

## **United Republic of Tanzania**

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### **Marketing Infrastructure, Value Addition and Rural Finance Support Programme Supervision Report**

#### **Main report and appendices**

Mission Dates: 29/10/2018 to 10/11/2018  
Document Date: 20/12/2018  
Project No. 1100001553  
Report No. 4939-TZ

East and Southern Africa Division  
Programme Management Department

## Abbreviations and Acronyms

<b>4P</b>	Public Private Producers Partnership
<b>AfDB</b>	African Development Bank
<b>AGRA</b>	Alliance for a Green Revolution in Africa
<b>AMCOS</b>	Agricultural Marketing Society
<b>AMS</b>	Agricultural Marketing Specialist
<b>ARI</b>	Agriculture Research Institute
<b>AWP</b>	Annual Work Plan and Budget
<b>BC</b>	Business Coach
<b>BTC</b>	Belgian Technical Cooperation
<b>CBV</b>	Cassava, Banana and Vegetable
<b>CPM</b>	Country Programme Manager
<b>DED</b>	District Executive Director
<b>DFP</b>	District Focal person
<b>DOC</b>	Department of Cooperatives
<b>ESA</b>	East and Southern Africa
<b>FA</b>	Financing Agreement
<b>FI</b>	Financial Institution
<b>FMC</b>	Farmer Marketing Centre
<b>FSDT</b>	Financial Sector Deepening Trust
<b>GAP</b>	Good Agronomic Practices
<b>GFS</b>	Grass-root Financial Services
<b>GoT</b>	Government of Tanzania
<b>HH</b>	Government of Tanzania
<b>HQ</b>	Head Quarter
<b>ICO</b>	IFAD Country Office
<b>IFAD</b>	International Fund for Agricultural Development
<b>ISM</b>	Implementation Support Mission
<b>KFCB</b>	Kagera Farmer Cooperative Bank
<b>KM</b>	Knowledge Management
<b>LECOFANET</b>	Lake Eyasi Commercial Farmers Network
<b>LGA</b>	Local Government Authorities
<b>LSP</b>	Lead Service Provider
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MANRLF</b>	Ministry of Agriculture, Natural Resources, Livestock and Fisheries
<b>MI</b>	Marketing Infrastructure
<b>MITI</b>	Ministry of Industry, Trade and Investment
<b>MIVARF</b>	Market Infrastructure, Value Addition and Rural Finance
<b>MLEEYWC</b>	Ministry of Labour Empowerment, Elders, Youth, Women and Children
<b>MoFP</b>	Ministry of Finance and Planning
<b>MPAFAC</b>	Msalala Paddy Farmers Company
<b>MT</b>	Metric Ton
<b>MUVI</b>	Rural Micro Small and Medium Enterprises Programme
<b>MUCOBA</b>	Mufindi Community Bank
<b>NJOCOBA</b>	Njombe Community Bank
<b>NMB</b>	National Merchant Bank
<b>NO</b>	No Objection
<b>PCT</b>	Programme Coordination Team
<b>PEML</b>	Producer Empowerment and Market Linkage
<b>PHML</b>	Post-harvest Handling and Market Linkage
<b>PHTC</b>	Post-Harvest Training Centre
<b>PMO</b>	Prime Minister's Office
<b>PS</b>	Principal Secretary

<b>QDS</b>	Quality Declared seeds
<b>RAS</b>	Regional Administrative Secretary
<b>REACTS</b>	Regional East African Community Trade in Staple Programme
<b>RIF</b>	Rural Innovation Fund
<b>RFP</b>	Regional Focal Person
<b>RO</b>	Regional Office
<b>SACCOS</b>	Savings and Credit Cooperative Societies
<b>SCGS</b>	Smallholder Credit Guarantee Scheme
<b>SHFG</b>	Smallholder Farmer Group
<b>SLEM</b>	Support to local Economy in Mwanza
<b>SP</b>	Service Provider
<b>SRIP</b>	Sengerema Rice Innovation Platform
<b>TADB</b>	Tanzania Agricultural Development Bank
<b>TASSCPA</b>	Tandahimba Small Scale Cashewnut Processor Association
<b>TBS</b>	Tanzania Bureau of Standards
<b>TCDC</b>	Tanzania Cooperative Development Commission
<b>TFDA</b>	Tanzania Food and Drug Authority
<b>TIRSAL</b>	Tanzania Incentive-based Risk Sharing System for Agricultural Lending
<b>TPB</b>	Tanzania Postal Bank
<b>ToT</b>	Training of Trainers
<b>TZS</b>	Tanzanian Shilling
<b>USD</b>	United States Dollar
<b>VA</b>	Value Addition
<b>VC</b>	Value Chain
<b>VFT</b>	Vision Fund Tanzania
<b>VICOBA</b>	Village Community Bank
<b>WFP</b>	World Food Programme
<b>WRS</b>	Warehouse Receipt System

## A. Project Overview

Region:	East and Southern Africa Division	Project at Risk Status:	Not at risk
Country:	United Republic of Tanzania	Environmental and Social Category:	B
Project Name:	Marketing Infrastructure, Value Addition and Rural Finance Support Programme	Climate Risk Classification:	3
Project Id:	1100001553	Executing Institution:	not available yet
Project Type:	Marketing/Storage/Processing	Implementing Institutions:	not available yet
CPM:	Francesco Rispoli		
Project Director:	Mr. Walter Swai		
Project Area:	Nationwide		

Approval Date	15/12/2010	Last audit receipt	02/01/2018
Signing Date	25/02/2011	Date of Last SIS Mission	10/11/2018
Entry into Force Date	25/02/2011	Number of SIS Missions	16
Available for Disbursement Date	25/02/2011	Number of extensions	1
First Disbursement Date	21/04/2011	Effectiveness lag	2 months
MTR Date	02/03/2015		
Original Completion Date	31/03/2018		
Current Completion Date	31/03/2020		
Financial Closure	not available yet		

## Project total financing

<b>IFAD Financing breakdown</b>	IFAD	\$90,595,963
<b>Domestic Financing breakdown</b>	Beneficiaries	\$180,553
	Local Government	\$3,101,394
	National Government	\$329,663
<b>Co-financing breakdown,</b>	African Development Bank	\$62,919,183
	Alliance for a Green Revolution In Africa	\$6,914,735
	Swedish Complementary	\$1,000,000
	To be determined	\$5,420,000
<b>Project total financing</b>		<b>\$170,461,491</b>

## Current Mission

Mission Dates:	29/10/2018 to 10/11/2018
Days in the field:	12
Mission composition:	Francesco Rispoli, Country Programme Manager and Team Leader, ESA; Mwatima Juma, Senior Country Programme Officer, ESA; Paul Picot, Rural Finance Specialist, IFAD consultant; Isabelle Lagailarde, Marketing and Value Chain Specialist, IFAD consultant; Fred Kagaba, Financial Management Specialist, IFAD consultant; Elena Pietschmann, M&E and KM Specialist, ESA; Patrizia d'Amico Programme Assistant, ESA
Field sites visited:	Zanzibar, Pemba, Mtwara, Lindi, Meru, Kilimanjaro, Manyara

## B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		5	Assessment of the Overall Implementation Performance		4

<b>Effectiveness and Developmental Focus</b>	<b>5</b>	<b>Project Management</b>	<b>4</b>
Effectiveness	4	Quality of Project Management	4
Targeting and Outreach	5	Knowledge Management	5
Gender equality & women's participation	4	Value for Money	4
Agricultural Productivity	5	Coherence between AWPB and Implementation	4
Nutrition	N/A	Performance of M&E System	4
Adaptation to Climate Change	5	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	

<b>Sustainability and Scaling-up</b>	<b>5</b>	<b>Financial Management and Execution</b>	<b>4</b>
Institutions and Policy Engagement	5	Acceptable Disbursement Rate	3
Partnership-building	5	Quality of Financial Management	4
Human and Social Capital and Empowerment	5	Quality and Timeliness of Audit	5
Quality of Beneficiary Participation	4	Counterparts Funds	2
Responsiveness of Service Providers	5	Compliance with Loan Covenants	4
Environment and Natural Resource Management	5	Procurement	3
Exit Strategy	4		
Potential for Scaling-up	5		

