Grant Proposal

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Project Title Agricultural Delivery Agency- Catalysing Agricultural Development in Tanzania

Organization Name United Nations Development Programme (UNDP)

Executive Modality National Implementation Modality (NIM)

Institutional official authorized to submit and accept grants on behalf of the organization:

Prefix: Mr.

First Name: Alberic **Surname:** Kacou

Suffix

Title: Resident Representative

6th Floor, International House, Shaaban Robert/Garden Avenue
P.O. Box 9182, Dar es Salaam, Tanzania

Telephone: (+255-22) 2112576 **Fax:** +255-22 2111168

Email: alberic.kacou@one.un.org **Web Site:** http://www.tz.undp.org

Project Director/Primary Contact:

Prefix: Mr.

First Name: Philippe **Surname:** Poinsot

Suffix

Title: UNDP Country Director

Address:	6th Floor, International House, Shaaban Robert/Garden Avenue P.O. Box 9182, Dar es Salaam, Tanzania		
Telephone	(+255-22) 2112576	**Fax**	+255-22 2111168
Email:	philippe.poinsot@undp.org	**Web Site: www.tz.undp.org**	

U.S. Tax Status *(Refer to Tax Status Definitions)*	International Organization by Executive Order

Geographic Location(s) of Project	TANZANIA

Amount Requested from Foundation in Dollars (U.S.)	**USD $8,999,426.00**	**Project :Duration**	*36 months*

Organization's Fiscal Year-End Date	*31 December*

Estimated Total Cost of Project in Dollars (U.S.)	**USD 60,000,000**

Organization's Total Revenue for Most Recent Audited Financial Year in Dollars (U.S.)	USD $5.152 billion

Contents

LIST OF ACRONYMS 4
I. Charitable Purpose 5
II. Executive Summary 5
III. Project Description 8
A. Theory of Change 8
Sector-wide constraints 9
Proposed intervention: Agricultural Delivery Agency 10
Outcomes and Impact 11
B. Positioning and governance 12
C. ADA organizational structure 14
IV. Alignment with Foundation Strategy 17
V. Sustainability and Scalability 18
VI. Organizational Capacity and Management Arrangement 21
Measurement, Learning and Evaluation 22
VII. Budget Template and Narrative 24
VIII. Additional Benefits and Risks 26
A. Key risks and mitigation plan 26
B. General Questions 28
ANNEX 30
Annex A: Consultation methodology and challenges identified in fieldwork 30
Annex B: Types of Implementation Support 32
Annex C: Prioritization of activities (cross-cutting enablers) for *ADA* 33
Annex D: Details on smallholder marketing associations 37
Annex E: Purchase and utilization of project vehicles 39
Annex F: Compliance with the IRS rules governing use of funds for lobbying activity 39

LIST OF ACRONYMS

ADA	Agricultural Delivery Agency
AfSIS	Africa Soils Information Service
ARI	Agricultural research institute
ASDP	Agriculture Sector Development Program
ASDS	Agriculture Sector Development Strategy
ASLM	Agriculture Sector Lead Ministry, including MAFC, MLFD, MIT, MWI, and PMORALG
ATA	(Ethiopian) Agricultural Transformation Agency
BMGF	Bill & Melinda Gates Foundation
CEO	Chief executive officer
CAADP	Comprehensive Africa Agricultural Development Program
D(A)(L)DO	District (Agricultural) (Livestock) Development Officer
GDP	Gross domestic product
GoT	Government of United Republic of Tanzania
HR	Human resources
M4P / VC Hub	Making Markets Work for the Poor / Value Chain Hub
MAFC	Ministry of Agriculture, Food Security, and Cooperatives
MDAs	Ministries, departments, and agencies (non-ASLM government bodies)
MFI	Microfinance institution
MIVARF	Marketing Infrastructure, Value Addition and Rural Finance support program
ML&E	Monitoring, learning, and evaluation
MLFD	Ministry of Livestock and Fisheries Development
MIT	Ministry of Industry and Trade
MWI	Ministry of Water and Irrigation
MKUKUTA	Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania,
(or NSGRP)	the National Strategy for Growth and Reduction of Poverty
MUVI	Muunganisho wa Ujasiriamili Vijijini
	(Rural Micro, Small, and Medium Enterprises Support Fund)
NGO	Non-governmental organization
PDB	President's Delivery Bureay
PMO	Prime Minister's Office
RALG	Regional Administration and Local Government
SACCO	Savings and Credit Cooperative Organization
SAGCOT	Southern Agricultural Growth Corridor of Tanzania
SME	Small and medium enterprise
TAFSIP	Tanzania Agriculture and Food Security Investment Plan
TASAF	Tanzania Social Action Fund
TIC	Tanzania Investment Centre
UNDP	United Nations Development Programme

I. Charitable Purpose

The project will provide critical technical assistance and seed funding to jump start the implementation of the Tanzanian Agricultural Delivery Agency (ADA), which aims to catalyse rapid, broad-based growth in Tanzania's agricultural sector by capacitating the government to coordinate an efficient and professional set of interventions that will promote greater yields and generate demand pull for smallholder farmers.

II. Executive Summary

Agriculture is a pivotal sector for attainment of Tanzania's Development Vision 2025 and the Millennium Development Goals, which aim for Tanzania to become a middle income country with positive social transformation for all citizens. The agricultural sector provides ~25% of gross domestic product and over 75% of employment, and is an anchor for four of five economic targets in Tanzania's poverty reduction strategy, as well as several social and governance goals. For the past seven years, agricultural sector growth in Tanzania has been prioritized in a plethora of initiatives and strategies, yet the sector is hampered by fundamental challenges of capacity and coordination. As a result, sector outcomes have lagged targets.

The **vision** of the **Agricultural Delivery Agency** is to catalyze rapid, broad-based growth in Tanzania's agricultural sector by coordinating an efficient set of interventions that result in greater yields and higher value realized by smallholder farmers.

To achieve this vision, the ADA will be organized around **three key objectives:**

- **(i)** Improve **Productivity:** Increase output of key crops and commodities by improving yields, which will drive food security and improved livelihoods
- **(ii)** Promote **Market Efficiencies:** Generate a demand pull for commodities, leading to economic growth from agriculture, including contribution to GDP, rural income, exports, and the public revenue base
- **(iii)** Enhance **Partnerships:** Build the government's capacity to develop policies and coordinate interventions by analysing and improving upon systems for data collection and dissemination, accountability mechanisms, organizational structures, and training protocols (e.g., training for extension agents).

In order to launch with a lean organisation and establish credibility of its methods, the ADA will initially focus on achieving these objectives within **the maize and rice value chains,** consistent with the prioritization of these staple crops by the GoT in the recent 'delivery lab' for Agriculture**.** Examples of specific activities the ADA may engage in to achieve these objectives are listed in Table 1 below.

Table 1: Sample ADA activities by programmatic area:

Below are sample activities the Agricultural Delivery Agency may engage in, categorized according to its three objectives. These activities are intended to give the reader a sense of the concrete actions ADA will take, but are not meant to be an exhaustive list. A key milestone in the first year will be the development of implementation frameworks for each objective.

It is also important to note that ADA will not act alone, but rather serve as a coordinating hub for government entities (including the ASLMs), NGOs, the private sector and development partners. For example, AGRA's Program for Africa's Seed Systems (PASS), The Ministry of Agriculture, Food Security and Cooperatives (MAFC), SAGCOT and a number of other institutions have worked to recently pass regulation that enables greater private sector participation in seed multiplication systems. If the ADA chose to identify and resolve bottlenecks to implementation as part of its agricultural productivity mandate, it would do so by working with the institutions who are already engaged in the space.

Productivity	• Catalogue existing national research assets and review suitability, mobilizing resources and initiating further research as necessary • Review current seed laws and regulatory procedure, with a focus on enabling more rapid implementation of regulations that enable private sector participation regulations • Design an extension agent performance monitoring and incentive system that leverages technology to increase accountability • Design an integrated breeding platform for livestock development • Develop a specific and customized national cooperative strategy, similar to an effort underway at ATA; conduct a technical analysis based on locating and strengthening existing points of aggregation, e.g. input dealers, crop markets, unions, NGO organizers, and microfinance institutions
Market efficiencies	• Provide implementation support for the collective warehouse-based marketing scheme prioritized by Agriculture Lab • Increase private and public investment in appropriate value-added agro-processing and drive dissemination of techniques to broader market • Reform business licensing for agro-processors and other investors, to remove unnecessary process steps and resultant delays, while reducing investment risks • Commission and supervise additional diagnostics on prioritized value chains as needed
Partnerships	• Track performance of Agriculture Lab priorities and facilitate cross-ministerial coordination • Develop criteria and a technology-based tracking system for assessing performance of district agricultural development plans (DADPs) • Track and catalogue existing and future human resource requirements in the Ag sector (research, consultants, marketing, extension, etc.)

	• Develop a dynamic national agricultural database (vs. siloed static reports) • Improve data collection for weather forecasts and dissemination of forecasts to farmers • Strengthen data inputs for early warning systems • Facilitate training and capacity building for key actors in the sector

It must be stressed that the ADA will not be working on these interventions alone, rather serving as a coordinator and technical backstopper to guide interventions by other government entities and donors. The ADA will engage with other stakeholders in three ways: 1) assisting with problem solving and analytics; 2) providing implementation support and 3) promoting behaviour and mindset change.

A results framework with key milestones for the United Nations Development Programme's role in the institutional setup of ADA and the support of activities for the aforementioned programmatic areas has been developed. The achievement of these milestones will be evaluated and reviewed at the end of year one in order to establish a clear direction for the future.

The support provided by the Bill and Melinda Gates Foundation and the United Nations Development Programme (UNDP) will span across three years and focus on the hiring of ADA personnel, operating expenses and programmatic costs. The total proposed seed funding is USD 9.5 million; with BMGF contributing USD 9.0 million while UNDP co-funds USD .5 million. However, the total estimated five year operating budget is about USD 59.5 million. The Government of Tanzania has committed to supporting the ADA through funding, provisioning office space and seconding staff. The ADA will also continue to fundraise from other donors once BMFG and UNDP's seed funding has been received, and USAID, DFID, SIDA and the World Bank have already expressed strong interest.

