

**UNITED REPUBLIC OF TANZANIA**

**MINISTRY OF FINANCE**

**In conjunction with the**

**MINISTRY OF AGRICULTURE FOOD SECURITY AND COOPERATIVES**

**OF MAINLAND TANZANIA**

**and the**

**MINISTRY OF AGRICULTURE AND NATURAL RESOURCES**

**OF THE REVOLUTIONARY GOVERNMENT OF ZANZIBAR**

**GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAMME**

**REQUEST FOR FUNDING - PUBLIC SECTOR WINDOW**

**Tanzania Agriculture and Food Security Investment Plan**

**GAFSP Gap Financing Proposal**

**Date: March 2012**

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This is a proposal seeking funding from the GAFSP Trust Fund for purposes of filling a gap in the 2011 Tanzania Agriculture and Food Security and Investment Plan (TAFSIP).

The development of the GAFSP funding proposal made use of various reviews of the agriculture sector in Tanzania. These include the Technical Papers developed for the TAFSIP, the External Technical Review Report of the TAFSIP prepared in accordance to the CAADP process, Public Expenditure Reviews conducted in Tanzania from 2008 to 2011 and the Agricultural Sector Development Program Implementation Review conducted jointly by the Government of Tanzania and Development Partners in 2011. Others include the Government Review of the Agricultural Sector Development Program, Reviews of District Agriculture Development Plans Formulation and Implementation and the Special Study Assessing Agricultural Extension Services conducted in 2010. Various programs and projects documents of donor funded agriculture sector initiatives including USAID's Feed the Future, AFDB/IFAD Marketing Infrastructure Value Addition Rural Financial Services Project, the Investment Blue Print of the Southern Agricultural Growth Corridor of Tanzania and the Tanzania Rice Partnership initiative provided useful insights to the agriculture sector in general and specifically for the proposed project area. We acknowledge all the organizations and individuals responsible for those reports. We also thank members of the Agriculture Sector Working Group (A-WG) for contributions made while formulating this proposal. Special thanks go to government officials from all ASLMs, leaders of farmers associations and networks, donor representatives, officials from non-state actors' bodies and NGOs who attended the consultative meeting on the 20<sup>th</sup> of March 2012 for their critique on earlier drafts and suggestions.

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## EXECUTIVE SUMMARY

The Government of the United Republic of Tanzania has made notable progress in the last two decades to address development challenges by improving the management and performance of the economy of which its Gross Domestic Product growth rate has on average been 7% per annum for the last decade. This growth, however, has not been equitably shared. The rural population is the disadvantaged party principally due to the relatively slower growth rate of 4.4% for the agricultural sector which employs over 75% of the population.

National Policies and Strategies for Growth and Poverty Reduction have underscored the significance of the agricultural sector in addressing rural poverty including ensuring food security. The United Republic of Tanzania has signed the Comprehensive African Agriculture Development Compact and has developed the Tanzania Agriculture and Food Security Investment Plan (TAFSIP) which articulates the requisite and rationalized investments necessary to achieve a 6% growth in agriculture, consistent with the national objective of reducing rural poverty and improve household food and nutrition security.

The Tanzania Agriculture and Food Security Investment Plan is a CAADP inspired framework developed through an intensive consultation process engaging public, non-state actors and private sector stakeholders from Tanzania Mainland and Zanzibar, coupled with conducting technical studies, all aiming at translating the national agricultural development policies into implementable investments. The goal is to enhance production, increase productivity and profitability of the agriculture sector, and transform it from its subsistence nature to a commercially viable, competitive and sustainable sector.

The total financing requirement for TAFSIP is USD 5.3 billion over a medium term period of five years with a funding gap of USD 2.876 billion. This proposal for a GAFSP support is seeking a USD 30 million as part of the resource mobilization efforts by the Government to bridge the overall funding gap.

The objective of the GAFSP funded gap-filling project is to enhance smallholder production and productivity of rice in the Southern Agricultural Growth Corridor of Tanzania and in three selected regions in Zanzibar islands. It will augment Government's efforts to forge a strong public private partnership in the rice value chain called the Tanzania Rice Partnership initiative (TARIPA). Specifically the project will achieve the following objectives:

- (a) Promote public private sector partnerships in the development of innovative approaches to the multiplication and distribution of improved rice seed varieties in the project area.
- (b) Accelerate adoption rates of high yielding rice seed varieties by rice farmers in the project area through an agricultural inputs subsidy to cover costs for seed, fertilizer and pesticides.
- (c) Rehabilitate rice irrigation schemes that are not covered by the current ASDP and ASP funding in the selected project area of TARIPA-SAGCOT in the mainland and at Mtwango, Kibokwa and Ole in Zanzibar.
- (d) Enhance capacity of the monitoring and evaluation system to ensure effective implementation in achieving envisaged results and providing lessons for replication of the project private public partnership model to other areas.

The results of the project will include increased incomes and food security of over 37,000 smallholder farmers in Tanzania mainland and 8,000 in Zanzibar. The project will contribute towards substituting

imported rice with domestic supply saving hard earned foreign currency currently used to import the commodity. The project increased supply will also contribute to stabilizing prices of rice which is an important staple food for urban consumers.

The project will be executed using an already existing Agriculture Sector Development Program implementation framework. Risks and their management strategy have been articulated and outlined.

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## LIST OF ABBREVIATIONS

ACT	Agricultural Council of Tanzania
AFSP	Accelerated Food Security Project
ASDP	Agricultural Sector Development Programme
ASDS	Agricultural Sector Development Strategy
ASLMs	Agricultural Sector Lead Ministries
ASP	Agricultural Sector Plan (Zanzibar)
ASSP	Agricultural Services Support Programme (Zanzibar)
ATI	Agricultural Transformation Initiative
A-WG	Agricultural Working Group (of DPG)
CAADP	Comprehensive Africa Agriculture Development Program
CARD	Coalition for African Rice Development
CBOs	Community Based Organizations
DADP	District Agricultural Development Plan
EAAPP	East Africa Agricultural Productivity Project
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FY	Fiscal Year
GDP	Gross Domestic Product
GoT	Government of Tanzania
JAST	Joint Assistance Strategy for Tanzania
LGA	Local Government Authority
M&E	Monitoring and Evaluation
MAFC	Ministry of Agriculture, Food Security and Cooperatives
MANR	Ministry of Agriculture and Natural Resources (Zanzibar)
MDAs	Ministries, Departments and Agencies
MDGs	Millennium Development Goals
MFI	Micro-Finance Institution
MIVARF	Marketing, Infrastructure, Value Addition and Rural Finance Programme
MTEF	Medium Term Expenditure Framework
NGO	Non-Governmental Organization
NRDS	National Rice Development Strategy
NSGRP	National Strategy for Growth and Reduction of Poverty (MKUKUTA)
PMO-RALG	Prime Minister's Office – Regional Administration and Local Government
RGoZ	Revolutionary Government of Zanzibar
SAGCOT	Southern Agriculture Growth Corridor of Tanzania
TAFSIP	Tanzania Agricultural and Food Security Investment Plan
URT	United Republic of Tanzania
ZSGRP	Zanzibar Strategy for Growth and Reduction of Poverty (MKUZA)



## **PART I: SUMMARY OF OVERALL AGRICULTURE AND FOOD SECURITY STRATEGY AND INVESTMENT PLAN**

### **1.0 OBJECTIVES AND INDICATORS**

#### **1.1 Goals and Development Objectives**

1. This is a funding proposal for an initiative that will contribute towards bridging the funding gap of the Tanzania Agriculture and Food Security Investment Plan (TAFSIP). The goal of the Tanzania Agriculture and Food Security Investment Plan, covering both Tanzania Mainland and Zanzibar, is to contribute to national economic growth, household income, food security and off farm employment in line with the national development aspirations. The national aspirations are articulated in the Tanzania Development Vision 2025. The vision is of Tanzania becoming a middle-income country with a strong, diversified, resilient competitive economy and a well educated and learning society that is technologically capable of producing sustainable growth and shared benefits in a politically stable and peaceful environment under good governance.
2. The TAFSIP development objective aims to rationalize allocation of resources to achieve a 6 percent agricultural gross domestic product (GDP) growth rate consistent with national objectives of reducing rural poverty and improving household food and nutrition security in line with CAADP objectives and principles. This overall objective embodies the concept of allocating resources to invest more, produce more, sell more, while reducing poverty, nurturing the environment and eliminating food insecurity, all of which are embodied in the National Strategy for Growth and Poverty Reduction a policy instrument for translating vision 2025 into tangible development benefits.

##### **1.1.1 Investment Priorities**

3. The TAFSIP identifies seven thematic program areas for investment with specific strategic objectives to be achieved in line with the agricultural sector policy that would enhance productivity, profitability and commercialization of smallholder agriculture sector. Investments include (1) irrigation development and sustainable use of land and water resources (2) agricultural productivity and commercialization (3) rural infrastructure and market access (4) food security and nutrition (5) disaster management and risk mitigation (6) policy and institutional development that will create conducive environment for development of (7) private sector led growth in the sector.
4. It is estimated that to achieve the 6 percent annual growth of the sector's gross domestic product it will require investments amounting to USD 5.3 billion over the five-year period. Over two thirds of the resources are allocated to thematic program (1) and (2) reflecting the priority given to productivity and commercialization and capital intensive irrigation development, the latter is broadly viewed as one of the most important drivers of productivity growth.

##### **1.1.2 Indicators for Monitoring**

5. The indicators for monitoring results for expected outcomes for each of the seven strategic objectives for each of the thematic areas of focus are clearly outlined in the TAFSIP document.

6. The indicators for monitoring results include: **Strategic Objective 1:** Assured Water resources and sustainable Land Use - Quantity and quality of land and water Resources for Irrigation **Strategic Objective 2:** Accelerated Productivity Rate of Growth and Commercialization–Agricultural GDP Growth Rate and Productivity Growth Rates. **Strategic Objective 3:** Improved and Expanded Rural Marketing Infrastructure - Growth in Volume and Value of Agricultural Traded Products. **Strategic Objective 4:** A thriving Competitive diverse private Sector – Structure of Market Share in Agriculture Sub Sectors. **Strategic Objective 5:** Universal Household and National Food and Nutrition Security - Level of Food Self Sufficiency and Number of Vulnerable Households to Food and Nutrition Security. **Strategic Objective 6:** Improved adaptive and mitigation capacity against disaster - Response Rates to disasters. **Strategic Objectives 7:** Improved Policy and Institutional Framework–Structure of market share in agricultural sub sectors.