<b>Relevance</b>	<b>5</b>
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## C. Mission Objectives and Key Conclusions

### Background and Main Objective of the Mission

MIVARF Supervision and Implementation Support Mission (ISM) was jointly conducted between 29 October and 10 November 2018 by an IFAD team and the MIVARF Project Coordination Team (PCT) under the auspices of the Prime Minister's Office (PMO). The overall objective of the mission was to assist the PCT consolidate the results obtained so far, focusing on the following activities: (i) strengthening Savings and Credits Cooperative Societies (SACCOs), Village Community Banks (VICOBAS) and Community Banks (CBs), as well as promoting the access of the PEML beneficiaries to the much-needed financial services; (ii) monitoring and backstopping the implementation of the Smallholder Credit Guarantee Scheme (SCGS) and Rural Innovation Fund (RIF); (iii) providing training/coaching to the beneficiary groups, in order to ensure the profitable and sustainable management of the warehouses and post-harvest/processing facilities and equipment established by the programme; and (iv) monitoring, strengthening and replicating the 4P/consortium models which have emerged within the PEML sub-component.

The ISM liaised with relevant staff from the regions and districts, service providers (SP), Tanzania Agriculture Development Bank (TADB) and other financial partners, as well as community representatives. Field visits were organized in Unguja, Pemba, Mtwara, Lindi, Meru, Kilimanjaro and Manyara regions. Three zonal workshops were organized in Zanzibar, Mtwara and Arusha to discuss with Local Government Authorities (LGAs), SPs, beneficiaries and partner financial institutions the progress achieved so far and the remaining challenges that need to be tackled during the extension period. A pre-wrap up workshop was also held with PCT to highlight the main findings and recommendations of the mission, emphasizing on the key activities that need to be prioritized, which will contribute to the finalization of the current AWPB 2018/19.

This Aide Memoire reflects the mission's findings and recommendations, and documents the agreements reached during the wrap-up held on 9 November 2018. It will be followed by an IFAD management letter highlighting key mission findings and recommendations. The mission wishes to extend its most sincere gratitude and appreciation for the courtesy, cooperation and hospitality extended by the PMO, PCT staff and local authorities visited.

### Key Mission Agreements and Conclusions

The mission reaffirms the steady, continuous progress observed since Mid-Term. The overall number of rural producers linked to formal markets currently stands at 87% of target, and the robust synergies that are now effective across all sub-components led to outreach results that have already surpassed targets in the Rural Finance component, indicating that the project is on track to achieve most of its development objectives.

Yet, the SCGS and RIF facilities in the Rural Financial Systems component are still to be transformed into actual output and outcomes, since funds have not yet been availed to prospective beneficiaries. Progress on this aspect is expected over the next months with the full operationalization of the SCGS and the RIF.

From an Actual Problem Project (APP) status, MIVARF has graduated into a flagship position involving national coverage across 72 districts (all regions including Zanzibar) and 10 agricultural value chains that have been strengthened in their backward and forward linkages of smallholder farmers with a wide number of key stakeholders among input suppliers, national and international off-takers, and financing institutions.

The two-year extension that was granted to MIVARF less than nine months ago recognized the achievements made so far and took stock of the tremendous potential of the programme, that this mission is able to confirm. In order to ensure optimal impact of the project, it is now of utmost importance that the project capitalizes on the "low-hanging fruits" emerging under sub-sector consortia, and ensures sustainability of the substantial investments made in storage/marketing infrastructure, value addition facilities and grassroots financing partners, as well as in the RIF and SCGS schemes that are still to reach MIVARF beneficiaries. Careful consideration should thus be given to the revision of the current AWPB, in order to align with the timing of SCGS and RIF implementation, and provide appropriate support to the consolidation of MIVARF achievements in terms of producers empowerment, market linkages and development of sustainable financial services.

## D. Overview and Project Progress

### Producer Empowerment and Market Linkages

Budget execution of PEML sub-component in AWPB 2017/18 stands at 57.2% (approx. USD 4.2 million), mostly due to low expenditures in certain activities like in-country learning visits and training of government staff and other institutions in Warehouse Receipt Systems (WRS), slow reconciliation of expenditures incurred under the SIDO/MIVARF partnership, and above all late recruitment of SPs and BCs for the extension period.

The mission wishes to reiterate that ***the support provided by Lead SPs and Business Coaches (BCs) is key to consolidate and sustain MIVARF investments made across all components***. This was largely acknowledged upon extension request, and was a paramount reason for granting the same extension. The disruption of these SPs contracts between June and October 2018 has already affected on-ground implementation as witnessed during the field visits, and the current contracts being too short and not in line with the farming seasons, it is unlikely that they will be able to achieve the intended outcomes. Therefore the mission urges the PCT to give utmost attention to this ad-hoc support by prioritizing SPs interventions at least during the whole of AWPB 2018/19, and ideally during the first quarter of AWPB 2019/20.

**Development of Public Private Producers Partnerships 4P/Consortia.** In line with its plans to support and monitor different Value Chain Consortia, the project has identified willing subsector partners for the establishment of Consortia (see Table 1 Appendix 4) through the Lead SPs and BCs. A total of 58,647 smallholder farmers have already been mobilized and integrated in these 4P arrangements, a notable achievement that confirms the impressive progress observed in PEML implementation over the recent years.

As pointed out during the previous mission, the consortia facilitated by MIVARF are expected to put the working capital requirements at both Lead Firm and producer levels in the spotlight, especially for farmers operating in rain-fed areas that are perceived as high risk clients by financial institutions, and thus fail to access pre-season loans. Besides the consortia, the project also determined the financial requirements of 118 producers organizations in terms of working capital (mostly for the purchase of raw material and/or processing equipment) for a total amounting to approximately USD 6 million. Some of these business cases could be eligible under the RIF and/or SCGS schemes that are now also supported through TADB. However, the slow inception of these instruments, combined with a lack of communication/analysis from TADB, does not yet allow the project to know which of these cases have already been submitted to either RIF or SCGS partner banks.

**Collective storage and WRS.** The PCT reports that the operation of a fully-fledged WRS has dropped from 12 to 11 warehouses built/rehabilitated by MIVARF. However, the mission doubts that all 11 warehouses are actually connected to financing institutions in a continuous manner. The mission also acknowledges the fact that WRS arrangements are not always profitable: market volatility and over-production may actually prevent a price increase over the months after harvest, and it is not always in the interest of the producers to postpone their sales. This is probably why an increasing number of MIVARF warehouses are rather used under simplified storage arrangements that better correspond to farmers and traders' needs, besides the fact that capital is hardly made available to MIVARF target beneficiaries for WRS implementation.

There has been a 13% increase in maize and paddy storage between 2016/17 and 2017/18 (now reaching 3,640 MT), but none of MIVARF facilities are yet operating at full capacity. All 9 market places and/or cold storage facilities supported by MIVARF are now reported as completed.

**Value Addition (VA) and Post-Harvest Training Centers (PHTCs).** There has been some continuous progress since last mission and out of a total of 35 VA projects that were facilitated by MIVARF grants, 25 are now fully operational and in use (71%), 7 are installed but not yet operational (20%), and 3 are still awaiting delivery of equipment (9%). As for the PHTCs, another two centers have been put in use since the last mission, bringing the number of operational PHTCs to 11 out of a total of 13.

