute (TALIRI), Zanzibar Livestock Research Institute (ZALIRI), Sokoine University of Agriculture (SUA), Livestock training agency (LITA/SUZA), National Artificial Insemination Center (NAIC/DLD), Tanzania Veterinary Laboratory Agency (TVLA), Tanzania Dairy Board (TDB/DLD).

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United Republic of Tanzania  
Climate-Smart Dairy Transformation Project (C-SDTP)

Loan NO. \_\_\_\_\_  
Loan No. \_\_\_\_\_

3. A Mid-Term Review will be conducted in year five of the Project; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Project.
4. The Project Completion Date shall be the tenth (10) anniversary of the date of entry into force of this Agreement and the Financing Closing Date shall be 6 months later, or such other date as the Fund may designate by notice to the Borrower.
5. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Borrower's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines.

#### Section D

1. The Fund will administer the Loans and supervise the Project.

#### Section E

1. The following are designated as additional grounds for suspension of this Agreement:
  - (a) The PIM and/or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower, has determined that it has had, or is likely to have, a material adverse effect on the Project.
  - (b) In the event that the Borrower did not request a disbursement of the Financing for a period of at least 12 months without justification.
  - (c) Key Project staff appointed, transferred or moved from the PMU without the non-objection of the Fund.
2. The following are designated as additional grounds for cancellation of this Agreement:
  - (a) In the event that the Borrower did not request a disbursement of the Financing for a period of at least 12 months without justification.
3. The following are designated as additional (general/specific) conditions precedent to withdrawal:
  - (a) The IFAD no objection to the Project Implementation Manual (PIM) shall have been obtained.
  - (b) Key Project staff has been appointed as per Schedule 1 part II of this Agreement.
  - (c) Installation of an off-the-shelf accounting software and training of Financial Management staff for the software.
4. The following are the designated representatives and addresses to be used for any communication related to this Agreement;

For the Borrower:

Permanent Secretary  
Ministry of Finance  
Government City -Mtumba  
P.O. Box 2802  
Dodoma

 *Yunisi*

United Republic of Tanzania  
Climate-Smart Dairy Transformation Project (C-SDTP)

Loan NO. \_\_\_\_\_  
Loan No. \_\_\_\_\_

Tanzania

For the Fund:

The President  
International Fund for Agricultural Development  
Via Paolo di Dono 44  
00142 Rome, Italy

If applicable, The Parties accept the validity of any qualified electronic signature used for the signature of this Agreement and recognise the latter as equivalent to a hand-written signature.

This Agreement, [dated \_\_\_\_\_], has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the [Borrower/Recipient].

UNITED REPUBLIC OF TANZANIA

\_\_\_\_\_  
Dr. Natu E. Mwamba  
Permanent Secretary

Date: \_\_\_\_\_

INTERNATIONAL FUND FOR  
AGRICULTURAL DEVELOPMENT

\_\_\_\_\_  
Alvaro Lario  
The President

Date: \_\_\_\_\_

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**Schedule 1***Project Description and Implementation Arrangements***I. Project Description**

1. *Target Population.* The Project shall benefit rural households involved in dairy production, processors, traders, milk transporters, including women and youth in the dairy value chain. The total number of direct beneficiary households is 120, 000 corresponding to approximately 600,000 rural people.
2. *Project area.* The Project will have a national scope and shall be implemented in 17 districts across 5 regions in the mainland and 10 districts in Zanzibar. The Project focus is mainly on areas with potential for dairy production and existence of off-takers.
3. *Goal.* The goal of the Project is contribute to the transformation of the dairy value chain to improve livelihoods, increase food safety, and to mitigate the impact of the dairy sector on climate change.
4. *Objectives.* The objective of the Project is to improve income, climate resilience and nutrition of smallholder dairy producers and their participation in a competitive and safe value chain.
5. *Components.* The Project shall consist of the following Components:
  - 5.1 Component 1: Increased climate-smart production, productivity and resilience of dairy smallholder production systems. This component will be organized in 2 sub-components:
    - 5.1.1 Sub-component 1.1: Capacity building, social mobilization and asset building: The purpose of this subcomponent will be to increase the number of farmers engaged in intensive and market oriented dairy production, which is so far insufficient to respond to the market demand and results in low utilization of aggregation and processing capacities, and to improve productivity as well as climate resilience and adaptation by improving capacities of new and existing dairy farmers on farm management
    - 5.1.2 Sub-component 1.2: Support provision of essential dairy livestock services: The purpose of this sub-component is to improve access of smallholder farmers to doorstep animal production and health services, enhance access to water by target beneficiaries, improve the effectiveness of public institutions for the delivery of public-good related services, support the emergence of private service providers for private-good related services, promote the adoption of climate smart innovation that improve resilience to climate change, promote the adoption of digital innovations, and adoption by farmers of dairy management best practices through doorstep coaching.
  - 5.2 Component 2: Inclusive and climate-smart value chains, private investment, milk consumption and policy. This component will be organized into 4 sub-components:
    - 5.2.1 Sub-component 2.1: Organization of producers, milk aggregation and facilitation of productive alliances: This sub-component will focus on enhancing management and governance capacities of cooperatives, enhanced milk aggregation capacities and primary collection centres, enhanced business partnerships with cooperatives and private sector as well as digitalization of the dairy value chain.

AK *Amiri*



5.2.2 Subcomponent 2.2: Support to emergence of safe, short and green value chains and milk consumption: Objective of this sub-component will be to diversify market and provide a valuable alternative both (i) to the dominant raw milk trade sub value chain, which raises issues of food safety and public health, and (ii) to the industrial milk processing value chain, which has limited capacity and produces processed commodities that are not economically affordable to the poorest segment of the population. In addition the subcomponent will reduce environmental footprints and improve food safety and milk quality and increase nutrition and consumption outcomes amongst beneficiaries

5.2.3 Subcomponent 2.3: Access to financial services: The objective of this subcomponent is to ensure that the project target groups access adapted and affordable financial products to finance their dairy related enterprises.

5.2.4 Subcomponent 2.4. Policy support and stakeholder dialogue: This sub-component is expected to support formulation of policy reviews in dairy issues and feasibility studies to inform policy making.

## II. Implementation Arrangements

6. *Lead Project Agency.* The Ministry of Livestock and Fisheries (MLF) shall be the LPA coordinating the implementation of the Project on behalf of the United Republic of Tanzania.

7. *Project Oversight Committee.* GoT will appoint a **Project Steering Committee (PSC)** to provide strategic guidance and oversight of the Project. It will be chaired by the Permanent Secretary Ministry of Livestock and Fisheries (MLF), co-chaired by Permanent Secretary (PS) - Ministry of Agriculture, Irrigation, Natural Resource and Livestock - Zanzibar (MAINL), and will be composed by the Permanent Secretaries of the Ministries of finance (MoF), Vice President's Office (VPO) and President Office-Regional Administration and Local Government (TAMISEMI) for mainland; and First Vice President Office in Zanzibar (VP1), Ministry of Finance and Planning President's Office for Zanzibar, as well as representatives from the private sector and farmers' organizations.

**Technical Advisory Committee (TAC)** will be established by MLF to advise the PSC and the Project Management Unit (PMU) on technical issues. The TAC will be chaired by the Director of Production and Marketing, MLF and Co-chaired by the Department of Livestock Development (DLD/MAINL), and will be composed of the relevant Directors from MLF and MAINL on areas of Policy and Planning, Veterinary services, Extension services, Animal feed resources, Animal breeding, Research & Training, Chief accountant, Procurement; as well as Chief executive officers of each participating implementing partner in the mainland and Zanzibar. It will also comprise a representative from participating Districts and representatives from private sector involved in the Project.

8. *Project Management Unit.* An autonomous PMU will be established under MLF and will be responsible for the overall project implementation including: the preparation of the AWPBs and implementation of the activities with the following Key Project staff competitively selected: (i) Project Coordinator, (ii) M&E Senior Officer and Deputy Coordinator, (iii) Senior Finance Officer, (iv) Procurement Senior Officer (v) Knowledge Management Specialist (vi) Climate and Environment Specialist, (vii) Dairy Specialist, (viii) Social Inclusion Specialist and (ix) Nutrition Specialist; (x) Knowledge and Strategic Communication specialist from year 2; (xi) Value chain/market specialist from year 2; and a (xii) SECAP officer. A Project management team (PMT) under MAINL will be established in Zanzibar and will report to the PMU, comprising of a (i) Team Leader; (ii) M&E officer and Deputy Team Leader; (iii) Dairy Officer, (iv) Finance Officer, and (v) Procurement Officer The PMU/PMT will leverage existing expertise from MLF/MAINL staff who will be

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United Republic of Tanzania  
Climate-Smart Dairy Transformation Project (C-SDTP)

Loan NO. \_\_\_\_\_  
Loan No. \_\_\_\_\_

seconded to C-SDTP to support gender and social inclusion and marketing (see organigram in PIM).

9. *Implementing partners.* The project's implementing partners shall be: Tanzania Livestock Research Institute (TALIRI), Zanzibar Livestock Research Institute (ZALIRI), Sokoine University of Agriculture (SUA), Livestock training agency (LITA/SUZA), National Artificial Insemination Center (NAIC/DLD), Tanzania Veterinary Laboratory Agency (TVLA), Tanzania Dairy Board (TDB/DLD), including other service providers recruited by the PMU.].

10. *Planning, Monitoring and Evaluation* will be integrated in the United Republic of Tanzania ("GoT") processes and will be based on Annual Work Plans and Budgets (AWPBs). Representatives from dairy multi-stakeholder platforms at cluster and at district level will be part of the planning process, ensuring beneficiaries' participation. A four-phase strategy has been developed to ensure a smooth geographic development of the project using as a trigger the number of signed agreement between the supported milk collection centers (MCCs) and off-takers.