## 1.2 KEY ELEMENTS OF POLICY ENVIRONMENT

### 1.2.1 Overview: Macro Level Policies

7. Tanzania has maintained an economic growth averaging 7% for a decade. Tanzania has during the period maintained prudent macro-economic policies - both monetary and fiscal policies. Government revenue has increased steadily over the period from 10% of GDP in 2001 to 16% in 2010. In recent years, however, investments in infrastructure and social services have substantially increased public expenditure relative to revenue resulting to a growing fiscal deficit. A positive sign is that exports have grown from 14.6% of GDP in 2001 to 22% in 2010. The external debt ratio has also improved from 9.4% of exports in 2001 to 1.4% in 2010. For the last three years, however, macroeconomic stability has been challenged by rising inflation, reaching 12% in 2010, mostly as a result of rising food prices. Food items constitute 47.8% of the basket of goods and services determining the consumer price index.
8. Tanzania's sound macroeconomic management over the last decade has however resulted to only modest progress in poverty reduction. Thirty-three percent (33%) of the population is living below the poverty line of 1USD per day as per the 2008 household budget survey, dropping very modestly from 36% in 2000. The proportion of food insecure population has declined very little, from 18% in 2000 to 16.6% in 2008. Most pressing also is that thirty eight percent (38%) of children aged under five years are malnourished with stunted growth, only a slight decrease from 44% in 2000. According to the Economic Research Service of the USDA, Tanzania is one of the East African Countries that will have the most dramatic increase in food insecure people by 2020 projected to increase by 100% from 18 million in 2010 to 36 million in 2020. Note that currently the country fairs badly in absolute terms when compared with Uganda 14 million, Rwanda 8 million and Burundi 9 million food insecure people.
9. The National Agriculture Policy, anchored in Vision 2025 and the National Strategies for Growth and Poverty Reduction for both mainland and Zanzibar (NSGPR/ZSGPR) aims at the development of a competitive and profitable agricultural industry that stimulates broad based economic growth, contributes to faster improvement of the livelihoods of Tanzanians and poverty reduction. Key is reducing poverty and meeting the Millennium Development Goals (MDG). The current rate of decline in poverty levels indicates that Tanzania is off track in achieving these two targets by 2015.

### 1.2.2 Key Elements of the Sector Policy Framework

10. The agricultural sector in Tanzania is a key driver of social and economic development in the country. It generates 25 per cent of the GDP, 24 percent of exports, employs over 75 per cent of the population, and the rural area is where the majority of the poor reside. There is a strong interrelationship between its performance and growth of the industrial and other key sectors and subsequent employment generated from that growth. Attempts to improve living standards of the people must give particular attention to increased production and productivity of the agricultural sector. The Government is committed to bring about a green revolution. This revolution entails transformation of agriculture from subsistence farming towards commercialization and modernization through crop intensification, irrigation, diversification, technological advancement and infrastructural development.
11. Tanzania has a comprehensive set of policies and strategies for agriculture and rural development. The policy framework aims to create an enabling environment for improved productivity and profitability as the basis for poverty reduction through: (i) strengthening the institutional framework; (ii) creating a favorable climate for commercial activities; (iii) clarifying public and private sector roles in improving support services; (iv) developing input and output markets; and (v) mainstreaming planning for agricultural development in other sectors. Tanzania also formulated the Agricultural Sector Development Strategy (ASDS) in 2001 putting in place a sector wide approach (SWAp) to developing the sector with specific goals of increasing agricultural sector growth to 5% that was reviewed to 6% in line with the CAAD P and contributing to the achievement of the NSGRP/ZSGRP targets. In an effort to give more emphasis to a private sector-led development of agriculture, the Government, together with private sector players formulated the Kilimo Kwanza and the Agricultural Transformation Initiative (ATI), for Tanzania Mainland and Zanzibar respectively, as special campaigns to harness public support for the agricultural transformation agenda.
12. Implementation of the strategies in the agricultural sector is spearheaded by the Agricultural Sector Development Program ASDP (mainland) and Agricultural Sector Program ASP (Zanzibar), both of which are sector-wide programmes to increase agricultural productivity and profitability, generate employment in rural areas and ensure national and household food security.
13. Both ASDP and ASP aim at transforming the sector from subsistence to commercial agriculture whilst achieving food and nutrition security, creating wealth and reducing rural poverty. The emphasis is on investment in the agricultural sector with the aim of: (i) increasing productivity through the adoption of improved productive technology options; (ii) expanding area under irrigation and promoting water use efficiency; (iii) re-focusing public expenditure to priority outcomes; (iv) attracting public and private sector investments; and (v) promoting diversification to non-farm activities.
14. The ASDP was launched in 2006 and became fully operational in 2008. Overall, however, a recent evaluation of the ASDP shows evidence of success in key areas including: (i) ASDP processes, which entail channeling basket funds through Local Government Authorities (LGA), these are now widely understood from national down to village level; (ii) it has created a mode of operation which has streamlined planning, M&E and reporting, all of which have shown significant improvements since 2006; and (iii) it has facilitated very significant development of human and physical capacity, which could be used to support new initiatives.

15. The main engine of the ASDP is at the local level where farmers participate in the formulation of District Agricultural Development Plans (DADPs) which are supported by District Agricultural Development Grants, Capacity Building Grants and the Extension Block Grant. Irrigation, which is a major focus of the ASDP, has additional support through the District Irrigation Development Funds (DIDFs). The national component of the ASDP finances research and extension activities, development of irrigation policy and national level infrastructure, policy development and planning, capacity building, market development, and programme coordination. The national component also provides technical guidelines for implementation of local level activities. Within this framework, around 75% of the resources are allocated to the local level, and 25% to the national level.
16. In Zanzibar, the ASP programmes and projects are implemented by the Ministry of Agriculture and Natural Resources (MANR) and that of Livestock Development covering a wide range of programme areas in crop, livestock and fisheries, forest conservation, irrigation and infrastructure and cross-cutting issues. The Agricultural Services Support Program (ASSP), which aims at improving agricultural extension services support, is a sub-sector programme implemented within the framework of the ASP in Zanzibar.
17. TAFSIP, whose formulation was finalized in 2011, seeks to embrace the above, it is thus a single investment plan under government leadership, adopting an integrated policy approach across the sectors and progressing towards relying on Government planning, budgeting, M&E and financial management systems to execute programs.

### **1.2.3 Rationale and Justification for Agricultural Investment**

18. The agricultural sector has performed only modestly over most of the last decade, and thus has failed to make significant inroads into high levels of rural poverty and household food insecurity. Real agricultural growth is averaging at about 4.4 per cent per annum. But Tanzania's poverty rate during the last decade only fell from 36 to 33 percent in ten years, while the share of the population consuming insufficient calories (food) declined marginally from 25.0 to 23.6 percent in the period. With poverty and food insecurity largely concentrated in rural areas it is evident that there has been hardly any improvement in the livelihoods of rural people although Tanzania was experiencing robust economic growth.
19. The agricultural sector supports the majority of the rural population. Seventy five (75%) of the population depends on primary agricultural production from the sector, characterized by small-scale farmers using rudimentary tools, e.g. the hand hoe and reliant on traditional rain-fed cropping method and animal husbandry. The International Food Policy Research Institute's analysis of the sector indicates that accelerating agricultural growth in a wider range of subsectors beyond those currently leading growth (mainly cash crops such as coffee, cashew, sugar) in the sector (principally bringing in food crops) can achieve significant reduction in poverty. A one-percentage point of GDP/per capita growth in such a diversified bundle can reduce poverty and food insecurity by 1.36 and 2.3 percentage points respectively. Food is the principal sub sector that has performed poorly and characteristically grown mainly by subsistence smallholder farmers. Thus the structure of agricultural growth and how it

is distributed between sub sectors can have a major impact on poverty reduction and food and nutritional security.

20. The TAFSIP aims at an accelerated 6% growth of the agricultural sector to achieve poverty reduction targets set in NSGPR/ZNGPRS. To achieve this growth there is therefore a clear need for continued public and private investment in the agriculture, and more so in priority areas that have constrained the sector's growth performance.

### **1.3 TAFSIP COMPONENTS TO ACHIEVE THE OBJECTIVES**

#### **1.3.1 Key Issues in Agriculture and Rural Development**

21. The main thematic components of the TAFSIP aimed to achieve the 6% growth in the agriculture sector GDP include (i) Irrigation Development and Sustainable use of land and water resource management (ii) Agricultural Productivity and Rural Commercialization (iii) Rural Infrastructure and Market Access and Trade(iv) Private Sector Development (v) Food and Nutrition Security(vi) Disaster Management and Climate Change Mitigation and Adaptation(vii). These are in line with ASDS, ASDP and ASP goals and they address the key challenges in the sector.
22. The TAFSIP consultative process has highlighted issues that contribute to poor performance of the sector and rural development in general. Factors that contribute to the dismal performance of the sector in addressing poverty and food insecurity include the dependence on rain-fed subsistence smallholder production that uses low levels of technology and knowledge resulting in low productivity. Fertilizer usage in Tanzania is very low, averaging at 9kg/ha compared with 27kg/ha in Malawi, 50kg/ha in South Africa and 135kg/ha in South East Asia. The result is thus generally very low productivity. In the case of rice, Tanzania's 1.5MT/ha productivity fares badly when compared with other rice producers e.g. Egypt 9.5MT/ha; Vietnam 4.9MT/ha; Bangladesh 4.0MT/ha and India 3.3MT/ha. Poor rural infrastructure and market access has, on the other end, limited commercialization of agriculture. Higher levels of commercialization could improve smallholder farmers' income; mitigate the risks of food insecurity through building of assets in savings. Overall, the generally low performance of the sector has been analyzed and attributed to key policy gaps as well as institutional weaknesses in both public and private institutions that hinder productivity and commercialization.
23. Major weaknesses have been noted in the sector policies that ought to directly influence sector development. Most apparent are the poor inter-sector linkages as a result of weak coordination in sector policy formulation and implementation. A significant gap was also noted in terms of weaknesses in the formulation and execution of public policies that create conducive environment for the development and growth of private sector small, medium and large-scale agro-businesses. The low level of engagement of the private sector is thus an issue.
24. Key institutional gaps in the private sector organizations, including farmers' organizations and cooperatives, agribusiness associations and non-state actors that represent farmers and the agricultural private sector in general include limited technical and financial capacity to undertake their role in influencing policies. Public sector institutions include Agricultural sector lead Ministries, and corresponding Regulatory Agencies, the Local Government Authorities and backstopping structure of

Central Government, the Regional Secretariat all also manifest capacity challenges. Capacities are limited in policy formulation, program implementation, coordination, monitoring and evaluation of public sector programs. Other institutional weaknesses include significant proportion of public financing being absorbed by recurrent expenditures limiting resources for development expenditure.