The start-up staff funded by the proposed grant will include a highly-qualified CEO of exceptional management ability and vision to lead the ADA, as well as a Senior Director of Finance and Administration to design and implement the internal operational infrastructure. A combination of eight program directors and analysts will be hired for the three program areas (Partnerships, Productivity and Market Efficiencies). Along with an emphasis on early and tangible impact, the organization should embrace dynamic evolution to continue delivering results. The hiring and performance management of the ADA's staff should enable a change of mindset, explicitly build capacity and instill a performance culture.

The ADA will be positioned as a semi-autonomous Executive Agency, working closely with the recently established President's Delivery Bureau (PDB). This positioning stems from the desire of HE President Kikwete to personally supervise an agricultural transformation, a promising first step to ensuring the agricultural agenda is given sufficient priority. The ADA's relationship with the Ministry of Agriculture, Food Security and Cooperatives (MAFC) and the Prime Minister's Office of Regional and Local Government (PMO-RALG) will be critical, especially since it aspires to mainstream its activities into existing government entities over time. To that end, the ADA will have a targeted, time-bound mandate

of approximately 12 years and an exit strategy based on the sustainable interventions made on the ground, the incubation of Tanzanian talent, and the ultimate strengthening of existing government institutions to continue its work.

III. Project Description

A. Theory of Change

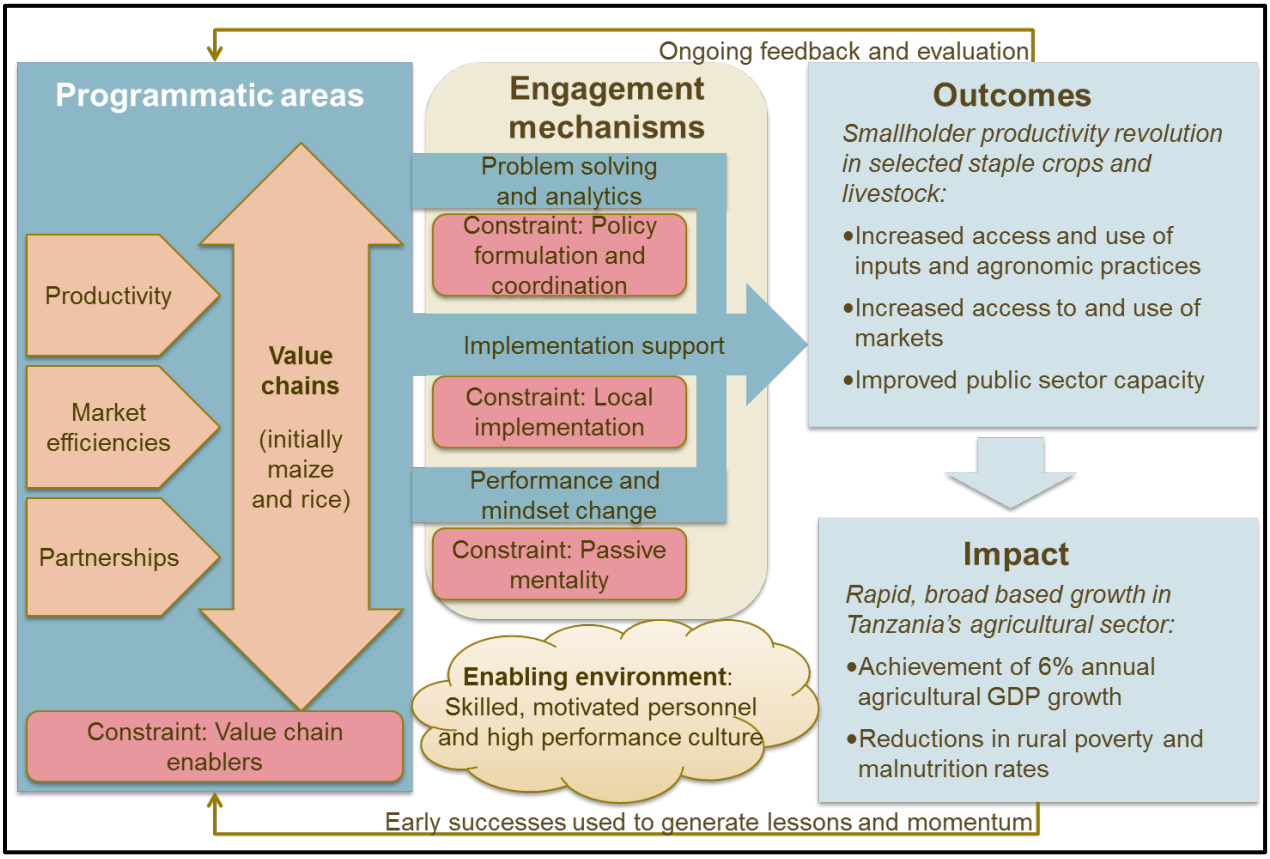
The Tanzanian government and its development partners have developed a set of strategies and programs to achieve the country's agricultural growth, food security and economic transformation objectives. This begins with a set of ambitious strategy guidelines and investment frameworks including the Vision 2025, MKUKUTA II, Kilimo Kwanza ('Agriculture First'), TAFSIP and the Agricultural Sector Development Programme (ASDP). To support and accelerate the achievement of the targets outlined in these strategy documents, SAGCOT, Feed the Future (FtF), MIVARF, the bread basket initiative and other multi-stakeholder programs have also been introduced.

However, sector outcomes continue to lag targets, implying a lack of delivery. The potential of transformation units to improve delivery capacity has been demonstrated by successful experience and lessons with similar initiatives in over a dozen countries, including the recently established Ethiopian Agricultural Transformation Agency.

At the request of a request from the GoT to analyse how an agricultural delivery unit might function in Tanzania, and the underlying constraints it may address, the Bill & Melinda Gates Foundation commissioned extensive cross-country consultations with fieldwork observations and interview input gathered from over 300 stakeholders representing 16 of Tanzania's 30 regions. More details on the Methodology of the consultations are included in Appendix A.

These consultations revealed a set of **cross-cutting constraints.** The envisioned Agricultural Delivery Agency will address these constraints both in terms of <u>what</u> it works on (**programmatic areas**) and <u>how</u> it carries out that work (**engagement mechanisms**). The ADA's interventions will hopefully produce a set of **outcomes** that ultimately **impact** the lives of Tanzania's smallholder farmers. The elements of ADA's theory of change are summarized in Figure 1 and described in more detail in the following sections.

Figure 1: Agricultural Delivery Agency (ADA) Theory of Change



Sector-wide constraints

As a result of the aforementioned stakeholder consultations, several core constraints were identified at the levels of (i) national policy; (ii) regional and local implementation; (iii) value chain enablers and (iv) underlying gaps in capacity, mindset and performance

a) **National policy formulation and coordination:** Policy is set at the national level and should in theory be streamlined across various ASLMs, and other relevant ministries. However, this communication is less effective than at the outset of ASDP I, with Ministries sometimes conducting overlapping activities.

b) **Regional and local implementation:** The Prime Minister's Office, Regional Administration and Local Government (PMORALG) is the implementation arm across all sectors, executing through

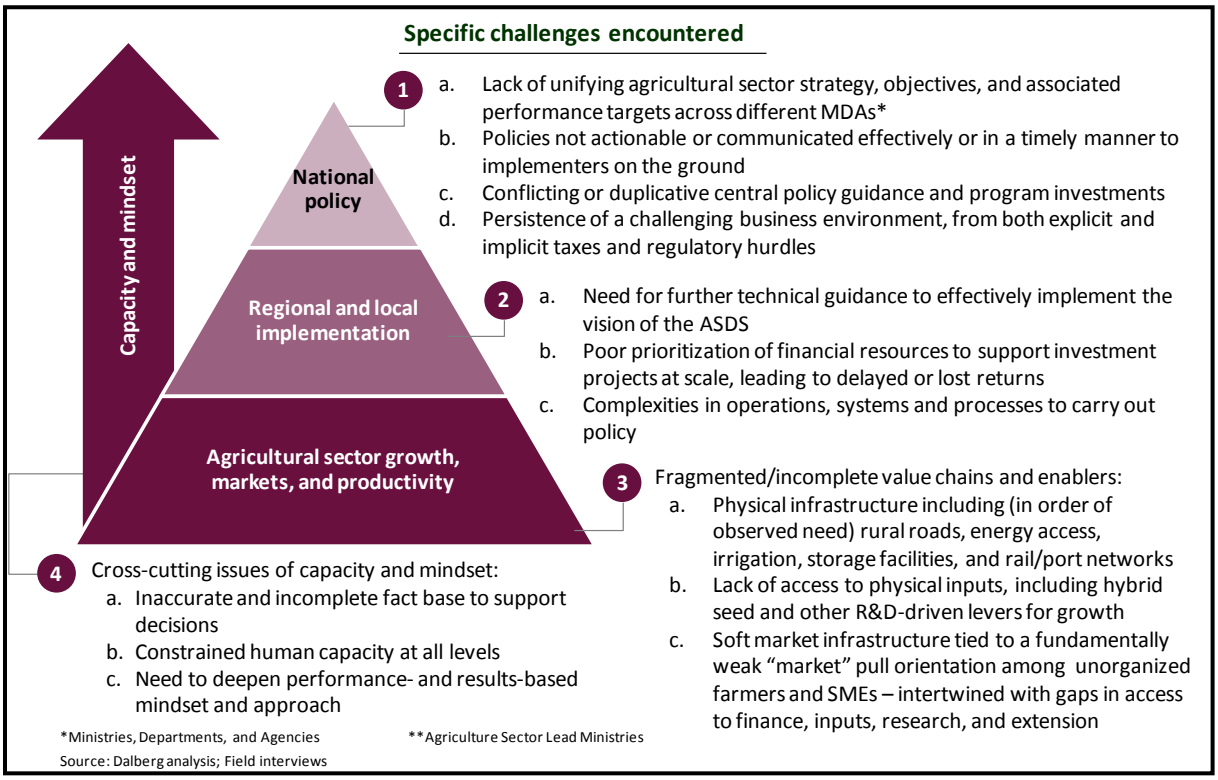
the Decentralization by Devolution system (D-by-D) via through administrative layers of districts, wards, villages and hamlets. Consultations suggested this system is usually responsive and accountable to local needs, but highly variable in technical capacity and alignment with national policies.

c) **Value chain enablers**: Macro and micro-level cross-cutting gaps are apparent throughout the sector foundation of rural infrastructure, input delivery and marketing systems

d) **Capacity and mindset:** All actors in the sector face common resource gaps in information, skills, and accountability mechanisms.