11. *Knowledge Management* will be closely linked to the policy engagement objectives and will disseminate lessons learned from C-SDTP approaches in collaboration with the Tanzania Dairy Development Forum, where public and private stakeholders convene annually to aggregate, synthesize, and disseminate information relevant to the dairy industry in the United Republic of Tanzania. Through radio and TV campaigns, knowledge management will also promote a broader societal awareness of the nutritional importance of consuming safe milk.

12. *Project Implementation Manual.* The Borrower shall finalize the development of the Project Implementation Manual (PIM) for the Fund's consideration and approval. The PIM will provide more details on: (i) roles and responsibilities of the project and implementing parties to ensure full coordination among all parties involved in implementation; (ii) detailed description of activities and implementation arrangements for each project component; (iii) M&E and knowledge management; (iv) financial management requirements including bank accounts and audit arrangements; (v) procurement procedures and management; and (vi) establishment of a grievance redress mechanism. The PIM reflects IFAD's no tolerance for Sexual Harassment (SH) / Sexual Exploitation and Abuse (SEA) in the Project.

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United Republic of Tanzania  
Climate-Smart Dairy Transformation Project (C-SDTP)

Loan NO. \_\_\_\_\_  
Loan No. \_\_\_\_\_

## Schedule 2

### Allocation Table

1. *Allocation of Loan Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and the allocation of the amounts to each category of the Financing and the percentages of expenditures for items to be financed in each Category:

| Category                      | IFAD<br>HCT Loan<br>(Expressed in<br>USD) | IFAD<br>OT Loan<br>(Expressed in<br>USD) | Percentage<br>of Expenditure<br>(Net of Taxes and<br>Duties) |
|-------------------------------|---|--|--|
| Works                         | 6 560 000                                 | 500 000                                  | 100%   |
| Goods, Services and<br>Inputs | 15 520 000                                | 180 000                                  | 100%   |
| Consultancies                 | 4 170 000                                 | 550 000                                  | 100%   |
| Trainings and<br>Workshops    | 6 190 000                                 | 3 270 000                                | 100%   |
| Grants                        | 850 000                                   |  | 100%   |
| Salaries and<br>Allowances    | 2 710 000                                 |  | 100%   |
| Unallocated                   | 4 000 000                                 | 500 000                                  | 100%   |
| <b>TOTAL</b>                  | <b>40 000 000</b>                         | <b>5 000 000</b>                         |  |

(b) The terms used in the Table above are defined as follows:

- (i) For HCT Loan, the category Goods, services and inputs also include the planned expenditures for vehicles, Equipment & materials.
- (ii) The category Salaries and Allowances include salaries and allowances and operating costs.
- (iii) Category Grants consists of contingency funds.

### 2. *Disbursement arrangements*

(a) *Retroactive financing.* As an exception to section 4.08(a) (ii) of the General Conditions, specific eligible expenditures incurred as of approval of the Financing by IFAD's Executive Board, until the date of entry into force of this Agreement, shall be considered eligible up to an amount equivalent to Five Hundred Thousand US dollars (USD 500 000) for activities relating to: (i) AWPB/PPM approval and development of Management information System for M&E; (ii) Recruitment of key staff; (iii) training of staff and finalization of PIM; (iv) baseline and Environmental studies; and v) the procurement of accounting system. Activities to be financed by retroactive financing and their respective category of expenditures and source of financing will require prior no objection from IFAD to be considered eligible. Pre-financed eligible expenditures shall be reimbursed to the Borrower once additional conditions precedent to the first disbursement of funds specified in Section E.3 are

United Republic of Tanzania  
Climate-Smart Dairy Transformation Project (C-SDTP)

Loan NO. \_\_\_\_\_  
Loan No. \_\_\_\_\_

fulfilled. The pre-financing shall not cover any form of taxes and all amounts financed shall be net of taxes and duties.

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**Schedule 3***Special Covenants***I. General Provisions**

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower to request withdrawals from the Loan Account if the Borrower has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. Within 6 months of entry into force of the Financing Agreement, the Project will procure and install a customize accounting software as it is the practice in IFAD on-going supported projects and programmes, to satisfy International Accounting Standards and IFAD's requirements.
2. *Planning, Monitoring and Evaluation.* The Borrower shall ensure that (i) a Planning, Monitoring and Evaluation (PM&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement.
3. *Gender.* The Borrower shall ensure that the Project is gender-transformational through women's empowerment approaches. It will support men and women's joint decision-making and promote women's inclusion in relevant decision-making bodies, equal distribution of opportunities and assets, at the household, farmer group and processor level.
4. *Land tenure security.* The Borrower shall ensure that the land acquisition process has already been completed and that compensation processes were consistent with international best practice and free prior and informed consent principles.
5. *Anticorruption Measures.* The Borrower shall comply with IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.
6. *Sexual Harassment, Sexual Exploitation and Abuse.* The Borrower and the Project Parties shall ensure that the Project is carried out in accordance with the provisions of the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, as may be amended from time to time.
7. *Use of Project Vehicles and Other Equipment.* The Borrower shall ensure that:
  - (a) all vehicles and other equipment procured under the Project are allocated to the Project Coordination Office (PCO) and other Implementing Agencies as allocated in the project design document;
  - (b) The types of vehicles and other equipment procured under the Project are appropriate to the needs of the Project; and
  - (c) All vehicles and other equipment transferred to or procured under the Project are dedicated solely to Project use.
8. *IFAD Client Portal (ICP) Contract Monitoring Tool.* The Borrower shall ensure that a request is sent to IFAD to access the project procurement Contract Monitoring Tool in the IFAD Client Portal (ICP). The Borrower shall ensure that all contracts, memoranda of understanding, purchase orders and related payments are registered in the Project Procurement Contract Monitoring Tool in the IFAD Client Portal (ICP) in relation to the

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United Republic of Tanzania  
Climate-Smart Dairy Transformation Project (C-SDTP)

Loan NO. \_\_\_\_\_  
Loan No. \_\_\_\_\_

procurement of goods, works, services, consultancy, non-consulting services, community contracts, grants and financing contracts. The Borrower shall ensure that the contract data is updated on a quarterly basis during the implementation of the Project.

9. The Key Project Personnel are those per personnel referred to in Schedule 1 part II paragraph 8. In order to assist in the implementation of the Project, the PMU, unless otherwise agreed with IFAD, shall employ or cause to be employed, as required, key staff whose qualifications, experience and terms of reference are satisfactory to IFAD. Key Project Personnel shall be seconded to the PMU in the case of government officials or recruited under a consulting contract following the individual consultant selection method in the IFAD Procurement Handbook, or any equivalent selection method in the national procurement system that is acceptable to IFAD. The recruitment of Key Project Personnel is subject to IFAD's prior review as is the dismissal of Key Project Personnel. Key Project Personnel are subject to annual evaluation and the continuation of their contract is subject to satisfactory performance. Any contract signed for Key Project Personnel shall be compliant with the national labour regulations or the ILO International Labour Standards (whichever is more stringent) in order to satisfy the conditions of IFAD's updated SECAP. Repeated short-term contracts must be avoided, unless appropriately justified under the Project's circumstances.

## II. SECAP Provisions

1. For projects and programmes presenting high or substantial social, environmental and climate risks, the Borrower shall carry out the implementation of the Project in accordance with the measures and requirements set forth in the Environmental and Social Impact Assessments (ESIAs)/Environmental, Social and Climate Management Frameworks (ESCMFs) and/or Resettlement Action Plans/Frameworks (RAPs/Fs) and Environmental, Social and Climate Management Plans (ESCMs) for high risk projects and programmes and Abbreviated ESIAs and/or Abbreviated RAP/F and ESCMs for substantial risk projects and programmes and Free, Prior and Informed Consent (FPIC) Plans, FPIC Implementation Plans, Indigenous Peoples Plans (IPPs), Pesticide Management Plans, Cultural Resources Management Plans and Chance Finds Plans (the "Management Plan(s)"), as applicable, taken in accordance with SECAP requirements and updated from time to time by the Fund.

The Borrower shall not amend, vary or waive any provision of the Management Plan(s), unless: (i) agreed in writing by the Fund and (ii) Borrower has complied with the requirements applicable to the original adoption of the Management Plan(s).

2. The Borrower shall not, and shall cause the Executing Agency, all its contractors, its sub-contractors, and suppliers not to commence implementation of any works, unless all Project affected persons have been compensated and/or resettled in accordance with the specific RAP/Abbreviated RAP, FPIC and/ or the agreed works and compensation schedule.

3. The Borrower shall disclose the draft and final ESIA reports and all other relevant Management Plan(s) with Project stakeholders and interested parties in an accessible place in the Project-affected area, in a form and language understandable to Project-affected persons and other stakeholders. The disclosure will take into account any specific information needs of the community (e.g. culture, disability, literacy, mobility or gender).

4. The Borrower shall ensure [or cause the Executing Agency and Implementing Agency to ensure that all bidding documents and contracts for goods, works and services contain provisions that require contractors, sub-contractors and suppliers to comply at all times in carrying out the Project with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s), if any.

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United Republic of Tanzania  
Climate-Smart Dairy Transformation Project (C-SDTP)

Loan NO. \_\_\_\_\_  
Loan No. \_\_\_\_\_

5. This section applies to any event which occurs in relation to serious environmental, social, health & safety (ESHS) incidents (as this term is defined below); labor issues or to adjacent populations during Project implementation that, with respect to the relevant IFAD Project:

- (i) has direct or potential material adverse effect;
- (ii) has substantially attracted material adverse attention of outside parties or create material adverse national press/media reports; or
- (iii) gives rise to material potential liabilities.