### **1.3.2 Measures to Address the Issues: TAFSIP**

25. Measures to address the issues are articulated in the seven thematic areas of TAFSIP. These include enhancing productivity and mitigating risks of vulnerability to climatic shocks through irrigation development and sustainable use of land and water resources. The second priority area of investment is in enhancing productivity in promoting the adoption of improved technology and knowledge. To promote commercialization the plan prioritizes investments in rural infrastructure and market access and trade for smallholder farmers; that is integrated with the development of the private sector. To achieve productivity enhancement and commercialization through private sector development, the plan also focuses on investment in policy and institutional reforms and support services. Taking cognizant of the fact that even under improved agricultural sector performance through accelerated and well structured growth there will still be groups in the society that are vulnerable to food and nutrition security. Food nutrition security and disaster management have thus been given due priority in the plan. Climate change mitigation and adaptation measures have been accorded due weight, commonly in Tanzania is the need to contend with the changing rainfall pattern that is becoming increasingly erratic and thus unreliable.

## **1.4 PLANNED COMPOSITION AND LEVEL OF SPENDING**

### **1.4.1 Rationale for Investment**

26. Agriculture is identified as a key growth driver sector with the potential of lifting the majority Tanzanian population out of poverty. However, despite the efforts by the Government and Development partners, the sector has not achieved its potential contribution to these objectives. Achieving a 6 per cent annual growth for the agricultural GDP therefore remains a major task. The major challenge, based on Tanzania's experience and that of other developing countries, is the strategy to transform the agricultural sector from a traditional rain-fed one which is subsistence oriented and characterized by low-input-low-output to a high-technological input high-output, modern and commercial one. Achieving this transformation will require substantial increases in both public and private investment funding from multiple sources and a high rate of return from such investments. Key would be to contend with rain-fed agriculture while paying due attention to environmental concerns brought by irrigation, low input use of agriculture and better engagement of the private sector all along the commodity value chains.

### **1.4.2 Goal and Development Objectives**

27. The Goal of the TAFSIP is to "contribute to the national economic growth, household income and food security in line with national and sectorial development aspirations." The Development Objective aims to "rationalize allocation of resources so as to achieve an annual six percent agricultural GDP growth,

consistent with national objectives to reduce rural poverty and improve household food and nutrition security” in line with CAADP objectives and principles.

28. This objective embodies the concepts of allocating resources to invest more, produce more, sell more, nurturing the environment, and eliminating food insecurity; all of which are embodied in various national policy instruments, and are expressed in terms of seven (7) main themes, each with its own Strategic Objective and major investment programs and projects: irrigation development, productivity enhancement and commercialization; rural infrastructure, market access and trade; private sector development; food and nutrition security; disaster management and climate change mitigation, policy and institutional reforms and support.

## 1.5 FINANCING SOURCES AND GAPS

### 1.5.1 Cost Estimates and Indicative Financing Plan

29. It is estimated that in order achieve a 6 percent annual growth of the agriculture sector GDP the country will require investments that will cost USD 5,304.49 million over five years. Over two-thirds of the resources are allocated to TAFSIP’s Program 2 reflecting the high priority given to agricultural productivity and commercialization, and the capital-intensive nature of irrigation development, which is expected to be one of the main drivers of productivity growth. The share per investment area is as presented in Table 1 below.

**Table 1: Summary of TAFSIP Cost Estimates by Programs (in TSh million)**

PROGRAMME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Irrigation Development	187,002	214,165	235,929	264,613	298,401	1,200,111
Production and Commercialization	957,651	1,147,609	1,254,195	1,360,786	1,500,359	6,220,600
Rural Infrastructure, Market Access & Trade	66,208	76,474	79,051	72,285	63,236	357,256
Private Sector Development	3,501	2,836	2,997	2,999	3,230	15,562
Food and Nutrition Security	22,973	49,303	49,021	44,3167	45,820	211,433
Disaster Management and CC Mitigation	9,454	10,931	18,661	15,696	11,570	66,313
Policy and Institutional Reforms and Support	103,869	170,393	130,521	144,981	131,367	681,130
<b>TOTAL TSh million</b>	<b>1,350,657</b>	<b>1,671,712</b>	<b>1,770,376</b>	<b>1,905,677</b>	<b>2,053,983</b>	<b>8,752,405</b>
<b>US\$ million</b>	<b>818</b>	<b>1,013</b>	<b>1,073</b>	<b>1,155</b>	<b>1,245</b>	<b>5,305</b>

Source: TAFSIP 2011

### 1.5.2 Sources of Funds and Financing Plan

30. Historically financing for agricultural development in Tanzania has been the Government’s task - traditionally being the main source of funds, supplemented by Development Partners – through ASDP Basket Fund and stand-alone projects. Other investors include NGOs and private sector firms. Overall, financing for agriculture in the last three years has been growing with dramatic increases in the current

fiscal year to 6.8 percent of the national budget demonstrating the commitment of the Government to investment in the sector; see Table 2: Public Expenditures for the Agricultural Sector 2008/9 – 2011/12

**Table 2: Public Expenditure for The Agriculture Sector- Tsh. Billions**

Particulars	Public Expenditure in Fiscal Years			
	Tsh. Billion			
	2008/09	2009/10	2010/11	2011/12
Agricultural Sector Budget	257	340	353	919
Total National Budget	6522	9509	11609	13526
% Agriculture Expenditure	3.95	3.58	3.04	6.8

Source: Economic Survey 2010 and Budget 2011/12

31. The availability of TAFSIP funding is estimated on the basis of Mainland and Zanzibar Medium Term Expenditure Framework (MTEF) projections, which cover the same period as the first five years of TAFSIP. This estimation assumes and considers a 6 percent sector growth and that 10 percent of the Government Budget would be going to the sector.
32. The agricultural sector budget allocation is divided at 50:50 proportions between development and recurrent expenditures. It is expected that there will be gradual increase in allocations to the development budget.
33. The indicative financing plan focuses on the first five years (2011-12 to 2015-16) of the ten-year TAFSIP period is as summarized in Table 3. Financial projections are based on: (i) estimates of the likely availability of funding from various sources; and (ii) estimates of the size of the investments needed to generate a six percent per annum growth in agricultural sector GDP. The difference between (i) and (ii) is the financing gap which will have to be filled if the TAFSIP objectives are to be reached.

**Table 3: TAFSIP Financing Plan 2011-12/2015/16 (Tsh. millions)**

ESTIMATE	Annual Budget- TZS Millions					Total
	Y1	Y2	Y3	Y4	Y5	
Total Available Funds	906,673	807,758	787,684	747,863	755,883	<b>4,005,861</b>
Proposed Funds for TAFSIP	1,350,658	1,671,712	1,770,376	1,905,677	2,053,983	<b>8,752,405</b>
Financial Gap	<b>(443,985)</b>	<b>(863,954)</b>	<b>(982,692)</b>	<b>(1,157,814)</b>	<b>(1,298,100)</b>	<b>(4,746,544)</b>
US\$	<b>(269)</b>	<b>(524)</b>	<b>(596)</b>	<b>(702)</b>	<b>(787)</b>	<b>(2,877)</b>
<b>% Gap</b>	<b>15.4%</b>	<b>19.1%</b>	<b>20.2%</b>	<b>21.8%</b>	<b>23.5%</b>	<b>100%</b>

34. Despite the Government commitment to allocate 10% of its annual budget to agricultural development investment in line with CAADP principle, and despite the commitment made by development partners, TAFSIP has a huge funding gap equivalent to USD 2.876 billion over the five year period, an average of USD 575 million per year. World Bank has made a commitment to contribute USD 200 million over the period for financing the ASDP and ASP. It is assumed that the Government, other Development Partners and Private Sector would finance the required additional amount. Tables 4 and 5 present the financial plan, available funds and funding gaps for Mainland and Zanzibar respectively. Tables 6 and 7 present the proposed financing plan for Mainland and Zanzibar respectively.



**Table 4: Proposed Costs for TAFSIP Mainland (TSh million)**

ESTIMATE	Annual Budget –Tshs. Million					
	Y1	Y2	Y3	Y4	Y5	Total
Available Funds	877,273	774,758	746,484	699,763	707,983	3,806,261
Proposed TAFSIP	1,263,468	1,516,615	1,644,032	1,765,611	1,919,110	8,108,8367
<b>Financial Gap</b>	<b>(386,195)</b>	<b>(741,857)</b>	<b>(897,548)</b>	<b>(1,065,848)</b>	<b>(1,211,127)</b>	<b>(4,302,576)</b>
<b>% Gap</b>	<b>31.0%</b>	<b>17.2%</b>	<b>20.9%</b>	<b>24.8%</b>	<b>28.2%</b>	<b>100%</b>

**Table 5: Proposed Costs for TAFSIP Zanzibar (TSh million)**

ESTIMATE	Annual Budget Tshs. Million					
	Y1	Y2	Y3	Y4	Y5	Total
Available Funds	29,400	33,000	41,200	48,100	47,900	199,600
Proposed TAFSIP	87,190	155,096	126,343	140,065	134,873	643,355
Financial Gap	57,790	122,096	85,143	91,965	86,973	443,755
% Gap	13.0%	27.5%	19.2%	20.7%	19.6%	100%

**Table 6: Proposed Financing Plan for the gap- Tanzania Mainland (TSh million)**

Source	Y1	Y2	Y3	Y4	Y5	Total
Government (20%)	77,239	148,371	179,510	213,170	242,225	860,515
Development Partner (45%)	173,788	333,836	403,897	479,632	545,007	1,936,159
Private Sector (25%)	96,549	185,464	224,387	266,462	302,7812	1,075,644
Others (NGOs, Far, etc. 10%)	38,619	74,186	89,755	106,585	121,113	430,258
<b>Total Financing Plan</b>	<b>386,195</b>	<b>741,857</b>	<b>897,548</b>	<b>1,065,848</b>	<b>1,211,127</b>	<b>4,302,576</b>

**Table 7: Proposed Financing Plan for the gap- Zanzibar (TSh million)**

Source	Y1	Y2	Y3	Y4	Y5	Total
Government- 20%	11,558	24,419	17,029	18,393	17,395	88,794
Development Partners - 65%	37,563	79,363	55,343	59,777	56,532	288,579
Private Sector - 10%	5,779	12,210	8,514	9,197	8,697	44,397
Others NGOs, Farmersetc5%	2,890	6,105	4,257	4,598	4,349	22,198
<b>Total Financing plan</b>	<b>57,790</b>	<b>122,096</b>	<b>85,144</b>	<b>91,965</b>	<b>86,973</b>	<b>443,968</b>

35. Development partner commitments to existing initiatives coupled with aggressive mobilization of new funding sources over the next five years could to bridge the funding gap. Annex 1 presents the Main Ongoing and Planned Externally funded Investments. Continued donor support for the expanded ASDP is expected to run at around USD 200 million per annum, most of this flowing through the basket fund, USAID is expected to provide around USD 300 million over five years to fund the Feed the Future, MIVARF (IFAD/AfDB/AGRA) will invest around USD 170 million for seven years, and the Bread Basket initiative (AGRA/Private Sector) is costed at USD 173 million planned for five years. In addition the Southern Agricultural Growth Corridor initiative (SAGCOT) is estimated to invest USD 3.4 billion over 20 years, to be funded largely by the private sector with support from the World Bank and other donors.