More details on the constraints are presented in Figure 2 below.

Figure 2: Constraints identified in stakeholder consultations



Proposed intervention: Agricultural Delivery Agency

Successful delivery units have demonstrated the ability to better integrate and coordinate policy and prompt fundamental behaviour change on the part of key players and stakeholders. The need for a

delivery unit was validated in a stakeholder's roundtable held in January 2013, and is supported by H.E President Jakaya Kikwete, who personally suggested the name for the unit – the 'Agricultural Delivery Agency.'

To address the constraint identified in the stakeholder consultations, the ADA will be organized into **three programmatic areas** around the following objectives**:**

- **(i)** Improve **Productivity:** Increase output of key crops, livestock and commodities by improving yields, which will drive food security and improved livelihoods
- **(ii)** Promote **Market Efficiencies:** Generate a demand pull for commodities, leading to economic growth from agriculture, including contribution to GDP, rural income, exports, and the public revenue base
- **(iii)** Enhance **Partnerships:** Build the government's capacity to develop policies and coordinate interventions by analysing and improving upon systems for data collection and dissemination, accountability mechanisms, organizational structures, and training protocols (e.g., training for extension agents).

Equally important to addressing the constraints will be the manner in which ADA accomplishes these objectives. ADA will partner with a variety of existing institutions to achieve its objectives, the most important of which are the existing agricultural sector lead ministries (ASLMs) The following types of **engagement mechanisms** are envisioned:

- **(i) Problem solving and analytics**: The ADA will serve as a dynamic 'nerve center' to assist with data-driven policy making and national level advisory. This will include identifying macro-level sector implementation bottlenecks, designing solutions to these bottlenecks, and providing ad-hoc strategic advice to national level stakeholders using an evidence-based approach.
- **(ii) Implementation support**: ADA will provide targeted technical backstopping for implementation of recommended policies and initiatives. Three levels of implementation support (progressively more intensive) are envisioned: 1) performance tracking and management; 2) active project management and 3) catalytic incubation of new initiatives. A more detailed description of each type of implementation support is included in Annex B.
- **(iii) Performance and mindset change**: While carrying out its activities, ADA will proactively build capacity and support an outcomes-based approach, both through explicit training of key stakeholders and also role modelling of a results-oriented mindset. While capacity building is an explicit objective of the Partnerships program area, all of ADA's program areas will need to engage stakeholders in a way that promotes performance and mindset change.

Outcomes and Impact

ADA's interventions aim to create a smallholder productivity revolution in selected crops and livestock by creating the following **outcomes**:

- Increased access and use of inputs and improved agronomic practices
- Increased access to and use of markets
- Improved public sector capacity

Combined, these outcomes will achieve an impact of rapid, broad-based growth in Tanzania's agricultural sector, measured in terms of annual agricultural GDP growth, reductions in rural poverty and malnutrition rates.

UNDP will work with ADA in its first year to create a results framework with specific targets for each of these impact and outcome indicators.

B. Positioning and governance

Positioning options for the ADA have undergone significant discussion in 2013 amongst all levels of stakeholders.

Fortuitously, discussions about the establishment of the ADA corresponded with a broader discussion of support to delivery structures for a number of key sectors in the Tanzanian Government. This broader process will involve the establishment of a President's Delivery Bureau (PDB) to monitor and evaluate detailed implementation plans created through 'delivery labs.' A delivery lab is a 6-8 week workshop in which experts from a diverse set of organizations agree on strategic priorities and create a detailed implementation plan.

ADA will be the delivery structure for agriculture. It will need to consult closely with the PDB given the cross-cutting nature of agriculture (for example, on prioritizing rural infrastructure development). However, ADA will be positioned as a semi-autonomous Executive Agency to give it the necessary operational flexibility and prominence.

This positioning stems from the desire of HE President Kikwete to personally supervise an agricultural transformation, and draws on the experiences of the Ethiopian Agricultural Transformation Agency. For example, one of the main strengths in Ethiopia is direct and regular access of its CEO to the highest political office (the Prime Minister), and a platform that includes other national stakeholders for robust oversight and discussion (the Transformation Council).

Streamlined and high-level reporting lines will make it straightforward for ADA to be focused and responsive for delivery on outcomes where other organisations and programmes have failed in the highly multi-stakeholder, cross cutting nature of agriculture. This avoids perpetuating the status quo of fragmentation, de-prioritisation, and politicisation that typifies agricultural sector activities in Tanzania.

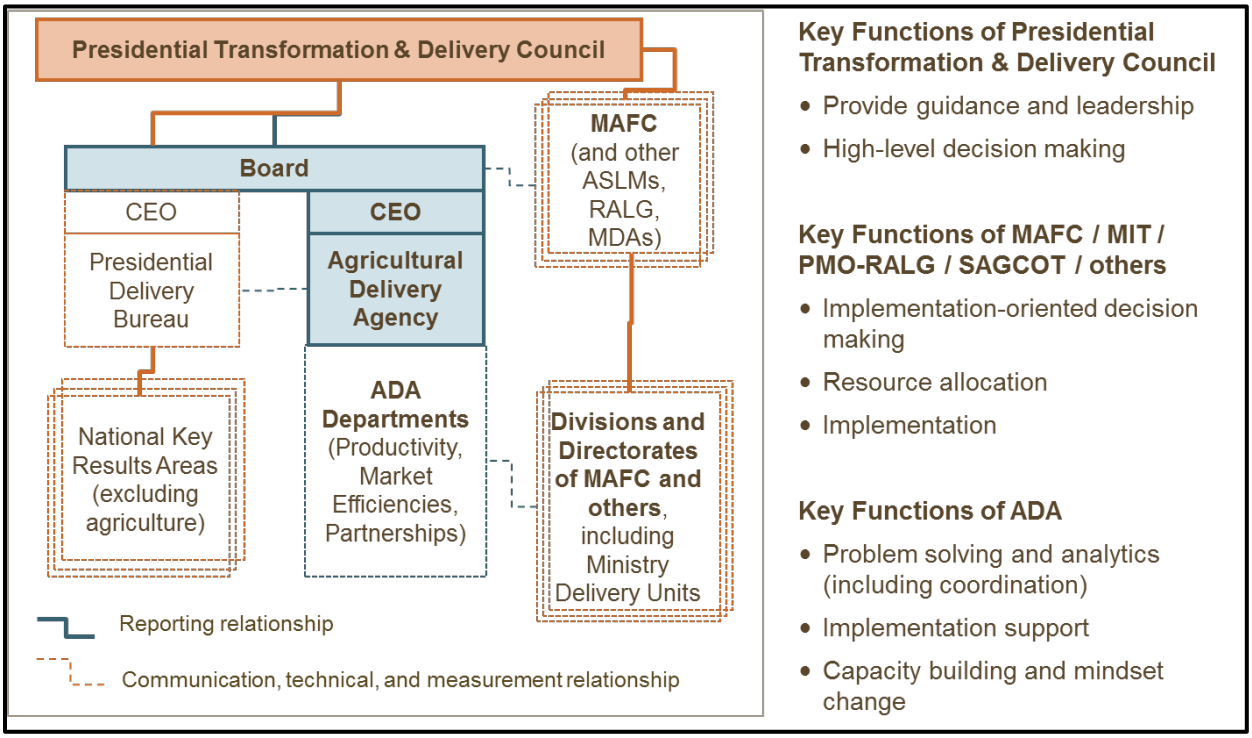
ADA will have its own CEO, who reports directly to the Governing Board, and finally to the Agricultural Transformation and Delivery Council. It will also have its Council meetings, though significant overlap between the Transformation Councils of the ADA and broader PDB is anticipated, e.g. Agricultural Council may have a designated bloc of time scheduled adjacent with the PDB Council meetings. To

ensure alignment, the ADA and PDB CEOs will consult each other regularly. BMGF will be offered a non-voting seat on the board to enable participation as an observer.

It is also essential for the ADA staff to have a close working relationship with ASLMs such as MAFC and RALG, featuring regular interactions**.** In the Ethiopian case, weekly coordination meetings occur between the Minister of Agriculture and CEO of ATA, which is then mirrored by their respective technical staff members. Regional and local government through RALG structures must also have a strong working relationship with the ADA, and are apt to be its second most important client. Implementation support activities will almost certainly be directed through RALG, as in the Tanzanian system, even agricultural extension officers are part of this apparatus rather than under MAFC. The ADA's authority to help guide implementation and train regional decision-makers is critical for driving transformation on the ground, and should be backed by the President and Prime Minister's Office.

The ADA will also need to engage non-ASLM entities on programming**.** For example, as noted above, strong relationships and coordination with SAGCOT is expected for initiatives that are driven by and/or face the private sector audience. Similarly, coordination with the Tanzania National Roads Agency will be necessary to optimize trunk road investments to support agricultural market linkages. Other non-ASLM entities that are likely to interact with the ADA are quite numerous and should be prioritised by the Board.

Figure 3: ADA Positioning and Governance



Interaction between PDB and ADA

The first set of delivery labs initiated as part of the establishment of the President's Delivery Bureau was conducted from February – April, 2012, including an 'agriculture delivery lab.' Representatives involved in the establishment of ADA were present to ensure alignment.

The recommendations of the delivery lab are shown in Figure 4. The ADA will assist in the delivery of the recommendations of the Agriculture Delivery Lab.

With regards to ADA's specific role in assisting with the implementation of the Agriculture Lab recommendations, initially ADA will also take more active roles (project management and catalytic incubation) in assisting the Ministry of Agriculture on the smallholder aggregation models. On the commercial farming and business environment initiative, the ADA will work to support SAGCOT and limit its own role to performance monitoring, in order to avoid duplication and best leverage the trust and relationships that SAGCOT has already built up with key private sector entities.