In the occurrence of such event, the Borrower shall:

- Notify IFAD promptly;
- Provide information on such risks, impacts and accidents;
- Consult with Project -affected parties on how to mitigate the risks and impacts;
- Carry out, as appropriate, additional assessments and stakeholders' engagements in accordance with the SECAP requirements; and
- Adjust, as appropriate, the Project-level grievance mechanism according to the SECAP requirements; and
- Propose changes, including corrective measures to the Management Plan(s) (if any), in accordance with the findings of such assessment and consultations, for approval by IFAD.

**Serious ESHS incident** means serious incident, accident, complaint with respect to environmental, social (including labor and community), health and safety (ESHS) issues that occur in the context of the loan or within the Borrower's activities. Serious ESHS incidents can comprise incidents of (i) environmental; (ii) occupational; or (iii) public health and safety; or (iv) social nature as well as material complaints and grievances addressed to the Borrower (e.g. any explosion, spill or workplace accident which results in death, serious or multiple injuries or material environmental contamination, accidents of members of the public/local communities, resulting in death or serious or multiple injuries, sexual harassment and violence involving Project workforce or in relation to severe threats to public health and safety, inadequate resettlement compensation, disturbances of natural ecosystems, discriminatory practices in stakeholder consultation and engagement (including the right of indigenous peoples to free, prior and informed consent), any allegations that require intervention by the police/other law enforcement authorities such as loss of life, sexual violence or child abuse, which (i) have, or are likely to have a material adverse effect; or (ii) have attracted or are likely to arouse substantial adverse attention of outside parties or (iii) to create substantial adverse media/press reports; or (iv) give, or are likely to give rise to material potential liabilities).

6. The Borrower shall ensure [or cause the Executing Agency, Implementing Agency, contractors, sub-contractors and suppliers to ensure] that the relevant processes set out in the SECAP 2021 Edition as well as in the Management Plan(s) (if any) are respected.

7. Without limitation on its other reporting obligations under this Agreement, the Borrower shall provide the Fund with:

- Reports on the status of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition, ESCMPs and the management plan (if any) on a semi-annual basis - or such other frequency as may be agreed with the Fund;

 

United Republic of Tanzania  
Climate-Smart Dairy Transformation Project (C-SDTP)

Loan NO. \_\_\_\_\_  
Loan No. \_\_\_\_\_

- Reports of any social, environmental, health and safety incidents and/accidents occurring during the design stage, the implementation of the Project and propose remedial measures. The Borrower will disclose relevant information from such reports to affected persons promptly upon submission of the said reports; and
  - Reports of any breach of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s) (if any) promptly after becoming aware of such a breach.
8. In the event of a contradiction/conflict between the Management Plan(s), if any, and the Financing Agreement, the Financing Agreement shall prevail.





## Logical framework

| Results Hierarchy  | Indicators   |          |          |                    | Means of Verification                         |                                |                               | Assumptions  |
|--|--|----------|----------|--------------------|---|--------------------------------|-------------------------------|--|
|  | Name   | Baseline | Mid-Term | End Target         | Source  | Frequency                      | Responsibility                |  |
| <b>Outreach</b>  | <b>1 Persons receiving services promoted or supported by the project</b>   |          |          |                    | Project M&E system                            | Annually                       | PCO                           | Existing Dairy farmers are interested in participating in project activities and the provision of heifers to youth and women allow these to become dairy farmers               |
|  | Males – Males  | 0        | 150000   | 300000             |   |                                |                               |  |
|  | Females – Females  | 0        | 150000   | 300000             |   |                                |                               |  |
|  | Young - Young people   | 0        | 180000   | 360000             |   |                                |                               |  |
|  | Total number of persons receiving services   | 0        | 300000   | 600000             |   |                                |                               |  |
|  | Persons with disabilities - Number   | 0        | 9000     | 18000              |   |                                |                               |  |
|  | <b>1.a Corresponding number of households reached</b>  |          |          |                    | Project M&E system                            | Annually                       | PCO                           |  |
|  | Households – Households  | 0        | 60000    | 120000             |   |                                |                               |  |
| <b>1.b Estimated corresponding total number of households members</b>  |  |          |          | Project M&E system | Annual  | PCO                            |                               |  |
| Household members - Number of people   | 0  | 300000   | 600000   |                    |   |                                |                               |  |
| <b>Project Goal</b><br>Contribute to the transformation of the dairy value chain to improve livelihoods, increase food security and to mitigate the impact of the dairy sector on climate change | <b>Targeted smallholder households reporting an increase in income of at least 30% from sales of milk and milk products</b>        |          |          |                    | COI Survey and GLEAM-i and/or EX-ACT analysis | Baseline, Mid and Completion   | PCO/External service provider | Direct beneficiaries are reporting an increase in income and are able to attribute it to project interventions   |
|  | Household – Number   | 0        | 40000    | 90000              |   |                                |                               |  |
|  | <b>Reduction in emission intensity (kg CO2e/kg protein)</b>  |          |          |                    |   |                                |                               |  |
|  | Milk emission intensity (kg CO2e/kg protein) (number)  | 0        |          |                    |   |                                |                               |  |
|  | Milk emission intensity (kg CO2e/kg protein) - Percentage  | 0        |          |                    |   |                                |                               |  |
|  | Meat emission intensity (kg CO2e/kg protein) - Number  | 0        |          |                    |   |                                |                               |  |
|  | Meat emission intensity (kg CO2e/kg protein) - Percentage  | 0        |          |                    |   |                                |                               |  |
| <b>Development Objective</b><br>Improve income, climate resilience and nutrition of smallholder dairy producers and their participation in a competitive and safe VC                             | <b>1.2.8 Women reporting minimum dietary diversity (MDDW)</b>  |          |          |                    | COI Survey                                    | Baseline, mid term, Completion | PCO/External service provider | The main services delivered by the public and private entities supported by the project will adequately meet target groups productive/business/employment and livelihood needs |
|  | Women (%) - Percentage   | 0        | 25       | 55                 |   |                                |                               |  |
|  | Women (number) - Females   | 0        | 30000    | 66000              |   |                                |                               |  |
|  | Women-headed households - Households   |          |          |                    |   |                                |                               |  |
|  | <b>SF.2.1 Households satisfied with project-supported services</b>   |          |          |                    | COI Survey                                    | Baseline, mid term, Completion | PCO/External service provider |  |
|  | Household members - Number of people   | 0        | 240000   | 480000             |   |                                |                               |  |
|  | Households (%) - Percentage  | 0        | 40       | 80                 |   |                                |                               |  |
|  | Households (number) - Households   | 0        | 48000    | 96000              |   |                                |                               |  |
|  | <b>SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers</b> |          |          |                    | COI Survey                                    | Baseline, mid term, Completion | PCO/External service provider |  |
|  | Household members - Number of people   | 0        | 180000   | 450000             |   |                                |                               |  |
|  | Households (%) - Percentage  | 0        | 30       | 75                 |   |                                |                               |  |
|  | Households (number) - Households   | 0        | 36000    | 90000              |   |                                |                               |  |
|  | <b>2.2.1 Persons with new jobs/employment opportunities</b>  |          |          |                    | COI Survey                                    | Annual                         | PCO                           |  |
|  | Males – Males  | 0        | 1500     | 3000               |   |                                |                               |  |
|  | Females – Females  | 0        | 1000     | 2900               |   |                                |                               |  |
|  | Young - Young people   | 0        | 1500     | 3000               |   |                                |                               |  |
|  | Total number of persons with new jobs/employment opportunities   | 0        | 2500     | 5900               |   |                                |                               |  |
|  | Persons with disabilities - Number   | 0        | 75       | 150                |   |                                |                               |  |
|  | <b>IE.2.1 Individuals demonstrating an improvement in empowerment</b>  |          |          |                    | COI Survey                                    | Annual                         | PCO                           |  |
|  | Total persons - Percentage   | 0        | 6        | 12                 |   |                                |                               |  |
| Total persons - Number of people   | 0  | 36000    | 72000    |                    |   |                                |                               |  |
| Females - Percentage   | 0  | 4.5      | 9        |                    |   |                                |                               |  |
| Females – Females  | 0  | 14000    | 28000    |                    |   |                                |                               |  |
| Males - Percentage   | 0  | 7.5      | 15       |                    |   |                                |                               |  |
| Males – Males  | 0  | 22000    | 44000    |                    |   |                                |                               |  |
| <b>Outcome 1: Increased climate-smart production, productivity and resilience</b>  | <b>3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices</b>         |          |          |                    | COI survey                                    |                                |                               | Climate smart varieties of forage available; techniques for forage conservation known,   |