### 1.5.3 TAFSIP Financing Modalities

36. Government's contribution to TAFSIP financing will be through the normal budgetary allocations to the ASLMs in accordance with the MTEF expenditure targets and the CAADP Compact. Whilst GoT/RGoZ has a preference for general and sectoral budget support and pooled funding arrangements

it also welcomes other forms of financial assistance including project funding, technical assistance, education and training grants, support for NGOs and PPPs provided these are within the JAST framework, and integrated within the ASDP/ASP.

37. Increased private investment is also a key part of the TAFSIP which the United Republic of Tanzania (URT) is keen to encourage through PPPs and by the establishment of an Agricultural Investment Bank to facilitate the flow of private capital into the sector. The United Republic of Tanzania also maintains a favorable outlook towards foreign direct investment in the agricultural sector.

## **1.6 THE TAFSIP PLANNING PROCESS**

38. TAFSIP planning process was based on the CAADP principle of promoting local ownership through dialogue and building consensus among key stakeholder in the agricultural sector. Thus the process to develop the investment plan is a product of a broad based consultative and collaborative process that involved all key stakeholders.
39. First the composition of the CAADP task force team that was established to spearhead its development was very inclusive constituting members from both parts of the Union Government, Tanzania Mainland and Zanzibar. It also included other key stakeholders from the Private Sector, Civil Societies, Non State Actors and Development partners and Representatives from Regional Organizations - AU and Sub Regional Economic Groupings. It also included Regional Think Tanks, Research Institutions namely The Regional Strategic Analysis and Knowledge Support Network System.
40. Second the process was also intensively consultative. A composition of stakeholders similar to the composition of the CAADP task force met in July 2010 under the leadership of the President to endorse and make commitments to CAADP objectives and principles. The process to develop the TAFSIP was borne out of the commitment made to CAADP Compact. The process to develop TAFSIP engaged key stakeholders and was facilitated through stakeholder workshops that were conducted both at the national and regional/zonal levels. These workshops analyzed the agricultural sector performance and identified key priority areas for investments that would address key sector constraints. Government Ministries and Development Agencies, private sector organizations and industry associations including Tanganyika Farmers Associations, Agricultural council of Tanzania, a Network of smallholder Farmers in Tanzania (MVIWATA), donor funded programs and projects, Tanzania National Business Council, Agriculture sub-sector Associations such as Tanzania Milk Processors Association and the Tanzania Horticulture Association all participated in the stakeholder consultation workshops. The consultative process is well acknowledged in the post compact technical review report of TAFSIP and that the process was inclusive and generated consensus and ownership and agreements on key policy priorities. The TAFSIP that was developed has been reviewed by CAADP technical review team and was endorsed by the business meeting held in November 2011. The business meeting drew in the participation of all stakeholders who were part of the process to developing the plan and was chaired by His Excellency the President of the United Republic of Tanzania - Dr. Jakaya Mrisho Kikwete.

## **1.7 INSTITUTIONAL FRAMEWORK FOR TAFSIP IMPLEMENTATION**

41. The TAFSIP process included a comprehensive review of policies, strategies and institutions, and identification of gaps and weaknesses. The Agricultural Sector Lead Ministries (ASLMs) in the Mainland and Zanzibar are the key ministries responsible for policy and strategy development. Tanzania has 26 administrative regions and 133 Local Governments while Zanzibar has five and 10 Local Governments. Under the Government's decentralization policy, that has taken hold in the mainland, the districts are responsible for the implementation of agricultural plans and policies. Directorates of Policy and Planning in the Agriculture Sector Lead Ministries are directly responsible for overseeing the implementation of the TAFSIP. In Zanzibar it is the central government that implements programs.
42. The CAADP country process was essentially a complementary sector-wide approach as it looked at the agricultural sector as a whole, holistically; aiming to strengthen linkages between policy, strategy, action plans, activities, budgets and M&E with a thrust of building country capacity and encouraging alignment of donor support behind country-owned agricultural development plans.
43. Institutions in the private sector in view of TAFSIP implementation include the Tanzania Private Sector Foundation (TPSF), the Confederation of Tanzania Industries (CTI), the Tanzania Chamber of Commerce Industry and Agriculture (TCCIA), and the Tanzania National Business Council (TNBC) which represent the private sector in various capacities and have influence on policy and budgeting decision-making processes. The Agricultural Council of Tanzania (ACT) and the National Network of Farmers Groups in Tanzania also known in Kiswahili as Mtandao wa Vikundi vya Wakulima Tanzania (MVIWATA) as well as the Non-State Actors Forum (ANSAF) are national bodies for advocacy in the agricultural sector and were engaged in the process.
44. This Tanzania GAFSP proposal is amongst initiatives aiming at mobilizing resources for gap financing in line with the commitment endorsed in the TAFSIP planning process. The focus is to address a particular niche, enhancing productivity and commercialization of rice. This will contribute significantly towards reduction of poverty and enhancing food security as outlined below.

## **2 PART 2: SPECIFIC FUNDING PROPOSAL**

### **2.0 Project Description**

#### **2.1 Context**

45. Tanzania is a country with vast land and water resources potential. The country has 95.5 million ha of land of which 46%, around 44 million, is classified as arable land and only 27%, equivalent 11 million ha, is under cultivation.
46. The Tanzania agricultural sector is dominated by smallholder subsistence farmers with 0.2 to 2.0 ha who utilize 80% of the cultivated arable land to produce both food and cash crops. Only 1.5 million ha is under medium and large-scale agriculture producing tea, sugarcane, coffee, tobacco, sisal and horticultural crops. The sector performance has varied between subsectors with good performance in export crops namely sugar, tea and tobacco that have recorded up to 10% growth. Food crop

production has lagged behind with average growth rates of 3%, almost equal to the average annual population growth rate of 2.9%. Food insecurity at household levels, both in urban and rural areas, continues to be a challenge in Tanzania. TAFSIP approach to food insecurity is holistic with investments aligned towards achieving increased production and productivity along main staples' value chains – more so for maize and rice.

47. Both the mainland Government and the Revolutionary Government of Zanzibar (RGoZ) are committed through their national agricultural strategies and policies to achieve national food self-sufficiency as a long-term goal. The Revolutionary Government of Zanzibar (RGoZ) has earmarked rice a key agricultural subsector to be developed for commercial production. This goal is an integral part of the Zanzibar Agricultural Transformation Initiative. Through this initiative the RGoZ is committed to raise the production of rice from the current level of 18,000 tons to 45,000 tons within the medium term framework of five years. If achieved, this may reduce rice imports by almost 50%. The strategy is to enhance productivity and commercialization of smallholder rice farmers. This can be achieved through public investments in agricultural support services coupled with private sector investments along the value chain, particularly for agro processing and marketing. Amongst areas identified for the rice development initiative are Mtwango, Kibokwa in Zanzibar and Ole in Pemba; these are underdeveloped and have run down schemes and are thus earmarked for the proposed GAFSP funding proposal.
48. The mainland Government has committed itself to the development of staple foods including rice so as to achieve food security. To achieve the national strategy for food self-sufficiency in rice, the mainland Government has committed itself to transform the existing subsistence rice sub sector to a commercially viable one. The goal is to double rice production within the long-term period of ten years, from around 890,000 tons in 2008 to 1.9 million tons by 2018. This is also part of Tanzania's contribution to the Coalition of African Rice Development international initiative that has adopted a target of doubling Africa's rice production from 14 million tons in 2008 to 28 million tons by around 2017. The rice development strategy embodies innovative approaches entailing public private partnerships supported by an overall enabling policy environment. The objective is to increase production and productivity, reduce post harvest losses, improve access to agricultural inputs and appropriate technology, and fund related infrastructure for irrigated rice production as well as for improving market access.
49. The World Bank and IFAD, AFDB, Irish Aid and the Japan International Cooperation are currently supporting the URT with investments into the Agricultural Sector Development Program, which executes the national agricultural development strategy for food self sufficiency. Investments through this program, and with respect to rice sub-sector development, have funded the National Irrigation Development Fund, the District Irrigation Development Fund and District Agricultural Development Plans. It has also covered investments for other infrastructure development such as feeder roads, as well as investments aiming at improving agricultural support services through institutional capacity development for extension services and irrigation development technology. The framework allows for additional resources to be channeled targeting specifically identified development areas.