The needs assessment survey undertaken by the Lead SPs and BCs in May 2018 has confirmed earlier observations that beneficiaries are still lacking key information related to market, investment needs (working capital, transport costs, etc.) and overall methodology to operate the proposed business. Besides, field visits evidenced that certain processing groups, like GEP in Pemba, are blocked in their development because their facilities do not comply with food standards. In such cases, food compliance requirements from Tanzania Food and Drug Authority (TFDA), Zanzibar Food and Drug Agency (ZFDA), Tanzania Bureau of Standards (TBS) and Zanzibar Bureau of Standards (ZBS) have been largely underestimated when grants were offered and the groups will remain very limited in their operation until their facility becomes compliant. The project will have to assist in mobilizing relevant authorities, and explore ways of sourcing additional capital required for facility upgrading, to avoid failure of these groups to ever operate at necessary scale and thus recoup their initial investment.

It is also worth noting that there remains unclear ownership of the VA addition equipment in almost all cases, and this prevents full involvement of target beneficiaries. It is the role of the project to clarify the "who owns" and "who uses" this equipment, with clear definition of the roles and obligations of each parties. The same applies to Post Harvest Training Centers that according to the needs assessment survey are lacking clear Management Plans to ensure their optimum operationalization and sustainability. The project should clarify all of these points with LGAs and beneficiaries, and make use of the Lead SPs and BCs to develop MoUs on a case-by-case basis.

### Grassroots Financial Services

The mission noted the impressive performance of MIVARF in terms of increase of outreach for the financial institutions supported. As at 30 June 2018, the PCT reported a cumulative total of 4,048,913 new rural clients since inception of the Project, through support to 8 CBs, 1 Cooperative Bank, 4 Microfinance institutions, 746 SACCOS, and 13,583 VICOBAS. The mission however noted that numbers on outreach include urban clients, and PCT should update data for rural clients only.

Several financial institutions have developed or are developing innovative delivery channels (agency banking, mobile banking, mini service centers, etc.), and products (savings, agriculture finance, including Value Chain Financing (VCF) approach in partnership with private agribusiness companies, leasing, solar equipment, crop insurance).

The impact assessment of supported financial partners conducted early 2018 highlighted that MIVARF outreach focused grant support was key to achievements of the financial institution in terms of rural outreach. There is however a need to further analyse and better understand what can actually be attributed to MIVARF's support for increase of outreach as well as development of innovations. This analysis should be part of the Knowledge Management (KM) plan and should allow to draw important lessons in terms of modalities of support to financial institutions to increase their outreach and impact in rural areas, in particular for the smallholder agricultural sector.

Linkages with MIVARF supported farmers' groups under PEML sub-component is effective for most of CBs and Micro Finance Institutions (MFIs) supported, as well as a number of SACCOs and VICOBAs. PCT Rural Finance (RF) specialists should continue monitoring and promoting linkages with groups after end of MoUs with partners, in synergy with PEML sub-component.

Based on a needs assessment done by PCT in May 2018, support is yet to be provided to 4 CBs, 3 MFIs, 3 VICOBAs promoters, 3 Professional associations, Moshi Cooperative University (MOCU), Tanzania Cooperative Development Commission (TCDC) and Department of Cooperative (DOC). It however remains to prioritize support to be provided with available budget until Project completion. The mission recommends to give priority to completing ongoing activities, followed by development of innovations related to smallholder farmers finance.

One of the priorities should be to continue support to SACCOs in Mainland and Zanzibar, since many activities are yet ongoing, to ensure sustainable outcomes. Contract of RF BC in Zanzibar should be extended, and the BC should focus his support to SACCOS, in terms of product development, including for farmers groups, and review of the business models and pricing of the SACCOS (in line with Islamic finance principles).

The mission also recommends to ensure that capacity building methodologies and tools developed by MOCU in Mainland and RF BC in Zanzibar are transferred to TCDC / Savings and Credit Co-Operative Union League of Tanzania (SCCULT), and DOC / Zanzibar Saving and Credit co-operative Union (ZASCCU).

The mission noted that Financial Professional Associations or Federations/Unions are weak, with limited technical capacities and human resources, and lack of revenues to sustain operational costs. Close cooperation should be established with the African Confederation of Co-operative Savings and Credit (ACCOSCA). This PanAfrican organization is supported with an IFAD grant under the Improving Rural Financial Inclusion Through Cooperatives (IRFITCO) Project to revive SCCULT. ACCOSCA would be a relevant partner for MIVARF and would provide a viable exit strategy to Programme's activities in support of SACCOs.

Another priority should be to support COBAT for the development of the Zonal model that CBs intend to implement to increase their scope of operations and improve their sustainability (including negotiations with Bank of Tanzania BoT on regulatory aspects).

Most of the remaining support for the GFS partners being tentatively planned for completion in March 2019, there is need to adjust modalities of support and supervision by PCT RF specialists with focus on (i) KM and lessons learnt for GFS partners and (ii) Monitoring and support to TADB for SCGS and RIF (see below).

## **Rural Financial Systems**

**Smallholder Credit Guarantee Scheme.** The mission noted with concern that implementation progress has been slow since the disbursement of the first tranche of USD 10 million by MIVARF in January 2018. Agreements have been signed with Tanzania Postal Bank (TPB) and National Microfinance Bank (NMB) respectively in May and August 2018.

As at November 6th, TADB had disbursed USD 1.05 million USD to TPB, which is yet to disburse loans to final clients. One loan application is in the final stage of approval for NMB, for a planned disbursement of USD 0.66 million. Negotiations are under way at different stages with several Banks and TADB estimates potential total commitments to be around USD 23.5 million.

Discussions held with TADB and Banks during the mission highlighted issues related to SCGS policies that need to be addressed:

Individual guarantee method is not adapted to small loans to a large number of smallholder farmers, for which portfolio guarantee is best suited. Portfolio guarantee should thus be considered in addition to individual guarantee for Banks with good track record in agrilending and clear strategy and products to reach smallholder farmers.

Option to guarantee loans to agribusiness private companies as a way to reach smallholder farmers linked to the companies is not provided for in the current guidelines, while it would be a secured, cost-effective and sustainable way to



reach smallholder farmers.

Maximum financial commitment of TADB should be specified in the agreements with Banks, based on analysis of their portfolio and projected disbursements.

Disbursement of guarantee should be based on approved loan applications and not as an advance not backed by applications as was the case for TPB.

Interest rate policy for Banks' clients should be specified in the agreements with partner Banks, following negotiations that TADB intends to have with them to reduce interest rate below commercial rates.

Possibility to partner with MFIs with good agrilending track record and clear strategy and products should be analyzed (SCGS currently targeting only commercial banks). Vision Fund, one of the FIs supported under GFS, has for instance expressed interest and would be a good candidate.

TADB should select Banks with good track record in smallholder finance or with credible strategy and capacity to develop a secured smallholder farmers portfolio. In case Banks need technical assistance (TA) to develop their smallholder farmers portfolio and do not have partners, TADB should provide this TA as part of the agreement with the Bank. Amongst the Banks currently in the pipeline, the mission recommends to give specific attention to Azania Bank, BOA, DCB, EXIM Bank and PBZ.

The 2nd tranche disbursement of USD 10 million by MIVARF to TADB should be conditional upon meeting key performance indicators: (i) 75% loan disbursement by Banks of the 1st tranche, (ii) Compliance with the targeting and other contractual clauses. (iii) Quality of guaranteed portfolio (PAR) and (iv) Existence of a credible pipeline for the second tranche.

The mission also noted that TADB strategy is to conduct public marketing of the scheme to potential clients, which may be very risky for the Banks in case the existence of the guarantee is disclosed to the public. Best practice would have been to leave to the Banks to design their own marketing strategy.

There is a lack of clear and documented TADB's management arrangements for the SCGS, which is key to ensure that TADB has the adequate organization and human resources to manage the scheme effectively, including for field monitoring of the portfolio guaranteed, and for claims assessment.

PCT monitoring of TADB should be strengthened, with a least bimonthly TADB / PCT management meetings, in addition to quarterly reports' review. PCT should also organize on site monitoring missions on a sample basis to verify compliance with targeting criteria and other contractual clauses, quality of the portfolio guaranteed and adaptation of the products delivered to the needs and capacities of the smallholder farmers.