| Results Hierarchy  | Indicators   |          |          |            | Means of Verification |                                |                               | Assumptions  |
|--|--|----------|----------|------------|-----------------------|--------------------------------|-------------------------------|--|
|  | Name   | Baseline | Mid-Term | End Target | Source                | Frequency                      | Responsibility                |  |
| of dairy smallholder production systems  | Total number of household members  | 0        | 145000   | 360000     |                       | Baseline, Mid Term, Completion | PCO/External service provider | new forage production technologies developed; water for livestock availability will improve; new trainings in the new production practices and technologies will be effective to the smallholder dairy farmers                   |
|  | Households - Percentage  | 0        | 24       | 60         |                       |                                |                               |  |
|  | Households – Households  | 0        | 29000    | 72000      |                       |                                |                               |  |
|  | <b>1.2.4 Households reporting an increase in production</b>  |          |          |            | COI survey            | Baseline, Mid Term, Completion | PCO/External service provider |  |
|  | Total number of household members  | 0        | 180000   | 450000     |                       |                                |                               |  |
|  | Households – Percentage  | 0        | 30       | 75         |                       |                                |                               |  |
| Households – Households  | 0  | 36000    | 90000    |            |                       |                                |                               |  |
| Output 1.1: Enhanced capacities of smallholder farmers   | <b>1.1.4 Persons trained in production practices and/or technologies /1</b>  |          |          |            | Project M&E system    | Annually                       | PCO                           | MCPs will be equipped with solar power, and the construction of biodigestors will be piloted. these technologies will meet farmers needs while contributing to reduce GhG emissions  |
|  | Total persons trained in livestock   | 0        | 29000    | 58000      |                       |                                |                               |  |
|  | <b>3.1.3 Persons accessing technologies that sequester carbon or reduce GhG emissions /1</b>                                       |          |          |            | Project M&E system    | Annually                       | PCO                           |  |
| Total persons accessing technologies - Number of people  | 0  | 29000    | 58000    |            |                       |                                |                               |  |
| Output 1.2: Enhanced provision of essential livestock services (animal health, breeding, feeding, inputs) and technical innovations and nature based solutions developed, tested and disseminated  | <b>Number of technical solutions and innovations tested and disseminated</b>   |          |          |            | Project M&E system    | Annually                       | PCO                           | Production inputs will be provided to project beneficiaries. Small scale water harvesting facilities and boreholes will be fully implemented. Existing digital extension tools will be effectively strengthened and disseminated |
|  | Number – Number  | 0        | 10       | 25         |                       |                                |                               |  |
|  | <b>1.1.3 Rural producers accessing production inputs and/or technological packages /2</b>  |          |          |            | Project M&E system    | Annually                       | PCO                           |  |
|  | Total rural producers - Number of people   | 0        | 29000    | 62000      |                       |                                |                               |  |
|  | <b>Number of farmers accessing digital extension services /1</b>   |          |          |            | Project M&E system    | Annually                       | PCO                           |  |
| Total – Number   | 0  | 29000    | 58000    |            |                       |                                |                               |  |
| Outcome 2: Improved market access, for smallholder farmers and reduced environmental footprint of the dairy value chain.   | <b>2.2.6 Households reporting improved physical access to markets, processing &amp; storage facilities</b>                         |          |          |            | COI survey            | Annually                       | PCO/External service provider | The construction and rehabilitation of (MCCs and MCPs), as well as the rehabilitation of roads, will result in beneficiaries reporting improved access to facilities.  |
|  | Households reporting improved physical access to markets – (%)   | 0        | 45       | 91         |                       |                                |                               |  |
|  | Size of households - Number of people  | 0        | 270000   | 550000     |                       |                                |                               |  |
|  | Households reporting improved physical access to markets   | 0        | 54000    | 110000     | COI survey            | Annually                       | PCO                           |  |
|  | <b>2.2.3 Rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities</b> |          |          |            |                       |                                |                               |  |
|  | Number of POs - Organizations  | 0        | 72       | 146        |                       |                                |                               |  |
|  | Percentage of POs - Percentage   | 0        | 45       | 90         |                       |                                |                               |  |
| Women in leadership position - Females   | 0  | 20       | 40       |            |                       |                                |                               |  |
| Output 2.1: Strengthened capacity of dairy cooperatives and farmers in governance and business management, and financial literacy  | <b>2.1.3 Rural producers' organizations supported /1</b>   |          |          |            | Project M&E system    | Annually                       | PCO                           | Dairy cooperatives are interested in participating in project activities. The project is effective in establishing new dairy producer groups   |
|  | Total size of POs - Organizations  | 0        | 4200     | 8400       |                       |                                |                               |  |
|  | Rural POs supported - Organizations  | 0        | 80       | 163        |                       |                                |                               |  |
|  | Rural POs supported that are headed by women - Organizations   | 0        | 32       | 65         |                       |                                |                               |  |
| Output 2.2: Mechanisms for collection, storage, aggregation and transport of milk established and/or strengthened, with milk consumption and nutrition awareness promoted  | <b>Milk Collection Centres and Milk Collection Points constructed or upgraded</b>  |          |          |            | Project M&E system    | Annually                       | PCO                           | Infrastructure activities are implemented as planned   |
|  | Total number of facilities - Number  | 0        | 470      | 940        |                       |                                |                               |  |
|  | MCCs constructed - Number  | 0        | 50       | 100        |                       |                                |                               |  |
|  | MCCs rehabilitated - Number  | 0        | 50       | 100        |                       |                                |                               |  |
|  | MCPs constructed - Number  | 0        | 350      | 700        |                       |                                |                               |  |
|  | MCCs equipped with solar powering - Number   | 0        | 25       | 50         | Project M&E system    | Annually                       | PCO                           |  |
|  | <b>2.1.5 Roads constructed, rehabilitated or upgraded</b>  |          |          |            |                       |                                |                               |  |
|  | Length of roads – Km   | 0        | 140      | 140        | Project M&E system    | Annually                       | PCO                           |  |
|  | <b>1.1.8 Households provided with targeted support to improve their nutrition /2</b>   |          |          |            |                       |                                |                               |  |
|  | Total persons participating - Number of people   | 0        | 32500    | 65000      |                       |                                |                               |  |
|  | Households – Households  | 0        | 32500    | 65000      |                       |                                |                               |  |
| Household members benefitted - Number of people  | 0  | 165500   | 325000   |            |                       |                                |                               |  |
| Output 2.3: Small and medium dairy processing enterprises supported with business development services and access to finance; Tailored financial products and services, including climate finance and insurance developed for dairy value chain actors | <b>2.1.1 Rural enterprises accessing business development services</b>   |          |          |            | Project M&E system    | Annually                       | PCO                           | Small and medium dairy processing enterprises are interested in the business development services offered by the project   |
|  | Rural enterprises - Enterprises  | 0        | 30       | 60         |                       |                                |                               |  |
|  | <b>1.1.5 Persons in rural areas accessing financial services /2</b>  |          |          |            | Project M&E system    | Annually                       | PCO                           |  |
|  | Total persons accessing financial services - savings   | 0        | 21500    | 43000      |                       |                                |                               |  |
|  | Total persons accessing financial services - credit  | 0        | 21500    | 43000      |                       |                                |                               |  |
| Total persons accessing financial services - insurance   | 0  | 18900    | 18900    |            |                       |                                |                               |  |

| Results Hierarchy  | Indicators   |          |          |            | Means of Verification |           |                | Assumptions  |
|--|--|----------|----------|------------|-----------------------|-----------|----------------|--|
|  | Name   | Baseline | Mid-Term | End Target | Source                | Frequency | Responsibility |  |
| Output 2.4: Formulation, review and update of national policies, strategies and legislations supported | <b>Policy 1 Policy-relevant knowledge products completed</b> |          |          |            | Project M&E system    | Annually  | PCO            | Policy materials, research papers, studies, etc., will be produced by the project team ( |
|  | Number - Knowledge Products                                  | 0        | 4        | 8          |                       |           |                |  |

/1 Indicators will be disaggregated by Females (40%), Males (60%) and Young people (20%)

/2 Indicators will be disaggregated by Females (40%), Males (60%) and Young people (30%)

## Integrated project risk matrix

| Risk categories and subcategories   | Inherent    | Residual |
|---|-------------|----------|
| <b>Country context</b>  | Moderate    | Moderate |
| <b>Political commitment</b>   | Moderate    | Low      |
| Risk(s): Tanzania is characterized by a good socio-political stability, by the absence of political turmoil including during elections, and a very low occurrence of inter-ethnic tensions or clashes, contrary to other countries in the Region. Following the demise of former President Magufuli, President Samia Suluhu Hassan, former Vice-President, was sworn in on March 19, 2021, as the United Republic of Tanzania, sixth president. Her policies and programs remain guided by the Tanzania Development Vision 2025 and are outlined in the third Five-Year Development Plan (FYDP-III 2021/22 – 2025/26). The government has revived proactive engagement with multilateral and bilateral development partners, which had been disrupted during the previous administration, leading to the suspension of financing by several development partners, including IFAD. Several IFAD projects that had been designed during this period never reached the stage of signature of Financing Agreement, which affected the renewal of the Country portfolio. |             |          |
| Mitigations: Although there is a strengthened relationships between the Government and Development Partners, in order to mitigate the risk of the C-SDTP Financial Agreement not being signed, the relevant counterpart government officials have been actively engaged throughout the design of the Project. The IFAD team will continue to work closely with the GoT during the next phases of the project design, to ensure GoT ownership and alignment with IFAD's and Government's policies.   |             |          |
| <b>Governance</b>   | Substantial | Moderate |
| Risk(s): In 2021, the Transparency International's Country Corruption Perception Index assesses Tanzania at a substantial level of risk in terms of corruption (39 points in 2021), which places the country in 87 <sup>th</sup> position out of 179 countries (in 2020 the score was 38 and was 97 <sup>th</sup> out of 179 countries). According to the World Bank 2021 Country Policy and Institutional Assessment (CPIA) rating, Tanzania is a medium policy reformer with a score of 3.5 (no change from previous year). The country shows weaknesses in the Structural Policies of the Financial Sector and Business Regulatory Environment (score 3), and in the Public Sector Management and Institutions (Policies & Institutions for Environment Sustainability, Quality of Budgetary & Financial Management, Efficiency of Revenue Mobilization, Quality of Public Administration and Transparency, Accountability & Corruption in Public Sector where Tanzania scored 3).   |             |          |
| Mitigations: The Government of Tanzania has enhanced its efforts to prevent corruption by developing a National Anti-Corruption Strategy and Action Plan and is currently implementing its third phase (NACSAP III / 2017-2022). This phase focuses on building systems of integrity, accountability and transparency in public and private institutions. Additionally, IFAD's COSOP in Tanzania places the country-level policy engagement (CLPE) at the core of its strategy as one of the three accelerators. Key areas of policy engagement are focusing on increasing investments, improving policy coherence and coordination and improving the business environment for priority value chains. One of the focus areas of C-SDTP will be the formulation and implementation, review and update of national policies, strategies and legislations. In particular, it is envisaged to support GoT to strengthening regulations on milk trade (revision of the dairy act), as well as their enforcement (Support to Tanzania Dairy Board                         |             |          |