Figure 4: Agriculture Delivery Lab recommendations summary

C. ADA organizational structure

A portion of the support being requested from the Bill and Melinda Gates Foundation (BMGF) under the proposed project will provide ADA with human capacity. This support will ensure the successful delivery of the goals of the ADA. Eight technical experts will be provided to ADA under the auspices of this grant:

a) **CEO**: The CEO (or Director General) will have overall oversight of the ADA and will set the vision, strategy and direction of the organization. While serving as the public face, the CEO will be primarily focused on setting the internal agenda and making executive decisions about resource prioritization in order to deliver appropriate on-the-ground results, with the collaborative input of other staff. The

CEO will submit work plans and budgets for the guidance, approval, and oversight of the final formal institutionalisation of ADA. The CEO, with at least 10 years of professional experience including senior positions managing teams, will most critically demonstrate a track record of executive leadership and strategic vision for large-scale transformation, with a relentless focus on delivering results. The CEO will also have deep knowledge of the Tanzanian institutions and context, showing adeptness at external communication and engagement, with key strengths in public relations and critical networks.

b) **Director – Operations, Finance, and Administration**: The Director – Operations, Finance, and Administration will work closely with the CEO to develop and manage organizational systems, straddling finance and budgeting, operational execution, and human resources management. Filling this role is important so that the CEO can focus on the overall strategic vision and developing business plans, rather than on administration. The Director, with at least 8 years of professional experience including senior positions managing teams, will have an advanced technical qualification in operational management (e.g. Certified Public Accountant), a proven ability and passion for capacity building and staff development, and a history of effectively instituting and managing operations for rapidly growing organisations. This position may not be filled immediately, but will be important as ADA grows.

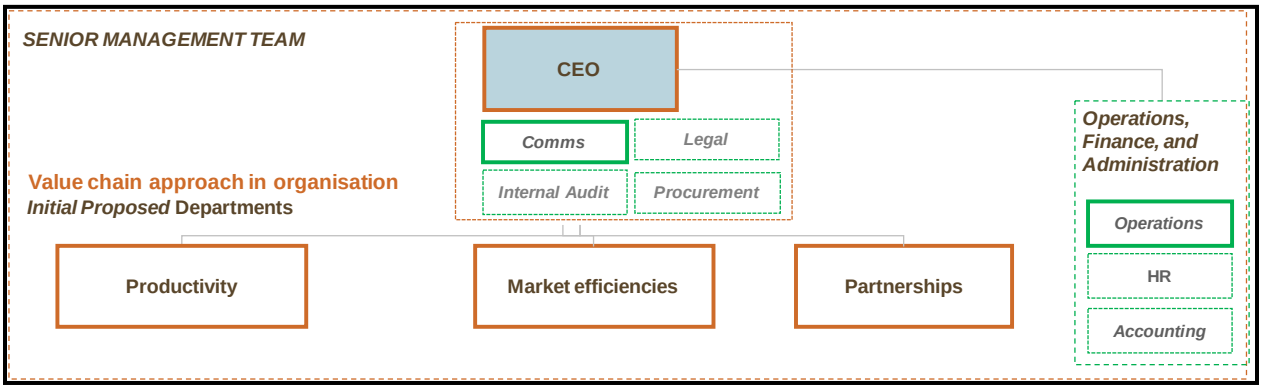
c) **Director – Market Efficiencies:** The Director – Market Efficiencies will oversee the development and implementation of rigorous and actionable strategies for addressing the maize and rice value chains. Per the Agriculture Delivery Lab, these strategies have great initial potential in addressing smallholder aggregation. As ADA's sub-sector scope, it may take on additional value chains as capacity allows. The Director – Market Efficiencies, with at least 8 years of professional experience including senior positions managing teams, will have a work history of direct project / program management in agricultural value chains, preferably with experience in smallholder aggregation in a model that generated rigorous market insights and positive farmer outcomes. Preferably, the Director will also have a master's degree in business, agricultural economics, or a related field.

d) **Director – Partnerships:** The Director – Partnerships will oversee efforts to analyze and improve upon sector-wide systems for data collection and dissemination, analyse and improve upon accountability mechanisms, and build capacity of key sector stakeholders, focusing primarily on public sector counterparts in MAFC and other ASLMs. Capacity building and close engagement will also be extended to private and civil sector stakeholders playing a significant role in Tanzanian agriculture. The Director – Partnerships, with at least 8 years of professional experience including senior positions managing teams, will have a work history of coordination, communications, performance tracking, and capacity building with complex multi-stakeholder arrangements in the agricultural sector, with a strong preference for experience and active networks in Tanzania.

e) **Manager – Productivity**: The Manager – Productivity will work closely with the CEO to provide technical expertise and insight on the practical production and scientific aspects of agricultural sector performance. Filling this role is essential in order to ensure the ADA has sufficient technical expertise, particularly to effectively address the initial scope of maize and rice, and eventually other commodities. The Manager, with at least 5 years of professional experience including senior positions managing teams, will have at least one advanced academic qualification in an agronomic discipline (e.g., Plant Pathology, Food Science), and experience in providing excellent technical advisory, project oversight, and communications on sector interventions in East Africa, e.g. leading a project to develop and introduce a hybrid seed variety.

f) **Analysts (3)**: Analysts – who may be subsequently promoted or hired in with experience to Associate, Senior Program Associate, and Manager levels – will collect data, carry out critical analysis and provide insights into the focus value chains in Tanzania, and other program areas. They will also carry out day-to-day stakeholder management and engagement to support implementation, for example in aligning on work plans for technology introduction, under the oversight of the Senior Management Team and in strong collaboration with the Program Director.

Figure 5: ADA Departmental Structure



Even with the appropriate staff, however, **ADA cannot succeed in a vacuum**. As an entity focused on catalytic change and creative problem solving, it will need to work closely with implementers across the public and private spheres, and at different levels (i.e., National, Regional, Local). At times, these implementing entities may need capacity support of their own. Prime examples include the Ministry of Agriculture, Food Security and Cooperatives (MAFC) and SAGCOT Centre, both of which are discussed un turn below.

The initial ADA team will explore ways to support the implementation capacity of MAFC, engaging donors (e.g., USAID, The World Bank) who have discussed the idea of supporting MAFC directly.

Many donors have pledged support to SAGCOT as a whole, however, efforts to support the human capacity of SAGCOT Centre have been hampered by less interest from the donor community (because these costs are perceived as 'overhead') and delays caused, in part, by the fact that SAGCOT Centre does not yet have sufficient staff. Given the importance of SAGCOT in fostering a welcoming business environment for inclusive growth, this proposal also includes support of two programmatic resources for SAGCOT Centre:

g) **Programme Officer – Improving the Enabling Environment and Policy Analysis**: This programme officer will identify and highlight constraints to the development of agribusiness SMEs in Tanzania. For example, SAGCOT Centre intends to publish an annual policy paper focused on a specific 'theme' that strives to address areas of structural bottlenecks in the agribusiness enabling environment. It will contain the analytics necessary to understand the scope of the problem, key constraints, as well as recommendations for potential remedies (E.g. "Potential impact of seed policy reform on outgrower schemes", and "Improving energy supply for agribusiness development."). Because SAGCOT is a public-private partnership with strong connections throughout the government, the recommendations in these policy papers will have a strong likelihood of being implemented.

h) **Programme Officer – Improving Application of Existing Policies**: The recently conducted 'Big Results Now!' labs included a much lauded element called a 'pressure cooker' in which the lab convened key stakeholders to address delays in the application of existing policies, approval procedures, and/or government initiatives. For example, an initial investment by Eco Energy in Bagamoyo was granted only five years of water permit that proved unsustainable for sugar production. As a result the government convened consultations with relevant authorities, including the Ministries of Water, Agriculture, and the Environment, and the investor themself, to resolve the problem. Consequently, the water permit for the investor was extended for thirty years. The project will directly benefit 3,000 outgrowers in the area. The program officer can continue this 'pressure cooker' role for projects that benefit smallholder farmers, starting with topics such as the establishment of the commodity exchange.

IV. Alignment with Foundation Strategy

The project is aligned to the Foundation's agricultural development priority of supporting national agricultural development policies and strategies aimed at sustainably enhancing farmers' income through building relationships with smallholder farmers and those they work closely with in order to better understand and respond to their needs.

The technical support to be provided to the Government of Tanzania will strengthen its capacity for developing and implementing strategies to improve the functioning of key agricultural value chains, promoting investments in agricultural business and ensuring inclusiveness. The project supports the

transformation of rural agriculture, specifically creating opportunities for entrepreneurship and establishment of secondary occupations through investments in value chain infrastructure. Project activities such as promotion and development of pro-poor models and the strengthening of public and private institutions through strategic investments will facilitate improved linkages between small holders and an increase in productivity. This will be manifest in the repositioning of agriculture as a business, with special focus on young entrepreneurial commercial farmers, private sector investments, and development of agribusinesses (seeds, fertilizers, machinery, storage and logistics, food manufacturing, etc.).

Additionally, the project is closely aligned to the Foundation's new priority to directly support selected countries. Tanzania is one of the Foundation's priority countries and this support is fully aligned with the strategy of the Country Focus Team.

V. Sustainability and Scalability

The ADA is intended to be a timebound and catalytic intervention with a clear and comprehensive **exit strategy** to ensure no gaps remain and its work will continue in an effective and sustainable way after its withdrawal. Such sustainability will be determined by:

A. The scalability and sustainability of the on-the-ground interventions it supports during its existence
B. The extent to which it incubates Tanzanian talent that work at the ADA and the Tanzanian diaspora.
C. The extent to which its existence strengthens the capacity of existing government institutions through modelling and capacity building

Each of these elements is addressed in turn.

A. The *ADA* will adopt a value-chain approach that scale through the establishment of market linkages. For example, one of the "big results" prioritized by the Delivery Labs includes the establishment of maize marketing associations. Once established and incubated over the course of 3 years, these marketing associations should have sufficient capital to sustain their own operations, coupled with homegrown entrepreneurial talent to appropriately steward the investment of this capital.