**Rural Innovation Fund.** Like for SCGS, implementation progress has been slow following disbursement of the first USD 1 million tranche by MIVARF in January 2018. 111 proposals have been received by TADB for a total request of around TZS 47 billion, classified under various sectors (agriculture, financial services, digital services, energy, health, environment, etc.).

The Steering Committee (SC), in charge of screening and approving the proposals, is however not yet constituted, 4 members from the public being yet to be appointed in addition to the 5 representatives from the Government.

The mission noted the urgent need to clarify the scope of the RIF in terms of eligible sectors (proposals being currently open for financial innovation, farm sector and non-farm sector) and eligibility criteria, as well as operational policies / procedures (amounts, what qualify for grants or loans, conditions for the grants and loans, assessment and monitoring tools for TADB, screening tool for the SC, etc.).

The operational procedures should also include a pre-screening step by TADB management before submitting proposals for approval by the SC. The mission recommends to prioritize innovations related to financial services for smallholder farmers (including crop insurance).

The 2nd tranche of USD 4 million to be disbursed by MIVARF should be conditional upon performance achievement: (i) first tranche fully committed, (ii) compliance with eligibility criteria and revised guidelines and (iii) pipeline approved by MIVARF.

The modalities of promotion of the RIF should be clarified, in consultation between TADB and PCT, especially for PEML and VA Groups supported by MIVARF. The mission also noted that, like for SCGS, there is (i) a lack of clear and documented TADB management arrangements for the RIF, and (ii) need to strengthen monitoring of RIF implementation by MIVARF.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Overview and Project Progress</b>		
<b>Service Provision in PEML districts (Mainland and Zanzibar)</b>  Seriously explore the possibility to extend LSPs and BCs contracts beyond March 2019, as part of thorough revision of AWPB 2018/19 and according to key priorities	PCT	11/2018
<b>Guidance for Lead SPs and BCs</b>  Guide LSPs and BCs to firm up 2018/19 business cases and associated proposals for development of consortium and funding by financial institutions supported by TADB	PCT	12/2018
<b>Value Addition facilities</b>  PCT to clarify with LGAs “who owns” and “who uses” the equipment, and support LSPs and BCs in finalizing MoUs to be signed between LGAs and beneficiaries	AMS and VA specialists	01/2019
<b>Compliance with food standards</b>  Assist in mobilizing ZFDB/ZBS authorities to facilitate certification. Ensure that ongoing construction of facilities (e.g. Matufa) is fully compliant at time of completion	AMS and VA specialists	01/2019
<b>Access to finance for Value Addition groups</b>  Put particular efforts on facilitating access to finance to VA processing groups for a) sourcing raw materials and b) operating processing equipment as a real business	LSPs, BCs, with support from AMS and RF specialists	02/2019

## E. Project implementation

### a. Development Effectiveness

Effectiveness and Developmental Focus		
Effectiveness	Rating: 4	Previous rating: 4

#### Justification of rating

The mission reaffirms the steady, continuous progress observed since Mid-Term. With the overall number of rural producers linked to formal markets currently standing at 87% of target, MIVARF is on track to meet its development objective. The majority of output indicators have been achieved or are on track of being achieved. Several output indicators have exceeded targets. On the other hand, the SCGS and RIF facilities in the Rural Financial Systems component are still to be transformed into actual output and outcomes, since no fund has yet been availed to prospective beneficiaries. Progress on this aspect is expected over the next months with the operationalization of the SCGS and the RIF.

#### Log-Frame Analysis & Main Issues of Effectiveness

Most data currently reported in the log-frame are extracted from the semi-annual reports from December 2017. Therefore, the data currently presented is the same data analysed by the latest supervision mission of March 2018. Service providers have been re-engaged since October 2018 and activities are on-going. Therefore, most of the progress made in 2018 will be reflected once the log-frame will be updated with data from the quarterly reports that the Service Providers will submit in December 2018.

According to the latest annual report (June 2018), MIVARF is progressing well in terms of outputs. Notable results include: rehabilitation of 1078.6 Km (108% of target) of rural feeder roads; construction of 15 markets (94%), 28 warehouses (97%) and renovation of all 6 warehouses (100%); setting up of 56 (100%) Local Marketing Infrastructure Committees; acquisition of 38 processing machines by beneficiaries; capacity building of 25,647 beneficiaries on value addition and post-harvest management activities and of 130,051 smallholder on production, marketing, and financial market access. Under the Rural Finance Component, the programme supported 3.6 million rural clients to access financial services (145% of target). Out of these, 91,036 members of PEML group have been linked to SACCOS, Community/Cooperative Banks, Commercial banks and MFIs.

In terms of outcomes, according to the Log-frame, the first outcome appears to be lagging behind, with 143,000 persons reporting improved physical access to markets, processing and storage facilities compared to a target of 445,500 (32%). This is likely due to the fact that most physical assets were only completed and/or delivered in 2016-17, and some are actually yet to become operational, meaning that a good number of PEML target groups are still to benefit from these assets. Although these facilities are still far from being used at full capacity, the outcome study carried out in September 2017 mentions that warehouses highly improved the marketing situation of crops and that the volumes of crops reaching markets increased from an overall mean of 230.5 tonnes to 808.6 tonnes per season in localities where feeder roads were rehabilitated. These are encouraging findings, even more so if we consider that they do not take into account the progress made in the 14 months since the study was undertaken.

With a total of 1,834 rural producers' organisations engaged in formal partnerships/agreements or contracts with public or private entities, outcome 2 is at 99% of the target. Moreover, marketing agreements/MoUs between PEML groups and buyers are among the main deliverables for service providers for their current contract, so this figure is likely to see a considerable increase over the next months. The outcome indicator linked to the rural finance activities shows that out of the 3.9 million people who have been given access to financial services, 2,992,945 persons report actually making use of these services (155% of target). However, it is difficult to determine exactly to what extent the increase in the number of rural clients reached by partner FIs is to be attributed to the support received by the programme. Moreover, this figure includes also urban clients.

As for progress towards the development objective, the number of rural producers linked to formal markets currently stands at 449,224 (87% of the target). This includes the 116,575 PEML-group members engaged in formal partnerships (as recorded in Outcome n.2), as well as producers not directly targeted through PEML groups but reached by MIVARF through the building/rehabilitation of roads, market facilities, warehouses, as well as through the establishment of 4P consortia.

Development Focus		
Targeting and Outreach	Rating: 5	Previous rating: 5

#### Justification of rating

Cumulatively, the programme has directly reached 3,730,000 persons, representing 67% of the target. Considering the expected beneficiaries that will be reached through the RIF and SCGS facilities, the outreach target is likely to be exceeded by project completion. However, it is important to note that out of the 3,730,000 beneficiaries, 130,000 are

members of PEML groups directly reached by MIVARF, whereas the remaining 3,600,000 are represented by new clients of supported FIs institutions, whose attribution to MIVARF is not always clear, as mentioned above. The geographical and social targeting strategy envisaged at design has mostly been respected

## Main issues

In terms of outreach, it is to be noted that the programme's activities are also reaching farmers not directly targeted by MIVARF: the 4P consortia promoted by the programme are increasingly attracting farmers that are not members of the targeted PEML groups. Figures on these indirect beneficiaries are currently not available, and it would be useful if these were included in future reports of service providers. Some of the PEML groups are also training other farmer groups on the GAP and marketing practices learned through MIVARF trainings. For example, a group trained on sunflower oil processing coached other sunflower oil processors from Mbeya (30 persons), Kondoa (33), Karagwe (41), Itigi (24), Mtinko, and has received coaching requests from 7 Tabora groups (210) and 20 Simiyu groups (400).

The targeting strategy and the criteria set at design for the participation of rural groups and individuals in programme activities were generally respected. One aspect of the targeting strategy that was somewhat neglected was that groups accessing value addition equipment through the matching grants were supposed to have previous experience with processing and to be already engaged in the business. However, some groups that received equipment did not have previous experience and the necessary maturity to use the machinery at full capacity, and as a consequence many of those groups are still struggling to get their business running.