50. Recently the World Bank provided the United Republic of Tanzania with a grant of US\$ 14 million through the Japan Policy Human Resource Development Fund. The objective of the grant is to strengthen farmers' access to improved rice production technologies through building capacity in cost effective extension services and irrigation development technology to enhance productivity. This grant is targeting 20 irrigation schemes in 14 districts. Apparently it covers less than 50% of districts that have been earmarked to increased rice production. There is a need and room to extend support to additional rice producing areas so as to achieve the intended national and continental production targets.
51. The efforts are also buttressed by a World Bank/IDA USD 30 Million East Africa Agricultural Productivity Project (EAAPP) that is funding research for improved rice varieties through developing a center of excellence for rice research. However there is a gap in this initiative in the promotion of seed multiplication and distribution systems. It is therefore critical that Private Sector firms are now facilitated and brought on board through strategic PPPs to play a deserved role in commercial seed multiplication and distribution.
52. Along the same lines of enhancing productivity, the Government has in place the national input voucher systems (NAIVS), which provides subsidies for a range of food and cash crops but mainly maize. The current level of inputs subsidy is around TShs.150 billion, equivalent to USD 90million. The current World Bank Accelerated Food Security Project (AFSP), with USD a 160 million budget is funding this system but ends in June 2012. Furthermore this amount covers only 3 out of an estimated 6 to 7 million farmers who would be eligible for the subsidy, i.e. about 55% of the farmers and has principally been directed to maize as the food crop. The need to provide additional funding to meet the whole range of inputs required by rice growing farmers in targeted areas is critical, especially when there is an apparent need to encourage farmers to use improved seed and other inputs as a way to instill crop husbandry practices that would meet the objective of enhancing smallholders' productivity.
53. Other development support in the agricultural sector also include the IFAD/AFDB funded project on Market Infrastructure Value Addition and Rural Finance (MIVARF) provides USD 150 million support for enhancing both access to markets through investments in market infrastructure and district road accessibility. The project also provides support to improve farmers' access to rural financial services. The MIVARF project covers all of the districts in mainland and Zanzibar including districts in the proposed project area – SACGOT regions
54. Ongoing-investments specifically targeting the rice sub sector include Feed the Future a USAID program that is coordinating the Tanzania Rice Partnership (TARIPA) within a strategic geographic area with high growth potential for rice production - the Southern Agricultural Growth Corridor of Tanzania (SACGOT). TARIPA is a public and private sector partnership in which the Government and Private sector firms, such as Kilombero Plantations Limited, Norfund, Yara and Syngenta aim to support 5,000 out-grower rice farmers. The Kilombero cluster development is however only the first in the SACGOT area. The target is to develop other clusters so as to reach 20,000 rice farmers in Kilombero and Rufiji districts who will be able to produce over 40,000 tons of paddy rice and to lay the foundation for the expansion of TARIPA cluster development approach into other areas in coming

years. TARIPA’s medium to longer-term vision is to further promote public private partnerships to cover the eight other targeted districts within the corridor on the basis of feasibility assessments.

**Table 8: TARIPA-SAGCOT Potential Project Coverage<sup>1/</sup>**

Region	District	Irrigation Land Area Ha	Number of farmers
Morogoro	Morogoro	100	30,000
Morogoro	Mvomero	2,901	35,000
Morogoro	Kilombero	7,160	52,000
Iringa	Iringa	4,513	10,000
Mbeya	Mbarali	29,586	35,000
Mbeya	Kyela	900	37,000
Mbeya	Mbozi	1,570	3,000
Rukwa	Sumbawanga	162	18,000
Rukwa	Mpanda	635	20,000
Songea	Songea	120	9,000
	<b>TOTALS</b>	<b>47,647</b>	<b>259,000</b>

1/.The Rufiji District is part of TARIPA but does not have developed Irrigation Scheme.

The main objectives of TARIPA are to: (i) develop a partnership framework to respond to rice value chain constraints and opportunities; (ii) build markets and small-scale farmer capacity to produce rice to address key food security issues in the country, expand domestic production, improve competitiveness and increase value addition; (iii) scale-up core value chain activities to catalyze significant small-scale and large-scale farmer and agribusiness development in the rice sub-sector; (iv) support commercial initiatives by building on ongoing plans and activities to scale up through learning.

TARIPA is thus a platform that allows for additional resources for assisting smallholder rice producers’ to access inputs and markets. The SAGCOT region in general and specifically the area earmarked for the Tanzania Rice Partnership (TARIPA) offers a great potential to achieve the goal to increase rice production in Tanzania. There is therefore a clear need and room for additional funding to augment the formative TARIPA efforts. TARIPA-SAGCOT is a ready platform that will ensure that the project can contend with inception challenges and make use of the extensive consultation and collaborative processes that are already on going.

## 2.2 Project Rationale

55. In view of the context, the rationale for the GAFSP support is to mobilize complementary resources within the ASDP and ASP framework to support public investments in selected high potential areas along the Southern Agriculture Growth Corridor of Tanzania (SAGCOT) and an earmarked rice production zone in Zanzibar where the Governments are developing strong public private partnerships in support of smallholder agricultural development.

56. Rice has been selected as the strategic crop for development because of several reasons. Economically rice offers higher rates of returns compared to other food crops. A recent evaluation of ASDP has indicated that economic returns to investment of USD 1,000 per ha yields an internal rate of return of 75% and Net Present Value Benefits of USD 10.28 compared to the same level of investment in maize that yields an economic rate of return of 13% and Net Present Value Benefits of only 1.42. Technologically rice has a comparative advantage over other food crops. It is less affected by storage

pests compared to maize and sorghum. It can offer quick win results because of already available improved varieties that have proven successful in more than doubling productivity in Tanzania from 1.5 tons/ha to above 4 tons/ha. Rice is also the most important food crop, second to maize in terms of the number of households engaged, area and volume of production. About 18% of the rural households are engaged in rice production and the potential to draw in more exists. There are 2.4 million ha of potential arable land for rice irrigation. It is also a lucrative income-generating crop for low income and poor households that engage in its production and marketing. The recent rise in food prices, and specifically rice, provides further opportunities for such farmers to benefit. Within the last twelve months the consumer price of rice has increased by 60% compared to the price of maize that has risen by only 29%. This is because of the increasing demand for rice, both domestically and in neighboring countries as evidenced by the growing cross border trade. The production of rice and food in general offers an opportunity to stabilize general price increases. This will augment efforts to curb inflation, which as noted earlier, is principally a result of increases in food price.

57. Rice offers a high probability for attaining food security in the country as well as increase household income and reduces income poverty. Currently, and despite its large potential, the country is not self-sufficient in rice. Production is about 600,000 metric tons of milled rice or 900,000 tons of paddy. The country imports about 80,000 metric tons. The deficit has, however, been declining over the last ten years, not only following an increase in domestic production, but also by being driven by an import tariff set at around 75%, in accordance with the East African Customs union agreement. In Zanzibar, the total annual consumption of rice stands at 80,000 tons compared to an annual production of only 18,000 tons. Currently the East Africa sub-regional demand for rice is estimated to be 2.5 to 3 million tons per annum, with 90% of the demand being met by imports. Tanzania is the largest producer of rice in the East and Southern Africa sub region and has great natural resource potential to increase production in the next decade and take advantage of this regional market thus enhancing both household and national incomes in pursuit of the poverty reduction goal.
58. A significant proportion of the available potential land for irrigated rice lies within the SACGOT where there are already formative initiatives to develop the sub-sector. The GAFSP proposed project would augment already on-going activities in the SAGCOT region to further address supply constraints and challenges in rice production. The potential for rice to generate quick win results in terms of enhanced productivity, increased farmer incomes and improved food security is high. The project will facilitate the up-take and adoption of improved rice varieties of which with proper husbandry may yield up to at least 4.0 tons per ha. Current national average rice yields on smallholder farms is less than 1.5 tons per ha. Nutritionally, rice is the second most important food crop in terms of calorific energy intake. Rice consumption in the country is increasing at 5.4% annually, exceeding the population growth of 2.8%. Mainland Tanzanian and Zanzibar import 8 and 85% percent of rice respectively in order to meet their domestic demand.
59. The SAGCOT's center, a Public - Private - Partnership coordinating structure, oversees the TARIPA program to facilitate joint efforts of the rice partners. The beneficiaries prepare a District Cluster Rice Action Plan and a Commodity Improvement Plan in a participatory manner. The plan sets out the objectives and strategy, identifies actions and targets, clarifies roles and responsibilities and develops timelines and resource requirements. Major policy and regulatory constraints are then identified and

ways to address them articulated. The Plan ought to provide the background for an Environmental Impact Assessment, include adaptations to climate change and enhance the role of women. Such an approach requires all stakeholders – LGAs, Farmers Groups, NGOs, and Private sector firms to be able to engage effectively. Therefore the GAFSP proposed project is anchored on an already intensive stakeholder consultative process that has potential to address environmental and social safeguards.

### **2.2.1 Project Overall Development Objectives**

60. The overall development objective of the project is to contribute to the agricultural sector growth with a particular focus on enhancing rice production in the TARIPA-SAGCOT area in Tanzania Mainland, Mtwango, Kibokwa and Ole in Zanzibar Islands. The ultimate aim is to improve food and nutrition security of smallholder farmers in the identified project area. Indirect benefits will include increased income and better livelihoods in the local project area, price stability for rice staple in the domestic market, contributing towards curbing the noted inflationary pressure attributed to rising food prices. The project will also contribute towards rice import substitution whereby domestic supplies will save hard earned foreign currency. The initiative is also expected to trigger spillovers in terms of employment creation from growth of agribusiness and rural off-farm enterprises along the value chain.
61. The specific objective of the Tanzania GAFSP funding project is therefore to contribute towards achieving increased smallholder farmer rice productivity within the TARIPA regions and 3 schemes in Zanzibar islands. In the project areas, both SAGCOT in the Mainland and in Zanzibar, rice farmers are growing an average of about 0.2-2 hectare of land: average yield levels, both in TARIPA and Zanzibar schemes do not exceed 1.5 MT/ha, far below the demonstrated local areas potential of above 4 Mt/ha.
62. Currently the Governments of Mainland Tanzania and Zanzibar have mobilized financing for the agricultural sector development program under a medium term financing. These are now encapsulated in the ten year TAFSIP. However available resources under the plan are spread across all the 133 Local Government Authorities in mainland and ten districts in the island with responsibility of implementing the ASDP.
63. Specifically therefore, the GAFSP funding will finance interventions that will focus on these prioritized investment areas to complement and fill clearly identified gaps of the on-going investments and therefore address challenges faced along the rice value chain. The proposal is in line with and will augment efforts to implement in Tanzania the initiative under the Coalition for African Rice Development (CARD).