B. While the *ADA* will attract the best talent globally, it will pair expatriate or foreign talent with local talent in order to build capacity. The *ADA* will instill a performance culture and embed effective training and management processes in the *ADA* from its outset, including strong planning for formal evaluation and career pathways. Effective performance management of staff requires five critical processes to take place:

1. Base performance measurement on organizational goals, and the acquisition of skills required to meet such goals.
2. Link the review process strongly to a progressive career path and incentives.
3. Base feedback on evidence recorded by teams, especially direct supervisors.
4. Derive feedback from multiple sources (upward, downward, and peer) and/or data points.
5. Deliver open and constructive feedback in a dialogue

C. The *ADA* will work mostly with MAFC and other ASLMs. As such, the CEO and the President should stay closely aligned through a regular meeting cadence with the Minister of Agriculture and other top policymakers. The Minister sits in the cabinet meetings chaired by the President where important government decisions are made. Therefore, the Minister should be kept abreast of ADA's developments and key issues emanating from the transformation process. Furthermore, during cross-Ministry or sectoral discussions, the *ADA* should seek to play a secretariat role for the coordination and prioritized implementation of truly transformative efforts. For example, the CEO of Ethiopia ATA meets with the Minister of Agriculture on a weekly basis, along with their senior staff, in order to discuss ongoing programs and ensure alignment to drive the agricultural transformation agenda forward. Replicating this type of rapport is particularly critical with MAFC, MLFD, and PMO-RALG in the Tanzanian context so that they too can own and help drive the transformation agenda within their spheres of influence.

Beyond agreement with top policymakers, regular and trust-based interaction between junior technical staff from the *ADA* and ASLMs is similarly important. While the precise arrangements for such interaction will be formalized as program areas are fully identified and staffed, it is critical for the CEO to drive the engagement of his or her technical staff. Efforts to implement agricultural transformation will not be successful, and can create mutual suspicion or hostility, if the *ADA*'s facilitators do not team up well with the ASLMs' implementers. To a large extent, these implementers will be the most common clients for the work products and services provided by the *ADA* thus smooth working relationships will be important to develop and maintain.

As a time-bound supporting entity, all of ADA's activities in implementation support must eventually be transitioned to permanent government institutions or other partners. It is optimal to minimize the scale and complexity of these activities in order to make a successful transition more likely. Ultimately, catalytic impact and capacity-building are best served by the *ADA* identifying technical strategic breakthroughs and instilling the performance mindset through Tanzania's permanent sector establishments.

Ultimately, improving the delivery capacity of the existing government institutions will likely require improving the remuneration of government employees in order to attract and retain talent. Hopefully, the progress driven by *ADA* will help to prove that this revision of the pay scale would be a sound investment.

The *ADA* should adopt and adhere to a set of guiding principles that reflect the sentiments of sustainability discussed in this section and ensure a timely exit. These might include:

Mandate and objectives

a) The ADA does not take over or replace the mandate or decision-making powers of any ASLM or MDA, tasked with responsibilities in the agriculture sector.
b) The ADA will strengthen existing MDAs and facilitate the implementation of their initiatives, avoiding duplication.
c) As an entity tasked with catalytic transformation, the ADA will pragmatically seek to produce early, tangible successes or "quick wins" as a proof-of-concept for its efficacy. These areas for early intervention will focus on the priorities developed by the Agriculture Delivery Lab.
d) These quick wins will build credibility and momentum for carrying out longer-term interventions.

Focus of activities

a) Stakeholder engagement is at the heart of the ADA's activities.
b) Problem solving is not a separable function from implementation, but rather a complementary activity; the perspective of engaging in both sharpens thinking and pragmatic decisions.
c) The ADA will play more of a problem-solving rather than implementation role wherever possible, to balance suitability, specificity and sustainability for long-term ownership by GoT.

VI. Organizational Capacity and Management Arrangement

UNDP has partnered with BMGF in Ethiopia and Nigeria to build the capacity of agricultural agencies; UNDP Tanzania aims to contribute to an equally sustainable institution to realise the overall vision of poverty reduction.

UNDP is the development organization of the United Nations and has country offices in 177 countries. UNDP provides policy advice and technical assistance to governments and communities in the areas of poverty reduction, democratic governance, crisis prevention and recovery, HIV/AIDS and environment and energy.

Achieving poverty reduction and women's empowerment are central to UNDP mandates and development objectives, as articulated in UN Tanzania's single business plan, *'United Nations Development Assistance Plan (UNDAP) 2011-2015.* To most effectively support the project objective of establishing sustainable, replicable rural agro-enterprises to raise incomes of rural smallholder farmers, particularly women, UNDP will mobilize its competencies from across a variety of internal expertise, including poverty reduction, gender, private sector partnership development, micro-credit and energy.

At the country level, UNDP has been supporting Tanzania since independence in 1961 with relevant technical assistance required for sustainable economic and social development. The organization has extensive experience in managing development related projects and a strong compliment of staff experienced in delivering technical assistance. During its operations in Tanzania, provision of technical support and capacity strengthening to government's development plans and strategies has been an important element in UNDP's portfolio. UNDP's comparative advantage in promoting institutional capacity lies in the effective network of partnership it has built over time with several government ministries, departments and agencies including the Ministry of Agriculture, Food Security and Cooperatives .

In the agricultural sector, UNDP Tanzania is currently managing the African Training Management Services (ATMS) project, sub-Saharan Africa's biggest and most ambitious human capital development effort in the private sector. Created to play a key role in Africa's economic development and operating in over twenty five countries, ATMS provides human capital solutions that lead to wealth creation via the private sector and commercially operated state enterprises. With the support of ATMS, Africado Ltd, Tanzania's first avocado plantation located on the slopes of Mt. Kilimanjaro was able to develop 100 hectares of avocado orchard in Sanya Juu, in Northern Tanzania for export to the EU. This project has benefitted 3,230 out growers creating an alternative source of income where coffee is the dominating product today. Similarly, Kilombero Plantations Ltd received support from ATMS in collaboration with International Crop Research Centre for Semi-Arid Tropics to establish demonstration plots for System of Rice Intensification (SRI). The technology is used to increase the smallholders' yields from 2 to 8 tons.

UNDP is also currently supporting the SAGCOT initiative through the SAGCOT Capacity Development project. The project aims to provide technical assistance and institutional capacity building for the SAGCOT Centre and SAGCOT lead institutions like . RUBADA.

The implementation of this project will follow well-established, standard procedures applied to all UNDP-supported projects at the country level. **National Implementation Modality** is usually used for implementation of UNDP projects in Tanzania which ensures national ownership and leadership. UNDP is responsible for ensuring that substantive coordination and financial handling of budgetary resources are conducted in full accordance with UNDP financial rules and regulations.

As with all UNDP supported projects, this project is designed to coordinate fully with national authorities to ensure their ownership and leadership and greater national self-reliance by effective use and strengthening of the management capabilities and technical expertise of the *ADA*, through on-the-job-training of national counterpart staff and by targeted training activities. In this way, the project is meant to enhance sustainability of development projects by increasing national leadership and commitment to development activities.

Measurement, Learning and Evaluation

The implementation of this project will follow well-established, standard procedures applied to all UNDP-supported projects at the country level. UNDP is responsible for ensuring that substantive coordination and financial handling of budgetary resources are conducted in full accordance with UNDP financial rules and regulations.

As with all UNDP-supported projects, this project is designed to coordinate fully with national authorities to ensure their ownership and leadership and greater national self-reliance by effective use and strengthening of the management capabilities and technical expertise of the relevant Ministries, through on-the-job-training of national counterpart staff and by targeted training activities. In this way, the project is meant to enhance sustainability of development projects by increasing national leadership and commitment to development activities.

Management arrangements for UNDP-supported projects include mechanisms to ensure coordination, such as steering committees, inter-ministerial agreements, or other consultative mechanisms. All such mechanisms will be agreed upon by UNDP and the *ADA*. While the technical and operational staff will be recruited under UNDP, the project will be placed under the direct supervision of the Permanent Secretary- PMO President's Office, who will provide regular reports to UNDP. UNDP, in collaboration with the ADA, will undertake quarterly performance assessment of the staff to ensure that ADA benefits maximally from their expertise. Funds to be provided will be managed by UNDP and staff salaries will be paid upon satisfactory performance.

To support systematic monitoring, a Monitoring Framework will be developed and agreed with the PMO based on its impact logic. The project will establish a baseline for each activity line, combining indicators

where possible. It will most likely imply a survey covering each of its action lines for its client and partners. The framework as defined at the start of the project and will be revised after one year based on knowledge gained on how and when to best measure direct and indirect impacts. Although direct impacts are easier to measure, indirect impacts are equally important and will be included in the monitoring framework.

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored within the annual cycle:

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results and these will be recorded in the UNDAP Resource Monitoring System (RMS) tool.
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change. For consistency, the risk and issues log will be harmonized with the data input into the UNDAP RMS.
- Based on the above information recorded in Atlas and in the UNDAP RMS tool, a Project Progress Reports (PPR) shall be submitted by the Project Manager to the Project Steering Committee through Project Assurance, using the standard report format available in the Executive Snapshot.
- A project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project. The lessons learned report will also form a critical input during a terminal evaluation of the project.
- Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events. This will also include a review at the end of year one in order to ensure the project is on track.

An Annual Review Report shall be prepared by the Project Manager and shared with the Project Steering Committee. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.

Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Steering Committee and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes. In addition, there will normally be an annual review of progress at the sectoral working group level of which the project contributes within the UNDAP framework. This will take place at the UNDAP outcome level. The annual review report will therefore be used as the specific input into the sectoral working group review to which the project award contributes.

Also, during the project implementation a mid-term review shall be conducted to evaluate the performance of the project and appraise the project impact. Based on the mid-term evaluation any necessary modifications will be proposed and incorporated to the project action plan after approval of the project board. An independent consultant will be entrusted for this task.

VII. Budget Template and Narrative

The total estimated budget for the joint initiative is **US$ 9,500,000** of which the contribution from the Foundation is **US$ $8,999,426.00** (inclusive of the UNDP cost recovery charge of 8%).

Through this grant BMGF will provide seed funding for its ramp-up and launch, including funding for initial staff, key programmatic activities and external support as needed.

As ADA will be supported by a combination of financial sources, representing the key stakeholders for attaining agricultural sector results, it is important that the GoT also demonstrates its commitment by raising resources for the ADA's launch and operations. In conjunction, the *ADA* will develop a resource mobilization strategy in order to engage potential interested stakeholders. A narrative on the components of the budget is provided below.