| <b>Risk categories and subcategories</b>  | <b>Inherent</b>    | <b>Residual</b> |
|---|--------------------|-----------------|
| and Districts for milk inspection and control of dairy facilities), which will contribute to significantly improve the governance of the sector.  |                    |                 |
| <b>Macroeconomic</b>  | <b>Moderate</b>    | <b>Moderate</b> |
| <p>Risk(s): Tanzania is one of the strongest economies in sub-Saharan Africa and one of the top three growth performers in East Africa. Between 2013 and 2018, and before the outbreak of the COVID-19 pandemic, its average GDP growth was 6.5 per cent in average. Economic activity in Tanzania is recovering from the COVID-19 crisis, with the 2022 real GDP growth rate projected to reach 4-5% (2021 at 4.3%, up from 2% in 2020). The hospitality, mining, ICT, transport, and electricity sectors are driving the recovery. High-frequency indicators suggest that while economic activities were expanding, they have not yet reached pre-pandemic levels.</p> <p>As in mainland Tanzania, official data for Zanzibar shows that economic activity is recovering. Real GDP grew by 5.1% in 2021, following significant slowdown to 1.3% in 2020 due to the impact of the COVID-19 pandemic on the tourism-dominated services sector which accounts for nearly 50% of Zanzibar's GDP.</p> <p>The latest joint IMF-World Bank Debt Sustainability Analysis, conducted in September 2021, concluded that Tanzania's risk of external debt distress had increased from low to moderate. The downgrade primarily reflected the collapse of tourism exports during the COVID-19 pandemic in the context of increased non-concessional borrowing and rising debt service. In addition, the new debt-carrying-capacity classification lowered the debt-burden thresholds.</p> |                    |                 |
| <p>Mitigations: GoT has reiterated its commitment to macroeconomic policies, aimed at not increasing public debt, containing inflation within the target range, and preserving external stability.</p> <p>The authorities have established a track record of sound macroeconomic management, but further reforms to revenue policy and administration, public expenditures, and debt management will be necessary to create adequate space to increase priority social spending and productive investment without jeopardizing fiscal sustainability. C-SDTP will leverage RPSF and other funding mechanisms in order to boost COVID-19 recovery and will invest in rural areas to increase smallholder productivity.</p>   |                    |                 |
| <b>Fragility and security</b>   | <b>Low</b>         | <b>Low</b>      |
| <p>Risk(s): Tanzania is one of the most peaceful and politically stable countries in Africa. Since its independence in 1961, the country has never experienced a civil war or any major internal strife. In 2018 approximately 14 million Tanzanians were living below the national poverty line and about 26 million lived below the US\$ 1.90 per person per day international poverty line. In the country there is growing concern because young people have become disenchanted with agriculture. Youth involvement in agriculture, fisheries and aquaculture is critical to address the youth bulge.</p>  |                    |                 |
| <p>Mitigations: As the largest employer in the country, agriculture will remain an entry point for job creation, inclusive growth and poverty reduction. In order to reduce poverty, increase food security, improve nutrition and strengthen resilience, C-SDTP will strengthen livelihoods of the most disadvantaged rural categories including smallholder dairy farmers, poor households without cows, unemployed youth, women and women headed households.</p>   |                    |                 |
| <b>Sector strategies and policies</b>   | <b>Substantial</b> | <b>Moderate</b> |
| <b>Policy alignment</b>   | <b>Substantial</b> | <b>Moderate</b> |
| <p>Risk(s): The main policy framework is the recently developed Livestock Sector Transformation Plan. The 2006 National Livestock Policy is</p>   |                    |                 |

| <b>Risk categories and subcategories</b>  | <b>Inherent</b>    | <b>Residual</b> |
|---|--------------------|-----------------|
| <p>outdated and needs to be replaced by a new document, and GoT has expressed the wish to be supported in this endeavor by LTSP, reducing the risk for C-SDTP not to be aligned anymore to the new revised policy. The project is fully aligned to the LSTP and its priorities. Climate change is considered as a high-level priority in the LSTP, and private sector engagement is identified as the main way to improve access to market and services, which is also in line with the project's proposed approach. Other IFAD priorities on land access, gender, nutrition, are well prioritized in higher level national policy documents such as Five-Year Development Plan II, and the ASDPII.</p>   |                    |                 |
| <p>Mitigations: During the design mission, the PDT reiterates to GoT the importance to adhere to IFAD's environmental safeguards and targeting policy, so as to maximize positive social and environmental impacts, and ensure that C-SDTP is in line with IFAD's core principles. It has been agreed during design that C-SDTP will support MLF for the finalization of the National Livestock Policy, and MAINL (Zanzibar) for the formulation of the Zanzibar Livestock Policy which will ensure better alignment between IFAD interventions and national policies.</p>  |                    |                 |
| <b>Policy development &amp; implementation</b>  | <b>Substantial</b> | <b>Moderate</b> |
| <p>Risk(s): Sector policies including the recently developed LSTP are formulated in an inclusive manner, involving all organized stakeholders. The main gap is the low representation of smallholder dairy farmers in these policy fora, due to the lack of professional organization of this category of actors. Policy dialogue is thus dominated by private sector actors, who are well organized, larger progressive farmers, NGOs and public institutions. The other risk is related to the low capacities of public institutions to enforce sector regulations, in particular those related to milk hygiene. This has a significant impact on the value chain as it provides a comparative advantage to the informal raw milk sector.</p>   |                    |                 |
| <p>Mitigations: i) The project will support the organization of smallholder farmers at regional and national level, and their participation in policy dialogue fora, to make the policy dialogue more inclusive. It will also encourage the participation of international organizations such as ILRI, FAO, and WHOA in the policy process, in order to make the process more evidence-based; ii) The project will also support the review and update of sector regulations, but also their enforcement. This will entail support to TDB (in charge of inspection), District milk inspectors, and strengthening of laboratory facilities for milk control; iii) The project will organize careful stakeholder consultations to provide clear vision for roles and responsibilities of public and private sector</p> |                    |                 |
| <b>Environment and climate context</b>  | <b>Substantial</b> | <b>Moderate</b> |
| <b>Project vulnerability to environmental conditions</b>  | <b>Substantial</b> | <b>Moderate</b> |
| <p>Risk(s): Human activities including shifting cultivation, overgrazing, deforestation, rapid population growth and inadequate land use management are the prime causes of land degradation. Land degradation appears in various forms including soil degradation, deforestation, and loss of vegetation cover, siltation, and loss of biodiversity that lowers land productive capacity. Furthermore, depending on the biodegradability and solubility of dairy outputs, the environment might be affected by high groundwater nitrate concentration due to inadequate manure and fertilizer management, and wastewater discharges from dairy processing plants.</p>  |                    |                 |
| <p>Mitigations: C-SDTP will promote interventions to enhance sustainable environmental management and mitigate environmental risks. These measures include: livestock-crop integration to improve soil health and</p>   |                    |                 |

| <b>Risk categories and subcategories</b>   | <b>Inherent</b>    | <b>Residual</b> |
|--|--------------------|-----------------|
| reduce dependence on natural ecosystems; efficient use of water resources (through washing stations, cattle drinking ponds); and wastewater and manure management (through soak pits, biogas production) to tackle effluents' pollution and benefit from waste recycling.  |                    |                 |
| <b>Project vulnerability to climate change impacts</b>   | <b>Substantial</b> | <b>Moderate</b> |
| Risk(s): Tanzania is the 45 <sup>th</sup> most vulnerable country and the 153 <sup>rd</sup> most ready country to adapt to climate change, according to the ND-GAIN Matrix. Evidence of the impacts of climate variability (increased temperatures and unreliable rainfall patterns) include: shifting in agro-ecological zones, prolonged dry episodes (droughts), uncertainty in cropping patterns, increased weed competition with crops (for water, nutrients and light) and ecological changes favorable to emergence of pests and diseases. Climate change also negatively impacts pasture and fodder productivity and availability of natural vegetation. Particularly, livestock production is adversely affected, as a result of water scarcity, by poor pasture quality and productivity, emergence of pests and diseases, limited availability of fodder, with a negative impact on the productivity and seasonality of the dairy production systems. |                    |                 |
| Mitigations: C-SDTP will promote various climate adaptation and resilience-building measures to address the above-mentioned challenges. These include: rainwater harvesting facilities, dam sheets, charco dams and boreholes to increase water availability; introduction of drought-resistant fodder varieties, agroforestry, improved pasture management and manure management to enhance soil fertility; and renewable and efficient energy sources to reduce pressure on natural resources. Livestock insurance also represents a valuable adaptation measure.  |                    |                 |
| <b>Project scope</b>   | <b>Moderate</b>    | <b>Moderate</b> |
| <b>Project relevance</b>   | <b>Moderate</b>    | <b>Moderate</b> |
| Risk(s): The project objectives and interventions are well aligned with National Policies including in particular the LSTP with which it shares similar outcomes, such as outcomes 1 (of both C-SDTP and LSTP) focusing on productivity and resilience, and outcomes 2 on market access. The LSTP outcomes are also in line with IFAD priorities reflected in the COSOP. The project strategic approach based on: (i) climate smart intensification of production, (ii) organization of producers; (iii) facilitation of market access and investments; and (iv) policy support, responds to the sector priority needs, characterized by a lack of milk supply, dominance of the informal raw milk value chain and inadequate access to services and finance.  |                    |                 |
| Mitigations: In case the situation of the value chain evolves in course of implementation, some adjustments may be needed on project activities, including on budget allocation, without modifying the project structure, theory of change, objectives and overall strategy. This may include for instance increased support for the processing and marketing levels, and reduced emphasis on production and productivity. These adjustments could be made at MTR stage as it has been the case in Rwanda for RDDP.  |                    |                 |
| <b>Technical soundness</b>   | <b>Moderate</b>    | <b>Moderate</b> |
| Risk(s): The project design covers a large range of domains due to the overall low performance of the value chain, affected by challenges at all levels (production, services, access to finance, market access, low consumption, policy gaps). The project has to address all these challenges at the same time to avoid leaving bottlenecks that would impede the overall development of the sector. This leads to a moderate level of   |                    |                 |