Linkages between the marketing/Value Addition and the rural finance activities continue improving, and 91,036 out of 130,000 members of PEML groups have been linked to SACCOS, Community/Cooperative Banks, Commercial banks and MFIs. Supporting PEML groups in accessing loans will be a key delivery of service providers for their current contract. In Zanzibar, this task is currently assigned both to the Business Coaches and to the Rural Finance Coach. This risks creating confusion among the coaches and among the groups, since it is unclear whose responsibility it is to assist PEML groups in accessing loans. In order to avoid confusing or even contradictory interventions of both Business and RF Coaches with the same groups, the mission recommends to amend the ToRs for Zanzibar and to clarify that the Rural Finance Coach focuses on supporting SACCOs, while it is the responsibility of the Business Coaches to assist PEML groups in both preparing business plans and presenting these to FIs. Finally, the targeting of the RIF, which is still vague and creating wrong expectations with beneficiaries, urgently needs to be clarified (see section on Rural Finance Systems).

## Gender equality & women's participation

**Rating: 4**

**Previous rating: 5**

### Justification of rating

The mission noted a satisfactory level of gender balance in PEML groups and among clients of supported FIs. Overall women participation currently stands at 45% against a target of 40%. Quantitative gender-disaggregated data is available and will be collected also in the framework of the RIF and SCGS facilities, whereas information on quality of women participation is still missing.

## Main issues

The mission was pleased to note that women are participating in all project activities. Thanks to its focus on value addition and food-processing activities, MIVARF engages in activities where women are well represented. In the case of the cashew value chain, the processing of cashew nuts is a very rentable activity in which almost exclusively women are engaged, as cashew processing is considered to be an activity for women.

The only area where women participation appears to be low is the training in value addition post-harvest techniques, where women represent only 36% of trained people. This low figure is explained by the fact that only trainings conducted in AfDB-funded training centers were reported under this indicator. PEML groups were asked to select one or two members per group to take part in the trainings at the training centers, and most PEML groups sent male representatives. However, once the value-addition trainings conducted by IFAD-funded service providers are added, the share of women participation in the trainings jumps to 56%. Indeed, value addition trainings by these service providers were conducted at village level and targeted all members of the PEML groups. This confirms a lesson learned in other projects and countries as well: women participation in training centers tends to be more difficult than at the village level, especially if no quotas for women are set.

Besides an encouraging share of women among the programme's beneficiaries, the mission also observed that a considerable number of women met during field visits were not only active members of the PEML groups and SACCOs, but also played key roles such as Chairperson, Secretary or Treasurer. However, the mission was not in the position to assess whether this was a consequence of a specific gender-sensitive approach adopted by MIVARF. According to the outcome study carried out in September 2017, PEML activities have equally empowered men and women in group's leadership. An interesting example of women empowerment was noted in the Ngunichile SACCOs visited by the mission. After having collapsed due to mismanagement by men, the SACCO was revived by women who are now successfully running it and are somewhat reluctant to opening the SACCO to male clients again.

It was agreed during the last mission that a short term technical assistance on gender and social inclusion would be sought to provide sensitization and training to PCT staff, SPs, farmer groups and other stakeholders and to facilitate

discussions on gender and social inclusion in relevant fora such as the consortia. Given that this TA has not been mobilized yet, and considering the generally satisfactory performance on gender and the little time and resources remaining, the gender-focused TA is not considered priority at this stage. On the other hand, the mission reiterates the recommendation to include detailed gender analysis in the studies conducted in preparation of the PCR to assess MIVARF's contribution to women's economic empowerment; equitable voice and representation.

<b>Agricultural Productivity</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
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#### **Justification of rating**

In general, there has been a continued improvement in productivity largely being contributed by an increasing use of Good Agricultural Practices (GAP) including among others the use of System of Rice Intensification (SRI), improved seeds and fertilizers. Despite a slight fall in the years of drought, the project reports yields increases ranging from 15 to 36% in paddy (Lake and Southern Zones), 17% in ginger (Northern Zone) and up to 199% in maize (Southern Zone) between 2014/15 and 2017/18 seasons. In the first 3 seasons under reporting, (i.e. up to 2016/17), cassava, sunflower and sesame productions have also increased by an average 34%, 40% and 47% respectively.

#### **Main issues**

The project is still to produce a comprehensive report on the productivity improvement across all 10 value chains and all 72 districts. The LGAs and especially the cooperative officers who are actively involved in MIVARF implementation can play an active role in data collection, and the M&E unit should then compile them and compare with baseline surveys undertaken by PEML SPs at the beginning of their interventions.

<b>Nutrition</b>	<b>Rating: N/A</b>	<b>Previous rating: N/A</b>
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<b>Adaptation to Climate Change</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
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#### **Justification of rating**

The project has by far exceeded its target in terms of persons reporting being trained in production practices and technologies (96,608 farmers as of March 2018). GAP training has been very efficient to mitigate the adverse effect of the severe droughts that affected the country in 2015/16 and 2016/17. In Zanzibar, the introduction by Business Coaches of the principle of staggered vegetable production, combined with investments in small scale drip irrigation systems, have enabled the farmers to produce during the dry months and hit better prices on the market when the demand is high. The increased engagement with input suppliers facilitated through sub-sector consortia is also key to increase the access to improved seeds

## **b. Sustainability and Scaling up**

<b>Institutions and Policy Engagement</b>	<b>Rating: 5</b>	<b>Previous rating: 4</b>
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#### **Justification of rating**

MIVARF's has been successful in promoting an enabling policy environment for microfinance institutions. The Microfinance policy for Tanzania Mainland was completed and launched, as well as the subsequent act approved by the Cabinet. MIVARF has also been supporting the review of the Cooperative Policy and the related Act, which are critical to guarantee a healthy growth of the sector. Most of the planned activities have thus been completed, what remains being support to MOF Mainland for launching and dissemination of the New Microfinance act, and to MOF Zanzibar for dissemination of the Microfinance policy and stakeholders workshop to review the draft Microfinance Act

#### **Main issues**

A conducive policy framework is critical for the successful implementation of project activities and their sustainability. MIVARF has been supporting several institutions with a different degree of success.

In the cooperative sector, MIVARF has been closely working with the Tanzania Cooperative Development Commission (TCDC), supporting different activities for the development of the SACCOs' movement, including the dissemination of the Cooperative Society Act and the development of the guidelines for on sight supervision of SACCOs. Earlier in 2018 the programme has supported the categorization of SACCOs, which will allow to tailor supervision modalities and approaches. In Zanzibar, the finalization of the MicroFinance Policy and ACT, should be finalized by March 2019.

With less than two years from programme's completion, as part of the exit strategy, particular focus should be put on

finalizing the work conducted at policy level. Key organizations that can guarantee the long term sustainability of the SACCOs sector should also be strengthened. In this regard, close cooperation should be established with the African Confederation of Co-operative Savings and Credit (ACCOSCA). This pan-African organization, is supported under an IFAD grant. The lead agency for the implementation of the Improving Rural Financial Inclusion initiative is the Canadian Cooperative Authority. This regional initiative covers Tanzania, Ethiopia and Malawi. ACCOSCA is taking the lead in Tanzania, trying to support the reviving of the Savings and Credit Co-operative Union League of Tanzania (SCCULT). ACCOSCA would also be a relevant partner for MIVARF and would provide a viable exit strategy to Programme's activities in support of SACCOs. A stronger Union would be well positioned to provide support to its member SACCOs and advocate at policy level for the entire sector. ACCOSCA is also strategically positioned to support ZASCU, an organization that would require technical support to play its role effectively. The mission facilitated the contact between the PCT and ACCOSCA. As recommended under section D of this report, the PCT should define together with ACCOSCA cooperation modalities and develop a joint plan of work. Support to the Community Banks Association of Tanzania (COBAT) for the implementation of the new Zonal model, with the engagement of BOT to define adapted regulation, would be also key for the sustainability of the Community Banks.