All procurement activities will be competitive to ensure value for money.

A. Personnel ($4.6M – 49%)

$4.6M will be spent to hire 10 programmatic personnel, plus two administrative resources (a secretary and a driver). The salaries for the programmatic personnel were established by benchmarking against similar institutions such as the ATA, UNDP, and the Tanzania Revenue Authority. The CEO will be a P5 UNDP employee, the three Directors will be P4 UNDP employees, the Manager will be a P3 employee, and the international analysts will be P2 employees. National analysts (Tanzanians without international experience) will also be recruited. High-level job descriptions are included in the section on Organization.

B. Travel ($.07M – 1%)

$70,000 will be allocated for groundtruthing trips in Tanzania, at an estimated cost of $2,000 per trip. Five trips are budgeted in 2013 as the ADA ramps up, with 15 trips in each of the subsequent years.

C. Capital Equipment ($.25M – 3%)

The project will procure two vehicles for transportation. Procurement will be as per UNDP rules and regulations, with an anticipated cost of $48,000 for both vehicles. Maintenance is estimated at ~$15K per year. Depreciation will be on a straight-line basis. As the ADA will be a new institution, IT supplies and infrastructure will also be required, with a total cost estimated at $110,000 based on UNDP's

experience procuring these supplies for other institutions (the majority of the IT spending will be in the first year).

D. Consultants ($.5M – 5%)

It is anticipated that consultants will be required for specialised studies to support critical activities of the project. Consultants will be recruited as per UNDP rules and regulations. Allocation has also been made for an audit in case this is requested by the Foundation.

E. Other direct costs - programmatic funds, ADA institutional costs and training/meeting facilitation ($3.4M – 35%)

While on most occasions ADA will be a coordinating body that mobilizes resources from others, in a few cases there might be need for funds to be disbursed quickly for certain strategic projects. For instance, for the collective warehouse-based marketing scheme, there is need for an initial site-specific scoping study that is time sensitive because of the timing of the harvest season. Attempting to write a proposal to mobilize these funds or going through the government procurement processes would take too much time. A provision has been made to assign ADA some programmatic funds for these types of instances.

The funds are distributed approximately evenly between ADA's envisioned directorates ($1M each), though they can be redistributed as necessary with the approval of the BMGF program officer.

ADA will also need to on occasion conduct trainings or facilitate meetings in line with its capacity building objective. $138,992 has been allocated for this purpose.

Finally, as a new institution, ADA will need to rent space, pay utilities, and provide security. $158,992 has been allocated for these operating expenses.

F. Indirect costs ($.66M – 7%)

UNDP has a standard cost recovery charge of 8% [It comes to ~7% of the total funding in this case because of the UNDP co-funding).

G. Funding

In addition to BMGF's funding, UNDP will provide US $500,000 to the project. These funds will finance the capital equipment and a ~50% of the anticipated consulting costs.

H. Currency and Inflation Assumptions

An estimated 3.5% as possible annual salary escalation has been included in the cost for programmatic staff. This is in anticipation of any salary rise for staff as a result of UNDP salary surveys. Inflation has been estimated at 8%, which is the average inflation rate from 1999 to 2013.

VIII. Additional Benefits and Risks

A. Key risks and mitigation plan

The establishment of the *ADA* currently carries **five key risks**, although mitigation tactics are available for all of them based on the lessons learnt from previous efforts in Tanzania and the launch of Ethiopia ATA, as reflected in the operational guidelines detailed in the previous text. These risks, and recommended mitigation tactics for each, are presented in summary below.

1. **Talent acquisition:** The *ADA* might face challenges/delays in recruiting the right people with the right skills and experience, and subsequently retaining them.

   Mitigation: Ensure strict adherence to the qualifications listed in job descriptions, avoiding extraneous criteria or political interference. Provide competitive remuneration – with reference to international organisations and private sector compensation – in order to attract skilled talent. Maintain an independent working environment at the *ADA* where staff responsibilities are not directly affected by political issues.

2. **Development partner and external stakeholder buy-in:** Support from these partners is required to complement BMGF's catalytic financing & the alignment of the *ADA* with national sector strategies. Ultimately, various external stakeholders representing farmers, civil society, and the private sector have to buy into *ADA*'s problem solving and implementation support capabilities to ensure this institutional support is forthcoming.

   Mitigation: The Government of Tanzania should ensure sustained stakeholder engagement in Tanzania with development partners and other key stakeholders in order to earn buy-in for future program and/or core funding as necessary. The initial core team staffed to the *ADA* should also build and sustain strong relationships during the initial technical work on maize and rice value chains.

3. **Government of Tanzania buy-in**: The *ADA* could face inertia in ASLM structures or other bureaucracy that leads to obstructions in delivery. It may also face animosity from a perception of being an outsider or threat to existing government structures and their ability to secure resources and/or political capital from top leadership. Also, Tanzania is scheduled to hold an election in 2015, where a change in the Presidency is assured because of term limits, which means ADA risks losing top level political support.

   Mitigation: It is absolutely essential to secure visible support from the President, Prime Minister and other key stakeholders at the highest levels of government. Further conversations should focus on aligning on the *ADA*'s mandate, such that it is perceived as complementary rather than competitive with ASLMs and other existing institutions. The *ADA*'s own core team should highlight capacity building, cooperation and continuous engagement to support the government in its own goals. Finally, similar to ATA, the *ADA* may choose to enforce an embargo on "poaching" of ASLM and other

governmental staff, to demonstrate a commitment for bringing new total capacity to the system.

4. **Branding and management of expectations**: The *ADA*'s role and capability could be misunderstood, leading to unrealistic expectations of outcomes among various actors.

   Mitigation: The *ADA* will narrow its focus to priority program areas, where it will set conservative to realistic external goals about the impact that can be delivered in confidential internal discussions with the Government of Tanzania, development partners, and other stakeholders who have direct interest in program design and resourcing. Additionally, it may be advisable to follow ATA's practice of placing a media and public conference embargo on all staff in the first year to ensure minimum publicity and expectations-building before capacity is established. This is in contrast to the "big splash" approach of, e.g. SAGCOT's introduction at G8 fora. Where necessary, credit for achievements gained should be similarly directed to implementers (e.g., ASLMs) rather than the *ADA* itself thus reinforces the notion that it operates to support and in service of the others, rather than to itself.

5. **Funding:** From the outset, it is necessary to secure adequate multi-year funding to ensure the core start-up team focuses on program work, instead of fundraising. Transparency and accountability of finances is critical for the organization to maintain credibility.

   Mitigation: As above, securing the buy-in of development partners will diversify and establish the multi-year funding base. Ideally, the *ADA* should be able to demonstrate value early on through its strategic focus and professional execution, and hence able to attract funding, which was the experience in Ethiopia. The management team will be equipped with a nimble but comprehensive financial management system, and relevant stakeholders should be given high and frequent visibility into accounting records.

B. General Questions

Please answer the following questions to the best of your ability. If you answer "yes", you may be required to follow a link to an additional module(s) that must be submitted along with your proposal. Failure to complete and submit the appropriate module(s) may delay the review of your proposal.

Research Questions

- Will this project involve research using human subjects and/or vertebrate animals? Yes ☐ No ☒
- Will the project involve the use of recombinant DNA or genetically modified organisms (including genetically modified plants)? Yes ☐ No ☒
- Will the project involve the use of biohazards? Yes ☐ No ☒
- Will the project involve the use of pathogens or toxins identified as select agents by U.S. law? Yes ☐ No ☒

ATTENTION: *if you answered "yes" to any of the above Research Questions, you must follow this link: Clinical Studies and Regulated Research Assurances Module to provide additional information. The completed module must be submitted with your proposal.*

Global Access and Intellectual Property Questions

- Will the project involve the creation of a new technology, software, database, formulation, product, or medical procedure, or the further development of any existing technology, formulation, product, or medical procedure? Yes ☐ No ☒
- Will the project involve the use of technology, a product, material, or data owned or to be provided by a third party? Yes ☐ No ☒
- Will the project involve the creation of drawings, or written material (such as an analysis, a curriculum, guidelines, policy recommendations) other than internal working documents, reports to the foundation, or publications? Yes ☐ No ☒

ATTENTION: *if you answered "yes" to any of the above Global Access and Intellectual Property Questions, you must follow these links: Global Access Technology and Information Management Module AND Global Access Planning for Technology Uptake Module to provide additional information. The completed modules must be submitted with your proposal.*

Advocacy Questions

- Could any potential controversies result from the content, geographic focus, or Yes ☐ No ☒

expected outcomes of the proposed project?

- Will the project require meetings with government officials or intergovernmental organization staff? Yes ☒ No ☐

General Due Diligence Questions

- Is your organization a for-profit entity? Yes ☐ No ☒
- Was your organization created less than three years ago? Yes ☐ No ☒
- Are your organization's liabilities greater than its assets? Yes ☐ No ☒

ATTENTION: *if you answered "yes" to the above question, please provide your organization's most recent unaudited interim financial statement.*

- Are your organization's unrestricted assets insufficient to cover more than 6 months of operating expenditures? Yes ☐ No ☒

ATTENTION: *if you answered "yes" to the above question, please provide your organization's budget for the current year.*

- Has your organization ever received an unfavourable audit? Yes ☐ No ☒

ATTENTION: *if you answered "yes" to the above question, please provide the results of the unfavourable audit (including the Management Letter), internal audit plans, any corrective actions taken thus far, and planned corrective actions for the future.*

- Will the project involve activities being conducted in countries where U.S. embargoes (for example, Cuba, North Sudan, Iran) or significant economic restrictions (for example, North Korea, Myanmar, and Syria) apply Yes ☐ No ☒

ANNEX

Annex A: Consultation methodology and challenges identified in fieldwork

Following a high-level Roundtable with 30+ stakeholders in May 2012, extensive cross-country stakeholder consultation was undertaken in August to October 2012, with fieldwork observations and interview input gathered from over 300 stakeholders representing 16 of Tanzania's 30 regions.