| <b>Risk categories and subcategories</b>  | <b>Inherent</b>    | <b>Residual</b>    |
|---|--------------------|--------------------|
| complexity of the project design, which is however common in similar value chain projects.  |                    |                    |
| Mitigations: i) Implementation of specific sets of activities will be delegated to implementing partners that have experience and comparative advantage in these domains; ii) Design should be flexible and not overly prescriptive to allow adaptations in course of implementation, based on lessons learned; iii) Project governance should be solid, with in particular mechanisms for effective coordination of implementing partners and service providers (reporting system, M&E, regular technical meetings; iv) Governance organs such as the Steering Committee should include stakeholders that have very good knowledge and sound analysis of the sector (e.g. ILRI, Dalberg)                                       |                    |                    |
| <b>Institutional capacity for implementation and sustainability</b>   | <b>Substantial</b> | <b>Substantial</b> |
| <b>Implementation arrangements</b>  | <b>Substantial</b> | <b>Substantial</b> |
| Risk(s): Limited skills exist in the dairy value chain particularly in areas of social inclusion and gender, dairy technicians, extension services, M&E and functional dairy FFS specialists in the implementing ministry and organizations to guarantee effective project implementation. The local government have limited financial, procurement and human resources to assume their mandate of project execution particularly on community service, extension, nutrition, private sector partnerships and infrastructure development).  |                    |                    |
| Mitigations: A PCO will be established, and staff recruitment will follow a competitive process to ensure quality expertise is in place. The implementation of the Programme will be structured around performance-based contracts, which will also be indicated in the Financing Agreement. Service providers will be contracted through competitive government procedures and based on renewable performance-based service contracts to provide advisory services. As part of the support delivered, implementing partners and service providers will ensure that adequate capacity is built among recipients of their services at various levels including LGAs to guarantee their exit strategy and overall sustainability. |                    |                    |
| <b>M&amp;E arrangements</b>   | <b>Substantial</b> | <b>Substantial</b> |
| Risk(s): Existing M&E systems for ASDP II and for the implementing Ministry are not functional and fully robust enough to provide credible information on IFAD core indicators for the different levels of results (output, outcome and impact) as well as project specific indicators.   |                    |                    |
| Mitigations: The project's logframe includes both IFAD's core indicators for the different levels of the results chain as well as project specific indicators. The PCO will include an M&E staff that will develop and put in place a robust M&E system to align with IFAD's Operational Results Management System (ORMS). IFAD through the PRiME initiative will provide periodic training on M&E to the PCO staff to ensure any challenges are addressed on time.   |                    |                    |
| <b>Procurement</b>  | <b>Moderate</b>    | <b>Moderate</b>    |
| <b>Legal and regulatory framework</b>   | <b>Moderate</b>    | <b>Moderate</b>    |
| Risk(s): i) Even though the Public Procurement Act 2011 amended in 2016 has been replaced with a consolidated Public Procurement Act Revised Edition 2022, the subsidiary regulations of 2013 with many consequential amendments made till 2016 remain in force. The regulatory framework is still fragmented, making the implementation of the law difficult. This is further accentuated by the absence of Procurement Manual.<br>ii) In the PEFA assessment report of Sept 2022, the procurement monitoring has been upgraded from "D" to "C", but the level of compliance   |                    |                    |



| <b>Risk categories and subcategories</b>   | <b>Inherent</b> | <b>Residual</b> |
|--|-----------------|-----------------|
| <p>in using the TANEPS system for managing procurement and publishing contract awards is not satisfactory, with less than half of the registered PEs with approved GPNs (27%), publishing their contract awards and contract award information is published only for 30% of all published tenders. The TANEPS system falls short of providing accurate and complete consolidated data for the public procurement done, even though records are published on what has been procured, value of contract and who has been awarded the contract.</p> <p>iii) PEFA has upgraded the rating for procurement method from 'D' to 'A' due to significant improvement with 93.5 % of procurements by value for the public sector planned to be undertaken by competitive methods in 2020/21. This has further increased to 95% in 2022/23, but there is no data available to confirm that the number of procurements actually awarded by the planned competitive methods.</p> <p>iv) Bidding opportunities available in TANEPS is not complete as evidenced from the recent circular dt. 12/08/2022 of PPRA to all PEs to transact their procurement activities using TANEPS.</p> <p>v) Available data on annual procurement statistics is not complete and not structured to facilitate analysis.</p> |                 |                 |
| <p>Mitigations: i) Revised edition of subsidiary regulation to be issued, consolidating the existing regulation and all the amendments to it and also reflecting the changes brought in the revised edition of the Act. Further, a procurement manual needs to be issued.</p> <p>ii) Compliance to the latest circular of PPRA instructing all registered PEs to make use of the TANEPS for all of their procurement transactions, from Sept'22 to be complied with.</p> <p>iii) Statistics page of TANEPS need to be updated with various procurement statistical information, to enable wider availability of information in the public domain.</p>  |                 |                 |
| <b>Accountability and transparency</b>   | <b>Moderate</b> | <b>Moderate</b> |
| <p>Risk(s): i) Data on resolution of first level procurement complaints to PEs is not published.</p> <p>ii) According to the 2021 index published by transparency international, the country corruption perception index score for Tanzania is 39. TZ is ranked 87th (out of 180) in the world.</p> <p>iii) The Internal Auditor general undertakes a compliance Audit on an annual basis. However, not all PEs are audited. PPRA also undertakes annual audits but on a sample basis.</p>   |                 |                 |
| <p>Mitigations: i) Statistics regarding complaints received and resolved by individual PEs to be collated by PPAA and published in it's website.</p> <p>ii) All procurement entities, as well as bidders, suppliers, contractors, consultants and service providers, shall observe the highest standard of ethics during the procurement and execution of contracts financed under IFAD funded Projects. The Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations shall apply to all projects, vendors and third parties, in addition to the relevant national anticorruption and fraud laws.</p> <p>iii) The appointed external auditor to undertake an annual 'Compliance Audit'.</p>   |                 |                 |
| <b>Capability in public procurement</b>  | <b>Moderate</b> | <b>Low</b>      |
| <p>Risk(s): Project concept envisages a PCO at MOLF with MoUs signed with several implementing partners, including NGOs and public agencies, for set of various activities of the project. There could be a possibility of</p>   |                 |                 |

| <b>Risk categories and subcategories</b>   | <b>Inherent</b>    | <b>Residual</b>    |
|--|--------------------|--------------------|
| inadequacy of properly trained and experienced public procurement professionals within these organizations to handle project procurement.  |                    |                    |
| Mitigations: i) PCO to be staffed with experienced and qualified professionals, for handling the procurement activities.<br>ii) PCO and Implementing Partners staff to be provided with Procurement Training in IFAD Procurement Guidelines and Handbook.<br>iii) Project design to ensure separation of procurement and financial management functions.   |                    |                    |
| <b>Public procurement processes</b>  | <b>Moderate</b>    | <b>Low</b>         |
| Risk(s): i) Non-availability of published data on the use of non-competitive methods and direct purchase for urgent procurements, may lead to lack of proper monitoring and may entice PEs to avoid competitive methods of procurement.<br>ii) Consolidation of procurement requirement and preparation of procurement plan may be delayed due to multiple implementing agencies, leading to procurement delays.   |                    |                    |
| Mitigations: i) All procurements via direct contracting and sole source selection will be subject to IFAD's prior review and No-Objection, as per Section 23 of the IFAD Project Procurement Guidelines. Procurement Thresholds to be fixed based on the COSOP Tanzania 2022-2027 procurement risk scoring.<br>ii) The PCO in coordination with IFAD, unit to organize AWPB and Procurement Plan preparation workshops for the Implementing Agencies.  |                    |                    |
| <b>Financial management</b>  | <b>Substantial</b> | <b>Substantial</b> |
| <b>Organization and staffing</b>   | <b>High</b>        | <b>High</b>        |
| Risk(s): (i) Inadequate capacity/experience in the financial management of donors' funded projects and in IFAD procedures; (ii) discontinued FM support due to high staff turnover at decentralized level or to low commitment of seconded staff; (iii) lack of IT devices (it is frequent the case of more accountants sharing one single desktop at district level, or the case of laptop self-purchased at higher level – e.g. District Treasures, Ministry Head of Finance).   |                    |                    |
| Mitigations: At central PCO, competitive recruitment of the finance manager, also among candidates seconded by GoT. At local level, accountants (i) are recruited with at minimum prior experience on development projects externally funded, (ii) are seconded with at least 50% or working time allocated to the Project. All FM staff is equipped with a dedicated laptop for the exclusive use of the project.<br>Allowances (in line with current practice from other donors, or set on the basis of the achievement of special task/objectives) may be taken into consideration to further attract/retain talents and strengthen accountability to the Project. Training on FM practices will be provided by IFAD-FMD. |                    |                    |
| <b>Budgeting</b>   | <b>Substantial</b> | <b>Substantial</b> |
| Risk(s): Project budget will be fully embedded into line Ministry's budget (MLF) including the contributions from decentralized level for final consolidation by central PCO. A total budget ceiling to the project is early set on March, for budget fine tuning/allocation along the decentralized structure and approval by Parliament by end June. There is only one window, in December, for reallocation during the on-going fiscal year. Such rigid process imposes well organised synchronization and realism in the planning process during entire project's lifetime.  |                    |                    |
| Mitigations: (i) Early start of budget bottom-up consolidation; (ii) sharp scrutiny for realistic estimates and budget phasing by quarter for IFAD no-   |                    |                    |