<b>Partnership-building</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
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#### Justification of rating

MIVARF has successfully managed to establish a wide number of strategic partnerships in both public and private sectors (see appendix 4 for detailed information). The continuous development of 7 consortia models involving now over 58,000 smallholder farmers, a dozen of key off-takers, 8 major input suppliers, as well as 6 banks is a good illustration of the project's ability to leverage strong partnerships towards its goals and development objectives. It is expected to achieve more once the SCGS and RIF are fully unrolled.

#### Main issues

**SIDO-MIVARF partnership.** The project has not reported on any progress of this partnership since last mission. It looks like SIDO is still to reconcile its expenditures with MIVARF financial and M&E team, and no further budget has been allocated to SIDO to implement MIVARF activities. However, in certain cases/regions (e.g. Manyara, Singida, Mwanza, Ruvuma), SIDO remains actively engaged at its own cost with MIVARF beneficiaries, at least for regional exhibitions, SIDO entrepreneurship fund, and TFDA/TBS certification, but this goes unreported. So far only SIDO Ruvuma and Mwanza Regional Office, have developed a detailed way forward to continue supporting MIVARF beneficiaries. While the mission acknowledges that the project's limited remaining resources do not allow additional funding to SIDO, it recommends that ongoing synergies be properly documented and encouraged by PCT, to optimize the use of SIDO's own resources and leverage external funding.

**Farm Radio International.** The missions notes with satisfaction that PEML sub-component has kept an active engagement with FRI, with provisions to jointly run radio campaigns on key aspects of value addition, market linkages and financial inclusion.

**ACCOSCA.** The Rural Finance component will partner with ACCOSCA, which has received an IFAD Grant under IRFITCO Project, to revive SCCULT in Mainland and support ZASSCO in Zanzibar. This partnership has the potential to provide a viable exit strategy to Programme's activities in support of the SACCO sector. PCT is thus to define with ACCOSCA by end of November 2018 the cooperation modalities and areas of support, both for SCCULT in Mainland and ZASSCO in Zanzibar, in consultation with TDC and DOC respectively. It is in particular expected that ACCOSCA will link with MoCU in Mainland and RF Business coach in Zanzibar to ensure adequate transfer of methodologies and tools developed under MIVARF to SCCULT and ZASSCO, to contribute to sustainability and scale up of MIVARF interventions.

<b>Human and Social Capital and Empowerment</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
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#### Justification of rating

In general, the programme appears to have played a positive role in strengthening the human and social capital of targeted households. Under PEML, farmer groups have benefitted from various interventions including capacity building, support to manage infrastructure and collective access to inputs. Under the grassroots financial services sub-component, MIVARF has supported access to rural finance services to the rural population, and increasingly also to PEML groups.

#### Main issues

The programme has surpassed the Programme Design Report (PDR) targets having trained 96,608 farmers cumulatively against the 81,000 end target. MIVARF continued to support exchange visits for farmer groups. According to the outcome study carried out in September 2017 (p.68), PEML activities have supported the strengthening of farmer producer groups and farmer marketing groups as well as their growth in terms of membership.

At the same time, for many of the supported groups, viable business plans and access to loans are key objectives still to be achieved in order to consider these groups as being empowered in a sustainable way. In particular, the mission noted with concern that several of the groups that received matching grants for value addition equipment (sub-component



financed by AfDB) have not been sufficiently empowered so as to be able to run their businesses successfully and sustainably. Insufficient working capital and difficulties obtaining the TFDA certification needed to access formal retailer markets still pose serious challenges to several of the groups. This could have been avoided if solid business plans had been developed together with the groups before the delivery of equipment took place. The current situation can be attributed partly to inadequate targeting of some groups lacking the necessary maturity, and partly to the insufficient coordination between the AfDB-funded matching grants activities and the IFAD-funded capacity-building activities. The development of business plans, which is currently the main focus of service providers working with PEML groups, will be key to strengthen the empowerment of those groups (See also Section H – Lessons Learned).

Through the establishment of 5 Zonal 4Ps consortia, MIVARF is now engaging with and focusing on the empowerment of apex organizations, such as Regional AMCOS Unions and Regional SACCOS Unions. Since 2017, MIVARF also supported with office equipment and internet connection the 10 District Farmer Fora (DFF) that were formed in Zanzibar during the ASDP-L project and “handed over” to MIVARF. Currently, seven out of the 10 supported DFF are considered ‘active’, two are considered ‘very active’, and one ‘fairly active’. Key achievements are increased membership (up to 2,111 in Pemba South district), formation of an apex DFF organization in Unguja, and official recognition by LGAs (participation in district planning meetings) and national authorities (2 DFF have been invited to the Producer Forum to be held in Dodoma on 14-16 November 2018). See appendix 4 for more details on Zanzibar DFF

<b>Quality of Beneficiary Participation</b>	<b>Rating: 4</b>	<b>Previous rating: 5</b>
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#### **Justification of rating**

The participation of PEML beneficiaries in decision making remains high, as evidenced by the active involvement of group representatives, members of value chain platforms and consortia in workshops and field visits undertaken during IFAD missions. MIVARF activities have been planned based on a participatory needs assessment, conducted by the SPs. The extent to which different views have been captured in the assessment could not be evaluated by the mission. For the RF component, it remains to be confirmed to which extent members and clients of FIs supported under GFS have been or are being consulted for the design and implementation of new delivery channels and products.

#### **Main issues**

Groups that have benefitted from matching grants contributed 25% of the total cost of equipment, using either savings or loans, and in certain cases district financial support. Several groups visited by the mission used the savings of SACCOS they are members of. Beneficiary cash and in-kind contributions other than the contribution to the matching grant are not captured by the programme’s M&E system. The M&E system does not have specific mechanisms to engage beneficiaries. All groups highlighted their satisfaction with the support received from service providers. However, only one group seemed ready to pay for the services of the SP after project end. Throughout the process of needs assessment and consequent implementation of activities, District level Business Development, Cooperative Development and Community Development Officers have been actively involved.

As part of the studies conducted in preparation of the PCR, it will be key to analyse how clients and members of FIs supported under GFS have been consulted, not only during studies conducted for new delivery channels and products, but also for feedback during implementation. This should be done for the different categories of FIs supported, approach and principles being different for community or member based institutions (CBs, SACCOS, VICOBAS) and for MFIs. It will also be important to analyse to which extent all categories of members / clients have been consulted, and how (including women, youths, small scale farmers, etc.)

<b>Responsiveness of Service Providers</b>	<b>Rating: 5</b>	<b>Previous rating: 4</b>
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#### **Justification of rating**

The 5 Lead SPs and 3 Business Coaches hired under PEML have been instrumental to turn MIVARF around. They have demonstrated a very high level of commitment and capacity to tackle efficiently the different challenges met by smallholder producers. Their recent needs assessment survey on VA and PHTCs has adequately captured the remaining bottlenecks and proposed a sound way forward to address them. For the RF component, service providers procured by the Programme are MoCU in Mainland and RF Business coach in Zanzibar (other have been selected or procured directly by the FIs). The quality of service provided was overall satisfactory.

#### **Main issues**

The RF business coach in Zanzibar has been providing support to both SACCOS and farmers groups as existing or potential clients of the SACCOS. Considering significant support yet to be provided to SACCOS, the RF BC should focus his support to SACCOS, and link with Business coaches specifically assigned to provide support to farmers groups for synergies of intervention. New contract to be signed to extend services of the RF BC should reflect this approach. MoCU is currently providing support directly to SACCOS in the Mainland. This was designed to fill gaps due to lack of operational SACCOS Unions. With the support to be provided by ACCOSCA to SCCULT, it will be important that MoCU collaborates with ACCOSCA and MIVARF to contribute to the transfer of methodologies and tools that it designed to SCCULT.