### **2.2.2 Specific Objectives and Results**

64. The project will focus on small-scale farmers along the SAGCOT supporting the Tanzania Rice Partnership Initiative (TARIPA) in Tanzania Mainland, and the regions of Mtwango and Kibokwa in Unguja Island and Ole in Pemba. The project is anticipated to ultimately support about 37,000 farm households producing irrigated rice in 18,500 ha of land. The project is expected to gradually increase rice productivity in the project area from the current level averaging at 1.5 tons per hectare up to 4.0 tons per hectare through accelerating the adoption rates of improved agricultural knowledge and technologies, namely: improved seed varieties, fertilizers and where there is need - herbicides and



pesticides. The project will improve adoption rates of these inputs by expanding the input subsidy voucher system that will in this case specifically target rice farmers. It will also improve access to improved seed varieties by developing and promoting a seed multiplication and distribution system through public – private partnerships in the area. The project, at its peak, is expected to contribute an average of around 50,000 tons of rice per year, equivalent to 60% of the current level of rice imports to Tanzania Mainland.

65. In Zanzibar the project is planned to support 8,000 smallholder farmers and enhance their productivity on irrigation schemes covering 300 ha through access to improved rice technology and inputs raising productivity to the same level as in the mainland. Annex II presents the Results Framework and the M&E Indicators for this investment.

## **2.3 ACTIVITIES TO BE FINANCED**

### **2.3.1 Project Activities**

66. The project main activities will be to:

- (e) Promote public private sector partnerships in the development of innovative approaches to the multiplication and distribution of improved rice seed varieties in the project area.
- (f) Accelerate adoption rates of high yielding rice seed varieties by rice farmers in the project area through an agricultural inputs subsidy to cover costs for seed, fertilizer and pesticides where needed.
- (g) Rehabilitate rice irrigation schemes that are not covered by the current ASDP and ASP funding in the selected project area of TARIPA-SAGCOT in the mainland and at Mtwango, Kibokwa and Ole in Zanzibar.
- (h) Enhance capacity of the monitoring and evaluation system to ensure effective implementation in achieving envisaged results and providing lessons for replication of the project private public partnership model to other areas.

#### ***2.3.1.1 Promoting A Seed Multiplication Distribution System***

67. The Government of Tanzania through its agency - The Tanzania Seed Farm Agency - has five seed foundation farms that have the sole responsibility for producing foundation seed in accordance with the Seed Act of 2003. One of the farms - Kilangali Seed Farm - is located strategically in the SAGCOT project area and is responsible for producing foundation seed. The Seed Agency is supported through the EAAPP to strengthen its capacity to meet the growing demand for improved seed varieties, specifically for rice. The challenge has been in the area of seed multiplication and distribution. This project will provide technical assistance to the Tanzania Seed Agency and partnering private sector entities, to develop and promote innovative public-private partnerships with farmers/producer organizations and other interested private sector entities for certified rice seed multiplication and distribution to smallholder farmers in the targeted project districts. On the part of farmer groups, FtF is already piloting support to farmer groups who are to produce quality declared seeds; this project will pursue this initiative further and operationalize the proven model. Bringing on board the private sector is expected to draw in innovative and result oriented, more effective business approaches and deploys efficient networks to avail agricultural inputs to farmers, e.g. the use of mobile phone networks to

reduce paper work and contend with past abuses of the manual system. Results may as well benefit other rice producing areas in the country including up-land rice producers. The Agency and specifically the rice seed farm at Kilangali has 1200 ha for rice seed production. This offers a potential to produce 6000 tons of rice seed per annum to meet a demand for 300,000 ha of rice production per annum.

68. In Zanzibar the objective is exactly as per TAFSIP: to develop a 150 ha seed farm. In addition, the project will provide technical assistance to develop a certified seed multiplication and distribution system in Zanzibar, similarly through private-public including farmer organization partnership models. The Zanzibar seed farm has the capacity to produce 750 tons of seed per annum, adequate to meet the seed demand needed to cultivate 37,500 ha of rice.

### ***2.3.1.2 Accelerating Adoption Rates of New Technologies***

69. Rice productivity growth rates in Tanzania have remained stagnant at an average of 1.5MT/ha. The GAFSP project will finance the national input voucher system to accelerate adoption rates of new available tested seed varieties namely Nerica and TXD 360 SARO. The subsidy will enable project area farmers to access the requisite inputs in terms of seed varieties, fertilizer, herbicides and pesticides where needed, for boosting productivity. The national input voucher system funded through the World Bank Accelerated Food Security Project (AFSP) provides USD 90 million for selected cash crops including maize as a food. The USAID Feed the Future Program is supporting the promotion of private sector/agro-dealers' participation in input supply business. The GAFSP funded project will complement this program through a 50% subsidization of a full package of inputs specifically for rice production, a crop that has had no input subsidy support in the past.

### ***2.3.1.3 Rehabilitating Irrigation Schemes and Improving Management Systems***

70. The rehabilitation of irrigation infrastructure, developing the technical capacity for operation and maintenance as well as management of schemes, is an ongoing activity under the Agricultural Sector Development program with resources from the basket funding mechanism for the District Irrigation Development Fund. ASDP and DADP Reviews report that there is notable progress being made in rehabilitating irrigation infrastructure. However, there are also serious absorptive capacity challenges as pointed out by the Joint Implementation Review of the Government and Development Partners. These are being addressed by improving the capacity for planning, procurement and execution of irrigation development projects at the Local Government Level, including technical support for Regional Secretariats.
71. Augmenting efforts of ongoing programs, the GAFSP project will crowd in support and focus intensive efforts to the selected TARIPA-SAGCOT, Mtwango, Kibokwa and Ole schemes to ensure that tangible results are attained. The project will allocate funds to the Local Government Authorities in these specific project areas to rehabilitate schemes and bring them to full operation and develop their management systems to enhance sustainability. In Zanzibar, in addition, the plan is to construct three water reservoirs in Mtwango, Kibokwa and Ole, construct 1000 m of water canals, drill boreholes, and rehabilitates the schemes and improve farmer based and water users' associations management

systems. All the activities in the case of Zanzibar were fully endorsed under the TAFSIP but remain without funding.

#### ***2.2.1.4 Enhancing Capacity for Monitoring and Evaluation***

72. The GAFSP project is not a stand-alone project. The proposed project will be a key component within the Agricultural Sector Development Program and will be executed through the Government planning, budgetary, monitoring and evaluation system. GAFSP funding will however be ring-fenced to ensure that it reaches the targeted project districts. Thus implementation of project component as part of the ASDP will involve all relevant levels. These transcend from the Central Government to the Local Governments through The Ministry of Agriculture and Food Security (MAFSC) and the Prime Minister's office for Regional Administration and Local Government (PMORALG). In Zanzibar, the responsibility will be under The Ministry of Agriculture and Natural Resources. In accordance with the TAFSIP coordination mechanism, the ultimate responsibility for coordination of the ASDP for which this project is a component lies with the Cabinet led by the President. The Directors of Policy and Planning of the two ministries in mainland and Zanzibar will be directly responsible for planning, budgeting, monitoring and evaluation to produce information necessary for decision making at Cabinet level. They will be responsible to see to it that the ring-fenced budget reaches the target area for stipulated purposes. The Local Government Authorities in the respective project districts will execute the project on the ground. The GAFSP project will provide funding for monitoring and evaluating the project activities and outcomes. A review of the coordination mechanisms for the ASDP and the technical review of the CAADP post compact have been undertaken. The reviews strongly recommend for strengthening the capacity of the Government planning, budgetary and monitoring and evaluation so that it provides more timely, better quality and regular correct information for decision making at all levels—at Central and Local Governments. The review also recommended for broadening the participation of stakeholders in the consultative mechanism for annual reviews of the performance of the sector and in this way enhance non-state actors' participation. Implementation of the GAFSP funded project will adhere to these recommendations. Annexes III and IV presents the monitoring and evaluation framework and key indicators.

#### **2.4 IMPLEMENTATION ARRANGEMENT THROUGH THE ASDP AND ASP SWAPS**

73. This project being proposed for GAFSP funding, as a component of the TAFSIP, is implementation ready. The following clarifications elucidate this fact. The project will make full use of the TAFSIP institutional framework and the broad range of stakeholders engaged in the formulation. Notably, there are some differences in the institutional set up between the Mainland and Zanzibar. However, the implementation arrangements outlined below cater for both parts of the Union with some minor adjustments in the case of Zanzibar.

74. The design of the TAFSIP is fully aligned along the ASDP/ASP program, which accommodates a varied range of programs, projects and other initiatives at all levels in the administrative hierarchy. The GAFSP funded component will thus stand as an embedded program within the broader ASDP. The budget will be ring-fenced and targeted to the TARIPA-SAGCOT LGAs for purposes and activities described in this proposal.

75. As is the case with the overall TAFSIP, at the central level, the GAFSP component of the program will be coordinated by MAFC and implemented by the ASLMs and other institutions including PMO-RALG and other line Ministries. At the SAGCOT Regions – depending of specific schemes selection in Morogoro, Iringa and Mbeya - the Regional Secretariats will facilitate coordination between the sector Ministries and the LGAs. The Regional Secretariats’ general responsibilities are relevant for this program and hence will continue to (i) provide technical support for LGAs to operate efficiently; (ii) assist LGAs in capacity building; (iii) monitoring the performance of LGAs. Regional Secretariats will thus have to add on to the LGA capacity building program the specific requirements proposed for this program.
76. Key players for the GAFSP funded component are the LGAs in the TARIPA-SAGCOT targeted districts. They will have a critical role to implement GAFSP funded activities within the DADPs framework. The SAGCOT Centre and The ASDP Inter-ministerial Committee will design specific instruments for the implementation of the GAFSP component of TAFSIP. Important will be to ensure that the district authorities in the SAGCOT undertake the identification of interventions and articulate investment proposals with a clear mind and knowledge about SAGCOT and TARIPA prioritized interventions. The DADP is a key instrument in agricultural and rural development and it will be deployed fully to design and implement the four outlined GAFSP funded project activities.
77. Because TAFSIP was built on an already established ASDP/ASP framework that allows the inclusion of additional modalities for delivery of development assistance to agriculture, it is well positioned to ensure that GAFSP funded component avoids duplication and or loss of synergies from other initiatives such as the Feed the Future, Bread Basket; MIVARF, Muunganisho wa Ujasiriamali Vijijini (MUVI) and the Southern Highlands Food Systems Project. Complementarity with these projects has been outlined in the context section.
78. The GAFSP funded component will make use of TAFSIP’s comprehensive institutional coordination of work plans, planning, budgeting, reporting, monitoring and communication. This will be made possible by building on the existing ASDP/ASP coordination framework both at national and local level, extending it to accommodate more members from those initiatives and designing an expanded ASDP/ASP sector-wide program. The extended ASDP/ASP coordination framework will provide a mechanism to share Annual Work Plans and Budgets from the GAFSP funded initiative and through that the overseeing team would be able to fill gaps, and agree on further indicators to be used for monitoring joint implementation progress.
79. The GAFSP funded initiative will feed information into the TAFSIP systems and inform Development Partners’ Agriculture Working Group (A-WG) where resources are allocated; Zonal Coordination Committee Responsible for the SAGCOT region; The Technical Committee of the Directors that meets quarterly and oversees work-plans and budgets; the Inter-ministerial Coordinating Committee composed of PSs from ASLMs, CBOs and Private Sector where overall coordination of TAFSIP takes place; the National Coordination Committee brings together the mainland and Zanzibar ministers and goes up to the Presidential Retreat.