| <b>Risk categories and subcategories</b>  | <b>Inherent</b>    | <b>Residual</b>    |
|---|--------------------|--------------------|
| objection; (iii) effective budget-module installed at accounting software to monitor deviations; (iv) a prudent contingency, as response to arising animal sanitary crisis, will have to be provisioned in the budget, every fiscal year.   |                    |                    |
| <b>Funds flow/disbursement arrangements</b>   | <b>High</b>        | <b>High</b>        |
| Risk(s): Inconsistent liquidity due to (i) excessive GoT control over access to funds on the DA (i.e. there are 6 layers of authorization at MoF), (ii) delayed reporting from local units on the justification of prior advances (as MoF requirement for any withdrawal request from the DA); (iii) lengthy tax exemption process as upfront condition precedent to payment (i.e. applications for exemptions are processed into a new on-line system whose credential are assigned only to a restricted number of users), as well as insufficient training in the use of it will delay expenditure justification and timely funds replenishment; (iv) delays in the start-up phase. |                    |                    |
| Mitigations: (i) each MoF approver is backed to avoid authorization delays; (ii) early alignment to IFAD disbursement-IFR reform for adequate liquidity management, quarterly; (iii) Early engagement of MoF to provide credential, to access the on-line system for tax exemption requests, for all accountants assigned to the Project, as well as training in the use of it; (iv) use of retro financing arrangement.  |                    |                    |
| <b>Internal controls</b>  | <b>Substantial</b> | <b>Substantial</b> |
| Risk(s): The segregation of duties in the withdrawal of funds and in the payment process is sufficiently secured in the Tanzanian national systems at Ministry and at District level with several hierarchical authorization levels. An Internal Audit unit is established at the line Ministry and will cover the Project. However, the justification in the use of funds by implementing partners, necessary to further access funds at MoF, may be at risk due to timeliness and quality of reporting. This may impact fund replenishment and liquidity for implementation. Moreover, there is weak capacity in the capturing of in-kind contribution.                             |                    |                    |
| Mitigations: The project will establish MoU with implementing partners (i.e. districts, agencies such as TABD, etc.) with clear responsibilities, data content and timing in the provision of early budget estimates, procurement plans and actual reporting (physical/financial) in order to establish a solid flow of information along the decentralized structure with zero delays. Guiding arrangements will be set into PIM/Financial Manual, including in-kind contribution mapping/evaluation criteria for full recognition of GoT/beneficiary counterpart contribution.  |                    |                    |
| <b>Accounting and financial reporting</b>   | <b>Substantial</b> | <b>Substantial</b> |
| Risk(s): Current IFMIS/MUSE does not allow proper recording by expenditure categories, nor automated report generation aligned IFAD requirements. Information has to be reworked manually from the system. Non-customization of the IFMIS/MUSE (which is mandatory for all government units and development projects) may lead to manual accounting practices (i.e. excel-based) prone to human errors and unreliable reporting.  |                    |                    |
| Mitigations: (i) Early engagement of MoF to explore customization of IFMIS to enhance Chart of Account for adequate reporting by component/category; (ii) build on the waiver provided to AFDP for the temporary use of a parallel off-the-shelf accounting software, <i>at least</i> at central PCO level, to be purchased/installed during start-up phase, in order to manage IFMIS deficiencies; (iii) preparation/dissemination of standard Interim Financial Reports template for data collection/consolidation along the decentralized structure; (iv) at local level, <i>weekly</i> maintenance of off-line databases for smooth consolidation into IFRs.                      |                    |                    |

| <b>Risk categories and subcategories</b>   | <b>Inherent</b>    | <b>Residual</b> |
|--|--------------------|-----------------|
| <b>External audit</b>  | <b>Moderate</b>    | <b>Moderate</b> |
| Risk(s): Late submission of audit report. External Audit is the responsibility of the National Audit Office (NAO).   |                    |                 |
| Mitigations: Early engagement of NAO for yearly inclusion in the Auditor's work-plan.  |                    |                 |
| <b>Environment, social and climate impact</b>  | <b>Substantial</b> | <b>Moderate</b> |
| <b>Biodiversity conservation</b>   | <b>Moderate</b>    | <b>Low</b>      |
| Risk(s): 70% of Tanzania population live in rural areas and rely on natural resources for food, fuel, and fodder. There are clear indications that natural resources and biodiversity are at risk, with climate change being one of the main underlying causes.<br>Main biodiversity risks related to this project include: (i) progressive disappearance of indigenous breeds due to progressive absorption by exotic breeds, (ii) disappearance of vegetal species due to overutilization of pasture by cattle; (iii) introduction of invasive species (new fodder varieties).   |                    |                 |
| Mitigations: The whole climate-smart dairy intensification approach will result in positive co-benefits for biodiversity. C-SDTP will promote smallholder-integrated systems that reduce the dependence of livestock on natural resources (pasture and rangelands) and thus the impact on biodiversity. C-SDTP will also promote a prudent use of exotic genetic resources, and utilization of indigenous breeds or crossbreeds for systems where they are adequate (semi-intensive). The introduction of new fodder species will be done initially through research stations, in a controlled environment, where their invasive potential will be assessed.   |                    |                 |
| <b>Resource efficiency and pollution prevention</b>  | <b>Substantial</b> | <b>Moderate</b> |
| Risk(s): Inadequate access to clean water affects livestock productivity, especially during the dry season. Poor management of animal wastes as well as waste produced in facilities can contaminate water and soil and can result in the spread of zoonotic diseases. The lack of good hygiene and sanitation facilities, e.g. in veterinary posts, slaughter slabs, markets etc. can result in pollution and the risk of disease outbreaks.<br>Milk collection and processing facilities are sometimes located near riverbeds, in river catchments, or in urban areas; this creates a risk due to a poor management of effluents such as grey water used for washing (containing chemicals), spoiled milk, or even whey in some cases. |                    |                 |
| Mitigations: C-SDTP will introduce water harvesting systems, dam sheets, charco dams and boreholes to ensure water availability throughout the year. Proper waste management, through soak pits and biogas, will also be promoted. New milk processing and collection facilities will involve a waste management plan and possibly effluent management facilities and will be constructed only in areas where environmental impact can be controlled. The concept of circular bio-economy will be an important strategic approach of the project, which will enhance resource use efficiency through recycling and waste reuse.  |                    |                 |
| <b>Cultural heritage</b>   | <b>Moderate</b>    | <b>Low</b>      |
| Risk(s): Reluctance to change some norms by community members implementing the Programme activities. Lack of involvement of local leaders in designing the programme to flag out cultural issues.  |                    |                 |
| Mitigations: Sensitizations, early involvement and regular engagement of the community leaders during implementation. Involve the locals in designing the Programme, through Focus Group Discussions, and organization of stakeholder workshop involving local authorities during the design mission.  |                    |                 |

| <b>Risk categories and subcategories</b>   | <b>Inherent</b> | <b>Residual</b> |
|--|-----------------|-----------------|
| <b>Indigenous peoples</b>  | <b>Moderate</b> | <b>Moderate</b> |
| Risk(s): Ethnic and cultural diversity in Tanzania is rich. For the regions with integrated smallholder systems (Southern Highlands and Zanzibar), it is unlikely that the project will cause significant adverse impact (low risk). For Tanga region, where pastoralists may be engaged and /or affected, and so-called nascent dairy markets will be created, the risk needs further assessing in the design phase. Risk information is lacking on the level of voluntary transformation of pastoralists into settled down dairy farmers.  |                 |                 |
| Mitigations: (i) The project will target smallholder farmers who are already engaged and or interested in dairy, thus the project does not intend to directly involve active pastoralists. . (ii) The project makes use of community-based approaches, facilitators (CF) and service delivery, enhancing anticipation and correction of potential adverse effects of the project on stakeholders. (iii) The project will promote zero grazing dairy development thus it is not expected to affect in any way indigenous people's territories.  |                 |                 |
| <b>Community health and safety</b>   | <b>Moderate</b> | <b>Low</b>      |
| Risk(s): Working with livestock bares inherent health and safety risks for livestock keepers and communities. The project will not pose additional risk, but for new farmers contact with animals will of course inherently expose them to a higher risk than before without animals. By its nature, the project will reduce these currently existing inherent community health and safety risks, esp. related to animal to human communicable diseases (zoonosis, such as tuberculosis, brucellosis, anthrax, Rift Valley fever); antimicrobial residues and resistance (AMR); and unsafe food consumption.<br>Secondly, improving food security and income through a project can inherently pose a risk of not attaining the anticipated food security and nutrition outcomes due to marketing of animal products (and not purchasing desired food items to augment the diets). This is usually linked to existing gender inequity.<br>Thirdly, acaricides (used for control of ticks and subsidized by GoT) can affect human health if not properly and often applied and may contaminate the environment and influence micro-biodiversity (esp. insects). The currently existing risk probability can be classified as substantial, but the risk impact can be assessed as moderate or low (localized use), rating the total risk as moderate. |                 |                 |
| Mitigations: (i) The project will transform the informal smallholder dairy sector, and promote processing, whereby food safety risks are reduced. (ii) The project will substantially reduce community health and safety risk with regard to communicable diseases and chemical exposure, as described above. (iii) Through the cornerstone training by Heifer International, the sensitization of target groups on zoonotic diseases related risks, and best practices of keeping animals in a safe manner is ensured. (iv) Through establishing systemic doorstep services, good animal and human health, including strong nutrition awareness, will be continuously supported. (v) Laboratory facilities will be established to guide antimicrobial use and as such reduce resistance (AMR) risk. (vi) Integrated pest management (IPM) may reduce acaricide use and diminish health and biodiversity risk impacts. (vii) For residual health risk (which is inherent to keeping live animals), the project will provide support to disease prevention via vaccinations and options via insurance to mitigate loss. (viii) The risk of inability to achieve nutrition and food security will be mitigated through the Heifer VBHCD model, nutrition awareness and training, and the implementation of the Gender Action Learning System (GALS). |                 |                 |