**Environment and Natural Resource Management****Rating: 5****Previous rating: 5****Justification of rating**

Most Lead SPs have been champions in promoting environment and natural resource management innovations such as: (i) crop rotation and better land preparation (e.g. avoiding slash-and-burn farming techniques); (ii) promotion of labour-saving weed control technologies; (iii) promotion of quality certified seeds for cash and food crop value chains; (iv) use of locally available organic fertilizer; (v) farmer to farmer extension approach for technology transfer; (vi) development of by-products from crop residues that include briquettes from rice husks and straws, livestock feed, etc., (vii) use of organic herbicides and pesticides such as the use of acaridae as herbicide in Kakonko district and (viii) crop rotation of maize and green gram.

**Main issues**

The approach used by Lead SPs to promote environment friendly agricultural practices could be scaled up to all MIVARF districts, but the current time and budget limitations of the project impose to rather focus now on market linkages and financial inclusion that are the warrant of MIVARF sustainability. It is however important that these good practices get properly documented, for further dissemination under the upcoming ASDP-II national programme (see also KM section).

**Exit Strategy****Rating: 4****Previous rating: 3****Justification of rating**

Overall, the draft AWPB 2018/19 has included exit strategy activities and corresponding budget. The active engagement of district staff in follow-up of project intervention and presentation of project performance during zonal workshops is the indication of their readiness to take up project activities. There is also a positive indication that FIs supported by MIVARF are likely to sustain and develop by themselves innovative products and delivery channels for smallholder farmers and their groups. However, MIVARF in the remaining period needs to ensure that its Matrix of exit strategy is a living document with regular update on the implementation status.

**Main issues**

MIVARF exit strategy is still in its draft form and no further revision has been conducted since the last implementation support mission. The last mission had highlighted the need to include linkages with other development partners and initiatives, such as TASAF, ASDP-II, and Agra and to further refine the strategy based on the feedback received. Unfortunately, this has not been done yet. On the other hand, the PCT has been successful in promoting linkages with partners through 4 Zonal workshops and SIDO's engagement at regional level using their own funds for both financial and technical support to producer/processing groups. This is expected to contribute to MIVARF exit strategy.

At this stage, there is need to review the draft exit strategy and start using it as a living document for the remaining period of MIVARF. There is a particular need to ensure close monitoring and reporting of the 6 key Result Areas (KRA that has been identified in the exit strategy document based on the 3 pillars). Based on the exit strategy, PCT needs to further shape the district workshops so as to have a clear roadmap to support key interventions that are left by the project. With regard to rural finance, there is need for close monitoring to ensure that TADB fully operationalize the SCGS and RIF, to the benefit of MIVARF's target group

**Potential for Scaling-up****Rating: 5****Previous rating: 5****Justification of rating**

MIVARF continues to show strong potential for scaling-up at both district and national levels. It is however recommended that the project further explores scaling up opportunities through linkages with other existing priority interventions such as the 2nd phase of Agriculture Sector Development Programme (ASDP-II), and with institutions such as Agence Française de Développement (AFD), Farm Radio International, MVIWATA, and the new project under design of AfDB, which focuses on promoting rural transformation through rural industrialization.

**Main issues**

Focusing on the defined exit activities in the AWPB will make scaling-up a reality. A good starting point is found in the 118 funding requirements that have already been identified by PCT among SACCOS, AMCOS and private sector companies engaged with MIVARF. In this situation, it is likely that partner financial institutions under GFS will scale up delivery channels and products. Other donors have shown interest for supporting TADB for SCGS and RIF, partly due to the support of IFAD such as in the case of AFD.

The 4P/consortia arrangements are also expected to be scaled-up through the 2nd phase of the Agricultural Sector Development Programme (ASDP-II). In Tandahimba, LGA is providing close support to smallholder processors and encourage to have several of such small units in remote areas to provide for value addition of cashew.



## c. Project Management

<b>Quality of Project Management</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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### Justification of rating

The mission notes with satisfaction that most of the actions agreed upon during the last mission have already been either fully (59%) or partially (26%) implemented. This confirms the steady improvement in PCT management observed over the past two years. Only 6 out of 39 actions have not been executed (15%). However the mission notes with concern that the PCT had also a misconception of early closure of the project and this has resulted in a stall of activities with particular delay in procurement of SPs and lack of focus on consolidating and sustaining project investments. Coupled with this is a certain slowness in preparing this mission e.g. compilation of the needed documents ahead of the mission, and particularly regarding the physical and financial progress of past and current AWPBs

### Main issues

Some key agreed actions that were due by April 2018 were substantially delayed, in particular the procurement of the Lead SPs and Business Coaches (BC) to continue PEML support in the field over the whole extension phase (April 2018-March 2020). Their contracts were only signed in October 2018, and for a much more limited period (up to March 2019), based on a wrong assessment of project's funds availability that encouraged the PCT to reduce its resort to service provision.

Based on the same misconception, the PCT delayed its submission of key documents for No Objection, such as: Revised AWPB 17/18 (draft submission in May 2018, but no follow up on IFAD comments and no final submission for NO); Annual Progress Report (APR) 2017/18 (due by August 2018) and AWPB 2018/19 (due by May 2018).

On the other hand, some good progress has been achieved by PCT in engaging with partners especially at technical level such as with SIDO and Farm Radio International (FRI). The FRI partnership opens up the opportunity of using radio and other ICT as extension and market awareness tools.

As the project is approaching its completion, it is important for the management to start on winding down of its operations. Considering that resources are getting low, management should focus on careful prioritization of activities in line with the exit strategy and aiming at those activities that add value and have a good prospect for sustainability. MIVARF management should also further strengthen its monitoring support to TADB to ensure that SCGS and RIF are reaching their desired objectives in support of smallholder farmers.

<b>Knowledge Management</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
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### Justification of rating

MIVARF has a very good knowledge management plan and has put in place good partnerships to create awareness among farmers on market opportunities and financial support. Dissemination of KM products are ensured both at national and local level. Lessons and good practices should be analysed and documented.

### Main issues

The mission noted that MIVARF continues to successfully implement its knowledge management plan, particularly important now that the programme is approaching the closing phase. MIVARF has really many interesting cases, experiences, and lessons worth analysing and documenting, in particular fish value chain in Zanzibar; cassava processing and women SACCO. Considering that MIVARF was an APP for most that its life and until last year, all these success stories deserve even more recognition and media coverage. It is worth mentioning that the ESA story from the field which will be included in the next IFAD Annual Report will be from MIVARF.

KM products include workshops, success stories, videos, radio broadcasts, how-to-do notes, etc. MIVARF has developed interesting collaborations such as the one with Farm Radio to create awareness among farmers in the Lake zone and specific regions of Southern and Northern Tanzania on opportunities in maize and rice value chains and access to financial support through interactive radio programs. While in Zanzibar, between September and October 2018 the Department of Cooperatives with the support of MIVARF developed and aired 9 TV and radio programmes and spots. These programmes, focused on financial literacy and on the role of SACCOs, raised awareness about the MIVARF programme.

Despite these achievements, MIVARF still needs to develop some how-to-do notes on formation/strengthening of PEML groups and use of performance grants as recommended by the previous implementation and support mission in February. It is also recommended that MIVARF explore support from master students through win-win partnership promoted by IFAD Youth desk.

<b>Value for Money</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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#### **Justification of rating**

The Value for Money (VfM) indicators for MIVARF cannot be fully assessed because the financial system is not yet set up to track the costs of the key project outputs. The overall rating of this section was thus rather derived from the project performance in terms of outputs produced against the inputs. The cost of most project activities is in line with planned costs, and seems adequately priced.