Teams covered all seven agro-ecological zones including 16 of 30 regions

Regions visited

Some regions visited (e.g. Singida, Tabora, Lindi) represent the most remote and ecologically challenging areas in Tanzania , making this one of the most comprehensive stakeholder analyses of Tanzania's agriculture sector

Teams interviewed 341 representatives from go farmers, NGOs, government, research and priva

Government	• 117 total interviewees • 44 national govt reps inclu agricultural sector lead mi • 71 local officials and 2 MP
Donors	• 21 interviewees from group USAID, Irish Aid, UNIDO, JIC
NGOs	• 44 interviewees from organ such as Oxfam, SNV, Techno
Research Institutions	• 74 interviewees from institu Selian, Uyole, Sokoine Univ.
Farmers & Cooperatives	• 43 representatives spanning and commodities
Private Sector	• 26 representatives ranging f investment funds to small p • 16 parastatal and PPP offici SAGCOT, Cashew Nut Board

*15 interviewees are also BMGF gra

As a result of these consultations, several core constraints were identified at the levels of (i) national policy; (ii) regional and local implementation; and (iii) the foundation of farms, markets, and value chains, along with (iv) underlying gaps in capacity and performance at all of these levels.

The findings are summarized in Figure 2, with more detail and specific examples included in the stakeholder consultation report (available upon request)

Parallel to stakeholder consultations in the field, various efforts to coordinate and catalyze agriculture have been undertaken by the Tanzanian government and development partners:

a) HE President Jakaya Kikwete discussed the need for a *transformational mechanism* in a meeting with Co-Chair Melinda Gates during the African Green Revolution Forum in September 2012. Subsequently, Permanent Secretary Peniel Lyimo of the Prime Minister's Office (PMO) has been leading stakeholder engagement within the GoT, supported by Deputy Permanent Secretary Sophia Kaduma of MAFC as a regular liaison on this issue with BMGF. A delegation of GoT senior officials visited the Ethiopia ATA to observe its operations and impact in November 2012 and noted impressive results and lessons for Tanzania.

b) A Taskforce, with representatives from across the ASLMs, has been working to define more effective coordination structures for the design of the Agriculture Sector Development Plan II (ASDP II) which succeeds the current ASDP I that expires in June 30, 2013.

c) The Office of the President through the Planning Commission is spearheading the establishment of the President's Delivery Bureau (PDB). Modeled on Malaysia's Performance Management and Delivery Unit (PEMANDU), the PBD will have 6 focus areas, of which agriculture has been identified as one. Current work is ongoing to define the transformational priorities that the respective units will then serve as professionalized project management offices to support achievement of the "*big results*".

The above efforts and their analyses were shared at a second Roundtable in January 2013, with over 90 stakeholders participating across national and regional government, development partners, NGOs, private sector, and research institutions. Chaired by PS Lyimo, the Roundtable solicited open feedback and insight from participants in formal small and large group discussions.

The attendees subsequently:

i) Affirmed the need for a significant transformational and catalytic mechanism for Tanzanian Agriculture, backed by commitment from the top levels of national leadership and development partners.
ii) Agreed that the mechanism should focus on implementation support and program management, while harmonizing prior strategies and efforts such as Kilimo Kwanza and ASDP to avoid duplication.
iii) Agreed that the mechanism should also, through its activities, promote

capacity building and instilling a culture of results-focused delivery throughout the sector. Resourcing to achieve this goal should include the critical transition to sustainable, long-term impact in mainstream policy channels.

Annex B: Types of Implementation Support

Three levels of implementation support are possible:

1. **Performance tracking and management (low intensity):** Implementation is done exclusively by the stakeholders with the *ADA* providing back-stopping as needed. This mechanism's support is high-level and will:

    a. Facilitate coordination to ensure stakeholder alignment as well as coherence with other interventions

    b. Support project management tracking to ensure intervention remains on course to achieve objectives in agreed upon timeline

    c. Support rigorous analyses and provide examples of best practices, templates, and access to experts from around the world as necessary

    d. Support in mobilizing financing for intervention as necessary

2. **Active project management (medium intensity):** The *ADA* takes a more active role and will:

    a. Provide analytical support in planning of implementation activities and contribute resources to build partner analytical capacity

    b. Use networks and internal human resources to generate support and cooperation among intervention stakeholders; lobby and escalate issues as necessary

    c. Provide significant project management support through co-developing work plans, close MLE, and supervision of key activities that might not have a natural owner

    d. Arrange seed funding for the intervention if necessary

    e. Organize training sessions and make funds available for additional capacity building

3. **Catalytic incubation (high intensity):** These are reserved for truly catalytic initiatives that either do not have a natural institutional owner, or that institution does not have the capability to implement within the timeline/urgency. Here, the *ADA* will:

a. Take full execution responsibilities for implementation (from development of the vision up to full project execution)

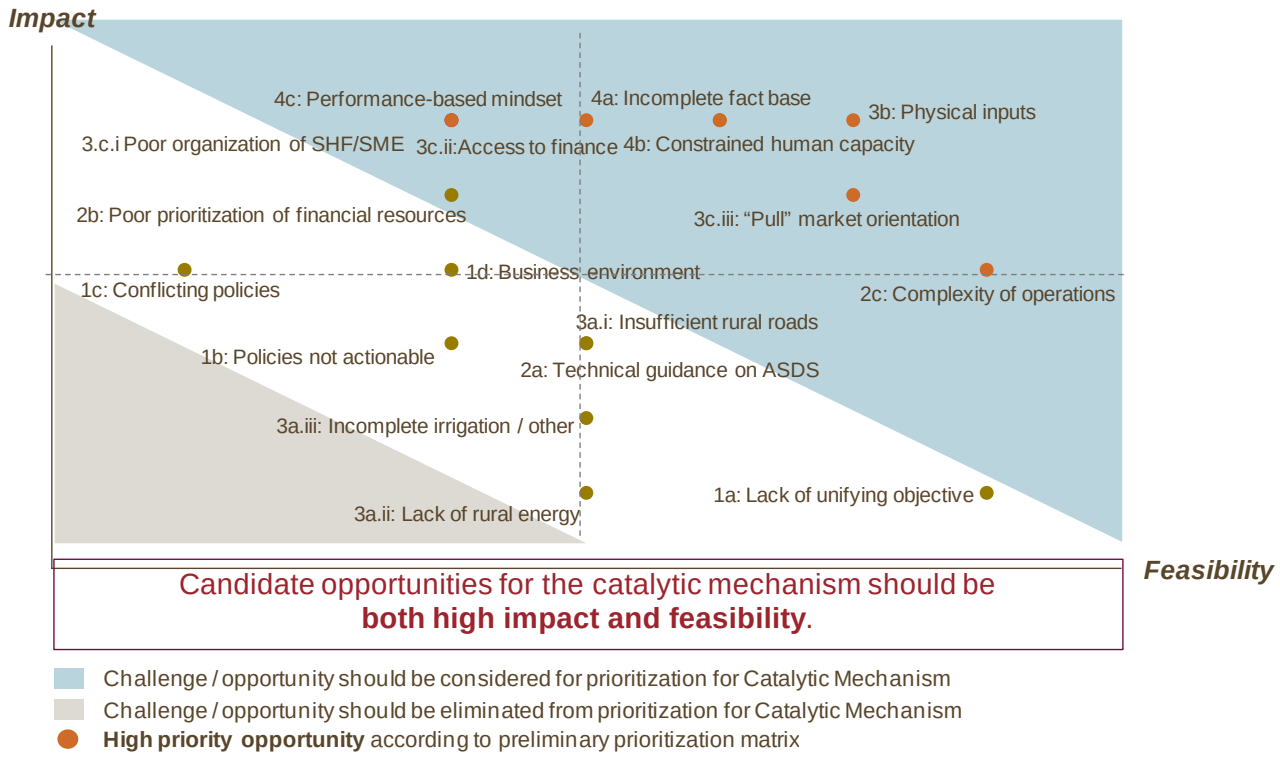
b. Hire staff dedicated to working on the initiative

c. Engaging and corralling stakeholders as required, and ultimately,

d. Spinning off the initiative into the relevant institution once its capabilities are sufficient to carry the initiative, or set it up as a stand-alone entity as necessary.

Annex C: Prioritization of activities (cross-cutting enablers) for *ADA*

Based on initial assessment of the sectoral challenges and feasibility of action, a number of cross cutting enablers have been identified, as summarized below**:**



It must be stressed that the *ADA* will not be working on these cross-cutting enablers alone, rather serving as a coordinator and technical backstopper to guide interventions by other government agencies and donors. For example, *ADA* staff could help the BMGF Policies team shape a grant to address the incomplete/inaccurate fact base, or help the BMGF Advocacy team shape a strategy on deepening the performance-based mindset. More details on the prioritized cross-cutting enablers follow:

1) Correcting the **incomplete / inaccurate fact base:** Establish programs to mitigate the data gap that results in clear cross-sectoral challenges across all players, leveraging the ongoing map of sector activities being conducted by the Foundation. Illustrative activities for targeted action comprise:

   a) Launching the external-facing database of agriculture sector activities and mapping tool, currently being developed by BMGF and the University of Dar es Salaam Business School

   b) Analyzing investment plans for optimal budget allocations to support yield gains

   c) Planning and building infrastructure for a dynamic national agricultural database (vs. static reports)

   d) Identify collection needs for market data (e.g. price and profitability of key commodities) rather than production data alone, along with other gaps

   e) Conducting and synthesizing discrete technical analyses, e.g. quantitatively-backed assessment of the best payment channel for distributing fertilizer vouchers to farmers

   f) Facilitating a robust evidence base for decisions on maize and rice export bans in the context of national food security concerns balanced with farmer incomes and incentives

2) Ensuring better **access to physical inputs and finance**: Galvanize or create critical linkages for the basic seed, fertilizer, and other physical materials that are currently underutilized in Tanzania and compromise the production potential of its vast arable land, particularly by smallholder farmers. For example:

   a) Understanding current hybrid seed penetration and key bottlenecks to adoption

   b) Cataloguing existing ARI research assets and review suitability, initiating multiplication or further research as necessary

   c) Reviewing current seed laws and regulatory procedure, with a focus on enabling more rapid commercialization and roll-out

   d) Working with private sector seed firms such as Tanseed and input dealers to secure investment and well-distributed inventories and logistical points for seed stock

   e) Launching targeted awareness, distribution, and learning program on hybrid seed through extension

f) Conducting a technical review of agricultural sector finance availability and adoption, with a focus on differentiating farmer and SME customer segments and a comprehensive product portfolio to address needs within priority value chains and beyond

g) Reforming business licensing for agro-processors and other investors, to remove unnecessary process steps and resultant delays, while reducing investment risks