| <b>Risk categories and subcategories</b>   | <b>Inherent</b>    | <b>Residual</b> |
|--|--------------------|-----------------|
| The overall residual risk is assessed as low. M&E by implementors of the health and safety risks can help to maintain the risk at a low level.   |                    |                 |
| <b>Labour and working conditions</b>   | <b>Moderate</b>    | <b>Low</b>      |
| Risk(s): Dairy animals need daily care. Provision of dairy animals to poor households via the project brings a risk of increasing the workloads for esp. women and children, who are also responsible for domestic care tasks. The workload for women and children may relate to watering, feeding, milking, removing manure, and other animal husbandry activities. Processing (also involving daily good care) requires intensive labour, including for women and youth, who can be exposed to chemicals (for washing), fumes (when wood is used as fuel for pasteurization, which is common). Transport of milk will also provide employment for youth and may expose them to road hazards since most of the transport is done by motorcycle.   |                    |                 |
| Mitigations: At production level, the project will promote water-harvesting systems, feed choppers, proper transport means, etc. Efficiency increase (including good animal health) and innovations (e.g. milking machine) can further reduce labour requirements. Implementation of GALS can help minimize inequity in labor distribution and discourage child labor. The project will further ensure that no child labor is promoted and that youth age is appropriate and follow international labor standards (18-35 years of age).<br>At processing level, training on occupational safety and health standards application, workplace safety will be provided to staff and management. The training package for milk transporters will include road safety in addition to milk hygiene.  |                    |                 |
| <b>Physical and economic resettlement</b>  | <b>Low</b>         | <b>Low</b>      |
| Risk(s): The project is not promoting activities that lead to the resettlement of farmers in any project target areas.   |                    |                 |
| Mitigations: The project will avoid any resettlement of rural people. Therefore, the risks are low.  |                    |                 |
| <b>Greenhouse gas emissions</b>  | <b>Substantial</b> | <b>Moderate</b> |
| Risk(s): In Tanzania, agriculture (excluding Land Use Change) accounts for 17.3% of GHG emissions, and Livestock contributes to 75% of agricultural emissions through enteric fermentation and manure management. Livestock has also a direct impact on land use change, which is by far the main source of emissions in the country.<br>The use of inefficient and unsustainable wood-intensive energy sources, inappropriate waste management, unsustainable land use practices might lead to GHG emissions.   |                    |                 |
| Mitigations: C-SDTP will promote more carbon efficient production systems through nature-based intensification of production, involving better animal health, herd management, feeding practices that will reduce CH4 emission intensities. Manure management will also be improved through better storage and biogas production. At processing level, C-SDTP will promote the implementation of energy-efficient and renewable energy sources and the application of proper waste management. Land conservation will also have a positive impact in terms of carbon sequestration via above and below-ground biomass. Finally, the promotion of improved and climate-resilient fodder (legumes, fodder shrub and trees, perennial fodder species) will enhance soil health (through higher and diverse microbial population and activity), result in less nitrogen leaching and gases losses (N2O) (through reduced soil nitrification), more soil carbon (through high soil organic matter input from above and below ground biomass). |                    |                 |

| <b>Risk categories and subcategories</b>   | <b>Inherent</b> | <b>Residual</b> |
|--|-----------------|-----------------|
| <p>The project will also partner with the project under preparation by GDP, IFAD and FAO “Pathways to Dairy Net Zero: Promoting Low Carbon and Climate Resilient Livestock” and submitted for GCF funding to scale up innovative approaches and tools developed by the regional programme, in C-SDTP intervention areas.</p> <p>A carbon accounting mechanism (GLEAM-i) will be used to monitor carbon emissions related to project’s investments, at baseline, mid-term and completion.</p>   |                 |                 |
| <b>Vulnerability of target populations and ecosystems to climate variability and hazards</b>   | <b>Moderate</b> | <b>Low</b>      |
| <p>Risk(s): According to the World bank’s Think Hazard climate hazard rating, there are medium-to-high levels of river flood, urban and coastal flood, landslide, water scarcity, extreme heat and wildfires in the target regions. Climate models predict an increase in extreme events, such as floods and droughts, caused by the increase in temperature and unreliable rainfall patterns.</p>   |                 |                 |
| <p>Mitigations: C-SDTP will introduce water harvesting tanks and communal water infrastructure, renewable energy options, drought-resistant fodder varieties, manure management and agroforestry, which will help improve climate vulnerability of fodder crops, enhance soil structure and reduce soil erosion. C-SDTP will also promote the construction of improved cowsheds that will both improve animal welfare and health, as well as provide protection against heat. Disease surveillance will include changes in disease seasonality and changes in disease prevalence as a result of changes in climate (e.g., unseasonal rainfall resulting in increased disease vector activity).</p> <p>As far as breeding and AI are concerned, C-SDTP will promote the use of heat- and drought-resistant breeds and strains, including crossbred animals, and exotic hardy breeds. Livestock insurance will also help reduce farmers’ vulnerability to livestock losses as a result of pests and diseases, floods and landslides.</p> |                 |                 |
| <b>Stakeholders</b>  | <b>Moderate</b> | <b>Low</b>      |
| <b>Stakeholder engagement/coordination</b>   | <b>Moderate</b> | <b>Low</b>      |
| <p>Risk(s): Since the beginning of the design process in July 2022, all public and private stakeholders involved in the dairy sector have been identified and involved in consultations on project preparation. During the CN mission, they were all invited to a stakeholder workshop to share with them preliminary ideas on project design and get their views and feedback. IFAD ICO is also actively involved in Agriculture Working Group and all information related to project preparation has been shared adequately. However, the dairy sector is characterized by the presence of a significant number of development partners (DPs), active at all levels of the value chain. This creates a risk of duplication of activities and overlap. However, most of these DPs are active in the Northern Highlands, and very few operate in Southern Highlands.</p>   |                 |                 |
| <p>Mitigations: The already initiated consultative process involving all sector stakeholders will be maintained during all the design process.</p> <p>During implementation, all sector stakeholders will be involved in project follow-up, in particular during supervision missions where similar stakeholder workshops will be organized.</p> <p>The project will also support activities of the Dairy Development Forum and use this platform to inform on project progress and challenges, and coordinate with stakeholders.</p>  |                 |                 |

| <b>Risk categories and subcategories</b>   | <b>Inherent</b> | <b>Residual</b> |
|--|-----------------|-----------------|
| <p>In order to avoid duplication with other DPs and maintain a clear IFAD comparative advantage, C-SDTP will target in priorities areas with no or few DPs involved, in particular Southern Highlands, Zanzibar and Morogoro.</p> <p>Opportunities will be explored to cooperate with DPs in areas where these are actively operating.</p>   |                 |                 |
| <b>Stakeholder grievances</b>  | <b>Moderate</b> | <b>Low</b>      |
| <p>Risk(s): Potential conflicts may arise among members of community groups or cooperatives, between outside workers and the local community, between smallholder producers and aggregators, etc. Complaints may also arise regarding the choice of locations for infrastructure, the selection of beneficiaries for FFS and assets building. In this situation, Grievance procedures are required to ensure that Project Affected Persons (PAPs) are able to lodge complaints or concerns, without cost, and with the assurance of a timely and satisfactory resolution of the issue.</p>   |                 |                 |
| <p>Mitigations: Grievance Redress Mechanisms (GRMs) will be put in place at the level of producers' organizations (cooperatives, FFS groups, MCCs and MCPs). The entry point for GRM will be the livestock extension at Ward level and the Gender and Social Inclusion Specialist will be appointed to follow up the GRM process. A Free Prior and Informed Consent (FPIC) process will be conducted with groups ahead of any project investment that may affect the target beneficiaries.</p> <p>Selection of beneficiaries for FFS and cow placement will be conducted in close collaboration with local and traditional authorities, on the basis of clear and well disclosed criteria, and in transparent manner.</p> <p>It should be noted that Heifer international, which will implement most of the community mobilization activities, has its own GRM mechanism that has been assessed by IFAD under other projects in the region (Rwanda) and was considered as satisfactory and in line with IFAD requirements.</p> |                 |                 |