80. Budget control for the GAFSP funded component of the TAFSIP will be the responsibility of the MoF working with DPs within the MTEF and Joint Assistance strategy as is the case for the overall TAFSIP. Budgets will be allocated to the TARIPA-SAGCOT Regional Secretariats and LGAs as per DADPs components that address GAFSP funded activities.

81. The results framework, Annex II, provides a framework against which detailed M&E items will be prepared and built onto the existing systems. Details of activities and outcomes that are expected from the outlined activities for the GAFSP funded component of the TAFSIP will be prepared together with milestones that can gauge progress. At this point the SAGCOT Center will play a crucial role of making sure that progress in the LGAs and Farmer Organizations, in terms of readiness to partner with private sector, is matched with efforts to encourage private sector investments in rice production as per TARIPA.

## 2.5 AMOUNT OF FINANCING REQUESTED

82. The United Republic of Tanzania (URT) is requesting for USD 30 million from GAFSP Trust Fund as part of resource mobilization to bridge the funding gap for the five year TAFSIP.

The goal is to modestly contribute towards bridging the overall TAFSIP gap of US \$ 2.876 billion. The basis has been to allocate the available funds over a period of 5 years, appreciating that there is normally a slow start-up in the first year, intensively during the next two subsequent years and lowering thereafter. The design of the project and hence the proportions to the various activities conforms to the TAFSIP budget which is inclined towards addressing the productivity and commercialization programs – the main thrust. Tables 9 and 10 summarize the proposed funding requirements for Tanzania Mainland and Zanzibar respectively. The costs are commensurate to those used to establish the TAFSIP budget. Levels are also in line with those used in other programmes in the country required to rehabilitate irrigation infrastructure. Annex V presents further budgeting details and coefficients used for this purpose.

**Table9: Funding Estimates for Key Program Interventions Mainland, USD**

Item	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>1. Productivity Enhancement</b>						
1.1 Promoting the up-take of new technology through an inputs subsidy scheme	2,464,500	2,703,000	2,941,500	2,941,500	2,941,500	13,992,000
1.2 Facilitating a seed multiplication and distribution system through PPP	600,000	600,000	600,000	600,000	600,000	3,000,000
1.3 Rehabilitation of strategically selected irrigation schemes	1,000,000	3,375,000	3,750,000	-	-	8,125,000
<b>2. Support to the Monitoring and Evaluation</b>	450	450	450	450	450	2,250
<b>Total</b>	4,064,500	6,678,000	7,291,500	3,541,500	3,541,500	24,802,250

Source: Annex V

**Table 10. Funding Estimates for Key Program Interventions Zanzibar,USD**

Sno	Item	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>1</b>	<b>Productivity Enhancement</b>						
1.1	Rehabilitation strategically selected irrigation schemes & feeder roads <i>(Rehabilitation is in year 1 &amp; 2 only)</i>	640,726	521,920	120,313	125,000	216,563	1,624,521
	<i>Farm feeder roads component in 1.1 above</i>	<i>66,563</i>	<i>71,563</i>	<i>120,313</i>	<i>125,000</i>	<i>216,563</i>	
1.2	Promoting the up-take of new technology through an inputs subsidy scheme	1,031,281	428,100	266,281	272,181	182,571	2,180,415
1.3	Facilitating a seed multiplication & distribution system through PPP	209,469	201,169	221,169	204,256	205,331	1,041,394
<b>2</b>	<b>Supporting the Monitoring &amp; Evaluation</b>	11,875	14,063	14,603	12,438	12,438	65,416.50
	Total In USD						4,911,745.75

Source: Annex V.

## 2.6 PREFERRED SUPERVISING ENTITY AND COORDINATION

83. The preferred supervising entity for the GAFSP funded component of TAFSIP would be the World Bank where it would team-up with The SAGCOT Center. The Bank is amongst the lead Development Partners in Tanzania, both in the mainland and Zanzibar, providing substantial funding and technical assistance in the Agriculture sector. The World Bank is supporting Research and Development in the Rice Sub Sector through the East African Productivity Fund. The World Bank is also funding URT USD 155 million under ASDP for wider national program on food security that support enhancement of productivity through Local Government Capacity development for program implementation. Furthermore it is financing improved access to technology including the input supply voucher scheme (NAIVS) that is ending in June 2012.

84. The SAGCOT Center is overseeing the Tanzania Rice Partnership Initiative in the proposed schemes. It is also a principal partner of the USAID initiative - Feed the Future, which will be implementing activities both in Tanzania mainland and Zanzibar. It is thus prudent to use of the WB and the SAGCOT Center to ensure that the proposed funding augments what is already being implemented and avoid duplication.

## **2.7 TIME FRAME FOR SUPPORT**

85. The time frame for support is aligned to the TAFSIP costing period of five years 2012/13 – 2016/17. The GAFSP is providing funding to a component within the TAFSIP and hence the timing will align with both TAFSIP timeframe and the GAFSP program life.

## **2.8 RISK AND RISK MANAGEMENT**

86. This project is a component of the main agricultural sector development program being led and managed by the Government of the United Republic of Tanzania. Thus risks inherent in this component are similar to those for the overall country agricultural development program. These risks have been identified and addressed in the overall agricultural investment plan-TAFSIP. They include Institutional Capacity of both Central and Local Government to execute the project in an effective and timely manner and to ensure that results are achieved. Specific measures to address this risk in this project would entail Central Government, particularly the Prime Minister's office instituting a strong leadership and Project Administration and management Team at the local Government Level to oversee the implementation of the project with specific and objectively defined, time bound targets to be achieved. These smart targets will form the basis for performance assessment and performance accountability.
87. The willingness of the private sector to participate, especially in the seed multiplication and distribution sub-component, may pose a risk for the project as it is for the overall TAFSIP. The Feed the Future Project - Nafaka - is addressing these constraint and disincentives for the private sector to take the lead and drive the operationalization of this program component as well as the overall ASDP.
88. All interventions in this program are aimed at the smallholder agriculture to ensure that they have the capacity to capitalize on the opportunities unfolding from the SAGCOT initiative and investments by both public and private entities. Environmental risk mitigation issues will aim to ensure sustainable utilization of both land and water resources in the TARIPA project area. Those in Kilombero valley are currently being addressed through the USAID funded Feed theFuture program. The Feed the Future is supporting Rufiji River Basin Development a Government Agency with mandate to sustainably manage the river basin and advice the government on policy matters related to land use and water resource management in the basin. The lessons will be used across the rest of the TARIPA district.
89. The CAADP Technical Review report pointed out the need to address the coordination issue as an area that poses a risk to effective implementation of TAFSIP given the number of stakeholders involved. Coordination poses a risk to this component of the TASFIP as well. A review of ASDP coordination mechanism has been done and a new coordination structure/mechanism has been defined that streamlines the coordination much as it brings on board all stakeholders in the sector but with Government taking the lead from the top most level structures of policy making, the Cabinet and President. This same coordination structure and mechanism will be applied to coordinate GAFSP component

## **2.9 CONSULTATION PROCESS**

90. The design for this project is a progression of and is fully based on the TAFSIP that was developed through a rigorous consultative process of all stakeholders. The CAADP Technical Review of TAFSIP acknowledges the consultative process. Furthermore, TARIPA is a partnership bringing together state, non-state actors, private firms and donor funded projects together to jointly address the rice sub-sector challenges. TARIPA's approach is basically a stakeholder facilitation process. Their inputs are holistically incorporated in this proposal. SAGCOT is a further avenue for stakeholder partnership and hence the very nature of implementation will be stakeholder engaging.
  
91. This specific proposal was presented to Development Partners/ GOT Agricultural sector working group for harmonization with other agricultural development programs that fall outside the basket funding mechanism, which is coordinated by URT.