3) **Unlocking constrained human capacity** and **deepening the performance-based mindset:** Immediate action is needed to fulfill the overall mandate of the *ADA* and drive better policy development and implementation among the vertical and horizontal actors currently working in Agriculture. Actions could include:

a) Instilling performance culture and embedding effective training and management processes in the *ADA* from its outset, including strong planning for formal evaluation and career pathways

b) Issuing recommendations and providing guidance to ASLMs on better inclusion of traditionally marginalized groups into value chain linkages and income / business / learning opportunities from farming, especially for women, youth, lower-income geographies, and pastoralists

c) Revamping training and advising on management processes for district agricultural and livestock officers, ranging from planning processes to technology use

d) Making recommendations on the strengthening and scale-up of Farmer Field Schools as an effective model for publicizing agronomic knowledge and practices

e) Engaging academic centers (e.g. University of Dar es Salaam and Sokoine University of Agriculture) and agricultural research institutions (e.g., Selian ARI) through the creation of a fellowship program and action learning opportunities, particularly for younger early-career professionals

f) Collaborating with the ASDP II strategy development team to identify sector-wide outcome targets and align on an actionable national ML&E plan

g) Introducing concise criteria and a basic technology-enabled tracking system for assessing performance of regional / district agricultural plans and the extension service

h) Generating detailed work plans and reporting processes for coordinated farmer outreach among government, NGOs, and other outreach actors in high-potential geographies such as SAGCOT

i) Supporting the synthesis and validation of local-level impacts, tied to activities completed by RALG authorities and set out in District Agricultural Development Plans

j) Assessing various private sector business models and activities, to support pragmatic fact-based advisory to national policymakers on the investment clusters (e.g., specific value-addition and processing activities) that generate the best poverty reduction impact

k) Redesigning the public tender and bid process to be more nimble while maintaining and reinforcing transparency, e.g., rapid re-awarding to second-place bidders and leveraging technology for a faster bid lifecycle, in order to avoid delays in fund disbursement and rainy season construction

4) Building the **organization of farmers and small and medium enterprises (SMEs):** Identify and prioritize **cooperative and other commercial organization strategies** to support aggregation of farmer / SME purchasing power, marketing, and capabilities, such as:

a) Developing a specific and customized national cooperative strategy, similar to an effort underway at ATA; conduct a technical analysis based on locating and strengthening existing points of aggregation, e.g. input dealers, crop markets, unions, NGO organizers, and microfinance institutions (MFIs)

b) Collaborating and instituting independent third-party training and accreditation of farmer organizations and marketing boards

c) Publicizing the benefits of organization to small-scale farmers through a generalized campaign (e.g., Farmer Radio International broadcast) and/or via extension workers or other targeted channels

d) Mobilizing and providing resources to support the start-up and strengthening of farmer organization platforms in prioritized value chains and linkage points (e.g. among input dealers, MFIs)

5) Strengthening the **"pull" market orientation** and unlocking impediments in a **challenging business environment**: Address input / output markets given general weaknesses in value chain linkages, and the criticality of such linkages between buyers and farm sellers, thereby unlocking incentives for farmers and value throughout the chain. Investments could include:

a) Leveraging focus value chains (maize and rice) to test nationally scaled "end-to-end" interventions such as strategic grain reserve purchasing for food security, paid in paid with inputs on credit

b) Expanding successful pilots opportunistically into other commodities, with the objective of increasing private and public actors in furnishing quality guarantee, stock aggregation, and

brokering services (e.g., livestock and oilseed as pursued under the Accelerated Agribusiness and Agro-industries Development Initiative, opportunities for cocoa grading and value-addition)

c) Enhance collaboration with ongoing efforts to "make markets work" (for example, DANIDA's Making Markets Work for the Poor / Value Chain Hub)

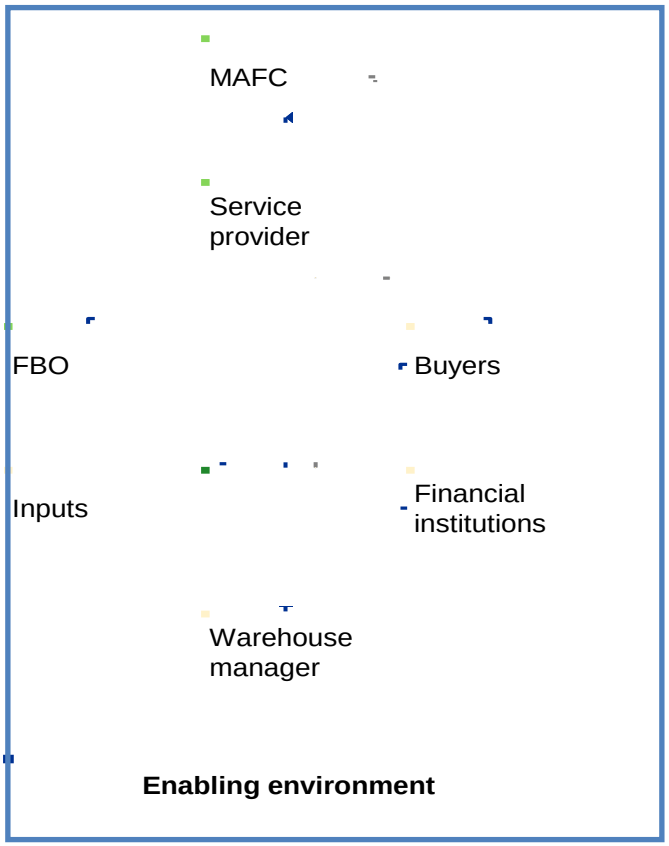
d) Increasing private and public investment in appropriate value-added agro-processing (e.g., juice pulping, basic canning) and drive dissemination of techniques to broader market, in concert with ongoing initiatives (e.g. MIVARF, MUVI, SAGCOT, TIC)

e) Evaluating national value-added taxes, local cesses, and export levies for net growth patterns as compared to sector potential, and reducing the levels of formal and informal taxation where technical analysis shows that less regulation can lead to improved sectoral growth and employment, potentially increasing the actual revenue base beyond previous levels with reduced tax rates because of rapid growth in sector activities

Annex D: Details on smallholder marketing associations

ADA will provide implementation support for the Collective Warehouse Based Marketing concept that was developed during the Agriculture Delivery Lab. The concept will involve an ecosystem of actors (See **Figure 6**), including the marketing association, a locally sourced warehouse manager, the Government (led by MAFC), a service provider, buyers and financial institutions.

Figure 6: Ecosystem of Actors in Maize Marketing Association system



The overriding theory of change is that product market is a prime mover of agricultural transformation or, simply stated – the demand for inputs, technology, finance, etc. is a derived demand of output. As such the agriculture lab decided to build a model based on a **demand-pull approach**.

The primary intervention that was selected involves the rehabilitation of existing maize warehouses and organization of farmers into **marketing associations** to store and collectively sell their surplus maize. This will be accompanied by targeted secondary interventions that assist with production to ensure there is sufficient surplus maize created to store in these rehabilitated warehouses. The 'big result' envisioned by 2015 will be to set up 275 of these marketing associations, which will have the following benefits:

- Provide modern sorting to improve the quality of the grain being sold
- Provide better storage facilities to reduce post-harvest losses
- Increase farmer bargaining power through bulk sales
- Enable farmers to take advantage of higher market prices through seasonal sales
- Facilitate smallholder financing using stock as collateral
- Facilitate bulk purchasing of inputs making seed and fertilizer more affordable

Initially, the main actor will be a village-based farmer marketing association that serves as the operator of a storage warehouse through an employed local warehouse manager. The formation of these associations, sensitization to the concept, leadership training and on-going support for the first three years will be provided by a service provider. This service provider will also help link the marketing association to institutional buyers such as WFP. Over time, the marketing associations may reach sufficient scale to incorporate financial institutions. The government – led by the Ministry of Agriculture, Food Security and Cooperatives (MAFC) will fund the rehabilitation of village warehouses to basic levels of operation. An overview of the roles and responsibilities is presented on the following page.

Roles & responsibilities

- Ministry of Agriculture
  - advertises, tenders and awards a service provider (e.g., RUDI, MVIWATA) to set up and oversee the starting phase of the schemes
  - advertises, tenders and awards contract for rehabilitation of warehouses and supporting infrastructure
  - monitors performance of service provider, and tracks progress and impact of scheme development, improvement in smallholder incomes etc.
- Service provider
  - conducts site-specific assessment of existing warehouses and sensitises farmers to the benefits of participating in the scheme
  - recruits and trains warehouse manager from the village
  - supports and supervises performance of the warehouse manager and operations of the warehouse system (including links to financial institutions, input suppliers, warehouse services (e.g., fumigation) and farmer training)
  - facilitates marketing by linking with buyers and providing price information
- FBO
  - willing farmers organise themselves (with assistance from service provider) into FBOs and select leaders
  - Supervises performance of the warehouse manager and operations of the warehouse accounting system
- Enabling environment
  - Relevant stakeholders to carry out actions and policy changes required to support the warehouse scheme

Annex E: Purchase and utilization of project vehicles

Availability of motor vehicles is critical to the optimal performance of technical staff and to the overall success of the *ADA*. At the end of the project, UNDP will consult with BMGF on the disposal of assets, and normal UNDP procedure on disposal of assets will be applied. The proof of the disposal will be documented as part of the project completion report.

Annex F: Compliance with the IRS rules governing use of funds for lobbying activity

With reference to UNDP's grant proposal to Bill and Melinda Gate Foundation for Capacity Support to the Tanzanian Government for the implementation of the Agricultural Delivery Agency and in compliance with the legal aspect of the proposal, UNDP declares as follows:

- UNDP is aware of the IRS rules governing the use of private foundation funds for lobbying activity and will take appropriate steps to ensure that these rules are followed.

- UNDP will ensure that the Bill and Melinda Gate Foundation grant funds will not be earmarked or used to support lobbying activities (through support of their legal counsel if necessary to ensure compliance).