ANNEX 1: On-Going Donor Funded Agricultural Sector Programs and Projects		Cost	Funding	Time Horizon
Project/Programme	Summary			
Agricultural Sector Development Programme (ASDP)	The ASDP provides a framework for the implementation of the Agricultural Sector Strategy (ASDS) to improve production and productivity in the agricultural sector to increase incomes and raise the standard of living in rural areas. The ASDP is implemented in all regions of mainland Tanzania. A follow-on basket program is currently being planned.	Approx. \$200million per annum	URT, WB, JICA, Ireland, AfDB, IFAD	2006-2013
Agriculture Strategic Plan Zanzibar (ASP)	The ASP was developed to create conducive environment to support agricultural sector policy implementation, and hence improve livelihoods of the population. However, the main shortcoming of ASP is limited of sector wide approach to accommodate livestock and fisheries.	NA	NA	NA
Feed the Future	The programme will support value chain development in the agricultural sector through irrigation, rural roads, food processing trade, policy reforms, research, and capacity building in the sector and will cover the regions of Morogoro, Manyara and Dodoma as well as Zanzibar.	Estimated \$300 million	USAID	2011-2015
Tanzania Bread-Basket Transformation Project	Pilot approach to creating a bread basket in the southwestern highlands of Tanzania covering the regions of Rukwa, Morogoro, Iringa, Mbeya and Ruvuma. The project aims to increase smallholder incomes and improve food security by focusing on the development of maize, rice and beans.	Estimated cost of \$173 Million	URT, AGRA	2010-2015
Southern Agriculture Growth Corridor for Tanzania (SAGCOT)	Public private partnership initiative to transform the agricultural sector. Building on the Kilimo Kwanza declaration of 2009. It will cover the regions of Coast, Dar-Es-Salaam, Morogoro, Rukwa, Iringa, Mbeya and Ruvuma.	Estimated costs of \$3.4 billion	URT, Private Sector, WB, other DPs	2011-2031
Marketing Infrastructure, Value Addition and Rural Finance Support Programme (MIVARF)	MIVARF will provide support towards increased financing of agricultural activities and development of market infrastructure and agro-processing including supporting grassroots MFIs to provide better services to small scale farmers and will cover all regions in Tanzania mainland and Zanzibar	\$150 million	URT, IFAD, AfDB, AGRA	2011-2018
Southern Highlands Food Systems Programme (SHFS)	Technical support and capacity building to develop national food chains with focus on grain supply systems; food industry development and sub-sector policy and institutional support in the Southern Highlands covering the regions of Rukwa, Mbeya, Iringa, Morogoro and Ruvuma.	\$5.3 million	FAO	2011-2012
Rural Micro, Small and Medium Enterprise Support Programme (MUVI)	Providing financial services to rural communities to facilitate value chains development in the regions of Tanga, Manyara, Mwanza, Iringa, Ruvuma and Coast regions.	\$25 million	IFAD	2007-2013
National Rice Development Strategy (NARDS)	Aimed at promoting increased production and productivity of rice to increase farmer incomes and to promote food security by transforming the existing subsistence-dominated rice sub-sector progressively into commercially and viable production system by 2018.	NA	JICA	2009-2018
Rural Livelihoods Development Programme (RLDP)	The programme aims at making market systems work better for the welfare of rural producers applying the “making markets for the poor” approach (M4P). The programme is currently addressing market constraints in six sub-sectors, namely cotton; sunflower; dairy; rice; poultry and rural radio and covering the Central Corridor in the regions of Morogoro, Dodoma, Singida, Tabora, Shinyanga and Manyara.	\$21 million	SDC	2005-2011
Accelerating Progress Towards the MDGs: Country Action Plan	The Country Action Plan aims to put in place interventions in agriculture and nutrition to accelerate the attainment of the MDGs in Tanzania. It is aligned with the TDV 2025, the MKUKUTA and the ASDS as well as the Tanzania Nutrition Strategy. It is in line with the CAADP pillars and principles.	NA	UNDP	2010-2015

**Annex II. Results Framework for the GAFSP Funded TAFSIP Component – Mainland and Zanzibar**

<b>Strategic Objective</b>	<b>Expected Results, Outcomes and Impacts</b>			<b>Institutional and Policy Considerations</b>
Productivity Enhancement Intervention	Results	Outcomes	Impact	
1. Seed Multiplication and Distribution	Increased amounts of high yielding varieties of rice seed multiplied and distributed to smallholder farmers.	Improved access and usage of high yielding rice seed leading to higher productivity	Increased Household Income and Food Security	Facilitated PPPs and policy incentives and regulations encouraging private sector engagement in rice seed multiplication and distribution
2. Incentives for higher adoption rates of modern rice production technology	Expanded NAIVS to cover rice farmers.	Higher levels of fertilizer and other inputs usage in rice production leading to higher productivity	Increased Household Income and Food Security	Policy and regulatory incentives for public and private sector increasing role in inputs use extension services.
3. Irrigation Development	Expanded rehabilitated and better managed land area under irrigated rice	Improved rice productivity and increased overall commodity production	Increased Household Income and Food Security	Sustainable water resources, land use and irrigation schemes management.

### Annex III. Monitoring and Evaluation Indicators Mainland

<b>Activity</b>	<b>Outputs Results</b>					
<b>A. Irrigation Development</b>	Year 1	Year 2	Year 3	Year 4	Year5	Total
1. Scheme Rehabilitation Ha	500	1500	1500	0	0	3500
<b>B. Input Supply and Distribution</b>						
1. Seed Distribution (tons)	330	360	360	360	360	1770
2. Fertilizer Distribution (tons)	4125	4500	4500	4500	4500	22125
3. Chemicals: Herbicides, Pesticides etc. (liters)	107250	117000	117000	117000	117000	575250
<b>Result Indicators</b>	<b>Outcomes</b>					
1. Land Area Irrigated on Subsidy (Ha)	15500	17000	18500	18500	18500	
2. Productivity tons/Ha (Ha)	2.0	3.0	4.0	4.0	4.0	
3. Production (Tons)	31,000	61000	74000	74000	74000	
<b>Results Indicators</b>	<b>Impact</b>					
1. Number of Households Food Secure	31,000	34,000	37,000	37,000	37,000	
2. Savings Foreign Exchange Rice Imports USD Mill	14.88	16.32	17.76	17.76	17.76	
3. Increase Small Holder Marketed Surplus (tons)	24000	48400	59200	59200	59200	

#### Annex. IV Monitoring and Evaluation Indicators – Zanzibar

Activity	Outputs Results					
<b>Irrigation Development</b>	Year 1	Year 2	Year 3	Year 4	Year5	Total
1. Scheme Rehabilitation Ha	150	150	0	0	0	
<b>Input Supply and Distribution</b>						
2. Seed Distribution (tons)	6	6	6	6	6	
3. Fertilizer Distribution (tons)	75	75	75	75	75	
4. Pesticides(Lts)	1950	1950	1950	1950	1950	
<b>Result Indicators</b>	<b>Outcomes</b>					
1. Land Area Irrigated on Subsidy (Ha)	150	300	300	300	300	
2. Land Area Rain Fed on Subsidy (Ha)	300	300	300	300	300	
3. Productivity tons/Ha (Ha)	4.0	4.0	4.0	4.0	4.0	
4. Production (Tons)	1800	2400	2400	2400	2400	
<b>Results Indicators</b>	<b>Impact</b>					
1.Number of Households Food Secure	6000	8000	8000	8000	8000	
2. Foreign Exchange Savings USD Mill	0.540	0.720	0.720	0.720	0.720	
3. Increase Small Holder Marketed Surplus (tons)	1440	1920	1920	1920	1920	

## Annex V: Costing Coefficients

SNo.	Basic coefficient / information	Source						
1	According to Table 9:							
2	(a) Number of Districts	TARIPA		10				
3	(b) Total ha	TARIPA		47,647				
4	(c ) Estimated ha under reasonable irrigation	MAFC		15,000				
5	(d) Project will rehabilitate	Proposal		3,500				
6	(d) Total hectares to receive seed/input subsidy (c + d))	Projections		18,500				
7	(e) Number of farmers, assuming .5 ha per farmer	Projections		37,000				
8	(f) Cost of irrigation per ha US\$	TAFSIP est		2,000				
9	(g) Input subsidy per farmer US \$	TAFSIP est		159				
10	(h) TA for seed multiplication and PPPs facilitation	Estimated		50,000	(Man month = 45,000 + 5,000 facilitation)			
<b>Tanzania Mainland Estimates</b>								
SNo	Particulars	Units	Year 1	Years 2	Years 3	Years 4	Years 5	Total
1	Area on Irrigated Rice	HA	15,000	15,500	17,000	18,500	18,500	
2	Area Rehabilitation	Ha	500	1,500	1500			
	Cumulative Rehabilitation	Ha	500	2,000	3,500	3,500	3,500	
	Cumulative Area	Ha	15,500	17,000	18,500	18,500	18,500	
	Rehabilitation Unit Cost USD	HA	2,000	2,250	2,500			
	Total Rehabilitation Costs USD	USD	1,000,000	3,375,000	3,750,000	0	0	8,125,000
3	Input Subsidy Costs							
	Unit Costs in USD Per Ha irrigated		159	159	159	159	159	
	Total Costs Input Subsidy for total farmers covered		2,464,500	2,703,000	2,941,500	2,941,500	2,941,500	13,992,000
4	Development of Seed Multiplication and distribution							
	Technical Support ASA & Facilitation							
5	Unit Costs Man/Months plus facilitation budget USD	12	600,000	600,000	600,000	600,000	600,000	3,000,000
6	Monitoring and Evaluation		450	450	450	450	450	2,250
	Total		4,064,500	6,678,000	7,291,500	3,541,500	3,541,500	<b>25,119,250</b>

Zanzibar Estimates								
SNo.	Item		Year 1	Year 2	Year 3	Year 4	Year 5	Total
1	Rehabilitation Irrigation & feeder roads		640,726	521,920	120,313	125,000	216,563	1,624,522
	<i>Farm feeder roads component-note it is the only in last yrs.</i>		66,563	71,563	120,313	125,000	216,563	
2	Input Subsidy Scheme		1,031,281	428,100	266,281	272,181	182,571	2,180,415
3	Seed Multiplication& Distribution		209,469	201,169	221,169	204,256	205,331	1,041,394
	Coordination M&E		11,875	14,063	14,603	12,438	12,438	65,416
	Total In USD							<b>4,911,746</b>
<b>Total</b>								<b>30,030,996</b>

### Notes:

The ten districts under TARIPA-SAGCOT have a total of 47,647 hectares of irrigated rice. Of these, 15,000 hectares require simple interventions to develop them further. Their infrastructure may require modest repairs, but more serious is that farmers use low levels, or none at all, of inputs: fertilizer, herbicides and even pesticides where required. They also predominantly use traditional seed. Husbandry practices are sub-optimal and yields are thus very low, the maximum achieved is 1.5 MT per ha. The project will intervene to address the above challenge by implementing the seed multiplication and distribution and an inputs subsidy component of the project to improve productivity of such farmers. The subsidy is brought in purely as a time bound incentive to enhance higher adoption rates of improved inputs amongst these otherwise traditional smallholder farmers. In addition, the project will rehabilitate a total of 3,500 ha of run down irrigation area, bringing the total hectares under cultivation with improved crop husbandry to 18,500ha in the 5 years project life. Rehabilitation will start slowly, 500 ha in year 1 and then 1,500 ha per year will be rehabilitated in the two subsequent years. The cost of rehabilitation is as estimated by TAFSIP, US 2,000 per ha, slightly adjusted for inflation in the two subsequent years. TAFSIP estimates also indicate that the cost of a 50% inputs subsidy per farmer is US \$150 to 160. Lastly the seed multiplication component will require 12-month days for the project period, costing US 45,000 pm plus a US 5,000 budget for promotion and facilitating public-private-farmer organizations seed multiplication partnerships. Costs per farmer in Zanzibar are exactly as estimated by TAFSIP and are higher because in Zanzibar they include farm power and other equipment.