#### **Main issues**

In the PEML sub-component, the well-focused interventions of 5 Lead SPs and 4 Business Coaches since the end of 2017, as opposed to the 23 SPs hired over the period 2013-2016, have proved to provide very good value for money. For an overall service provision cost of USD 1.8 million, this is illustrated by the following achievements in the fiscal year 2017/18:

- comprehensive needs assessment survey with diagnosis and way forward plans established on a case-by-case basis for 32 matching grant Value Addition facilities (753 processor groups) and 13 Post Harvest Training Centers (27,347 beneficiaries);
- 58,647 farmers actively linked to 7 consortia by June 2018 (against nil by June 2017);
- 3,400 processors coached and linked to regulatory authorities, packaging industries and capacity building professionals (TFDA, TAHA, BRELA, TBS, OSHA, Weight & Measures) in Urambo, Iramba, Lushoto, Sengerema, Kwimba, Magu, Singida rural, Mbulu, and Hanang districts.

For the RF component, the project indicated in March 2018 a unit cost of USD 7.16 against target of USD 12.00 regarding the number of persons having used financial services (Output 2.1). However, as earlier mentioned in this report, the project has not disaggregated its data between rural and urban users. It will be possible to assess the real value for money when data on outreach will be revised to account only for rural clients, and when attribution to MIVARF support for increase of outreach and development of innovations will have been further analysed as part of KM activities.

<b>Coherence between AWPB and Implementation</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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#### **Justification of rating**

The AWP&B 2017/2018, with a total budget of US \$ 40.01 million, was executed at 73%, which is satisfactory. Five months after beginning of the 2018/19 financial year, the 2018/2019 AWPB has not been submitted yet to IFAD for Non-Objection. The total budget of the draft 2018/2019 AWPB is USD 22 million, of which 10% (USD 2.3 million) has been disbursed, broken down per component as follows: (A) Marketing Infrastructure and Systems – 26%, (B) Rural Finance – 5%, and (C) Project management & Coordination – 37%.

#### **AWPB Inputs and Outputs Review and Implementation Progress**

The rural finance component alone constitutes 79% (USD 17.4) million of the entire budget, of which USD 14.4 million is planned to be disbursed to TADB. TADB has previously received a payment of USD 11 million for the execution of the Rural Finance Development subcomponent, and there are conditions to be attained precedent to disbursement of the next instalment. In the event that funds to TADB are not disbursed, execution against the AWPB would be very low, reaching a maximum of 36%. This could result in qualification of the project financial statements by the auditors. Given the conditions for disbursement to TADB recommended by the mission (see section on Rural Finance Systems), there is a risk that the USD 14 million for TADB will not be disbursed by the closing of the financial year in June 2019. Therefore, the mission recommends revising the current AWPB downwards. At the same time, in line with the acknowledgement that the support provided by Lead SPs and Business Coaches is key to consolidate and sustain MIVARF investments made across all components, the AWPB revision should cater for appropriate funding of service provision.

<b>Performance of M&amp;E System</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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#### **Justification of rating**

MIVARF is reporting at outcome, outputs and activities levels. The PCT has elaborated a decentralized M&E plan which allows it to consolidate the data collected by the different PEML service providers and RF partner institutions. The data is disaggregated by gender. Reports are frequently used by managers at different levels to make operational decisions. Quality of data is generally acceptable and the reports are usually submitted on time.

#### **M&E System Review**

M&E functions are adequately staffed and financed. The M&E officer of the PCT recently participated in the

CLEAR/PRIME M&E training organized in Rome, Nairobi and Shanghai and sponsored by IFAD. Reports from SPs are reviewed by technical component heads, which ensures the participation of the whole PCT in the M&E. Linkages between PEML and RF components are now properly reflected in reporting. As agreed during the last mission, the Log-frame has been aligned with the semi-annual report logical framework. However, the Log-frame currently reports results from December 2017 and needs to be updated with the latest progress results. A database has been developed and should now be adopted by the PCT. The database will allow the project to regroup all relevant data on activities and results from the different components, and this will be useful for the preparation of the PCR as well as for the design of future interventions.

An outcome study was prepared in September 2017 and an impact assessment of the financial grassroots subcomponent in May 2018. A second outcome study was planned for the second half of 2018 to assess project progress, linkages between components and cross cutting topics such as gender and social inclusion and climate change. The recruitment of a consultancy company that would undertake the study was planned for May 2018, but has not been undertaken yet. The PCT now plans to develop a clear plan of all the studies to be undertaken in preparation of the PCR. The mentioned outcome study will be part of this plan. A critical area in terms of M&E remains the attribution to MIVARF of new clients reached by the FIs supported through the financial grassroots subcomponent. Outcome studies conducted in preparation of the PCR should help clarify this aspect. Service providers in the mainland have also started reporting on income to farmers from supported value chains. The mission recommends that Business Coaches engaged in Zanzibar also adopt this good practice in their reports.

Regarding M&E of the SCGS and RIF facilities, TADB will monitor key indicators, as agreed in the MOU, and report to the PCT quarterly. Key indicators will be used to assess use of funds, size of the portfolio and the portfolio performance. People-centred indicators will be disaggregated by sex and by age. Data will be collected by the commercial banks. TADB will report on loans provided by banks through SCGS. This information should be complemented with a baseline that enables tracking SCGS-related changes in the overall portfolio of loans to smallholder farmers of the banks supported by SCGS. An impact assessment study by an external partner is envisaged for the SCGS, but currently not for the RIF. The mission recommends to extend the Impact Assessment also to the RIF facility. The IA should be conducted by December 2019, in order to allow results to feed into the PCR.

#### Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)

Rating:

## d. Financial Management & Execution

### Disbursement by financier

Type	Name	Current Amount	Disbursed Amount	Actual Rate
Domestic Financing breakdown	Beneficiaries	\$180,553		
	Local Government	\$3,101,394		
	National Government	\$329,663		
Co-financing breakdown,	African Development Bank	\$62,919,183		
	Alliance for a Green Revolution In Africa	\$6,914,735		
	Swedish Complementary	\$1,000,000		
	To be determined	\$5,420,000		

Acceptable Disbursement Rate

Rating: 3

Previous rating: 3

#### Justification of rating

Automated rating based on IFAD disbursement data

#### Main issues

- Low counterpart contributions
- Low absorption by the Rural finance component (TADB)

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Financial Management &amp; Execution</b>		
<b>Timely liquidations of advances to partners</b>  Prepare an 'accounts receivable' aging report to monitor justification of advances to partner institutions and micro-finance banks  Follow up on justification of the advance to SIDO and Njombe Community Bank	Finance Manager	

### **Fiduciary Aspects**

**Quality of Financial Management**

**Rating: 4**

**Previous rating: 4**

#### **Justification of rating**

The software is not fully functional for all the module and hence manual monitoring of budget is causing overruns and opening and closing figures are returning errors.

#### **Main issues**

- Full automation of all modules of the accounting software including the budgeting module
- Resolve differences in the closing balances of 2017 as per audit report and opening balances of 2018
- Resolve budget overruns
- Actively monitor the budget

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Financial Management &amp; Execution</b>		
<b>Capture the revised 2017/18 AWPB into the FMS</b>	FC	02/2018
<b>Prepare a recovery plan for the AA</b>	FC	05/2018
<b>Account for advances to partner institutions</b>	FC	06/2018
<b>Strengthen internal controls on segregation of duties, supporting documentation on advances, and update the asset register</b>	PCT	
<b>Revise AWPB</b> Revise the AWPB 2018/19 downwards to account for risk that funds to TADB will not be fully disbursed by June 2019 and submit to IFAD for NO	PCT	
<b>Resolve errors</b> Review the causes for system (FMS) errors, resulting in carrying forward wrong closing balances	Finance Manager	
<b>Revise AWPB</b> Revise the AWPB 2018/19 downwards to account for risk that funds to TADB will not be fully disbursed by June 2019 and submit to IFAD for NO	Finance Manager	
<b>Monitor Budget</b> Ensure efficient financial monitoring of AWPB against physical	Finance Manager	
<b>Resolve errors</b> Review the causes for system (FMS) errors, resulting in carrying forward wrong closing balances	Finance Manager	

#### Quality and Timeliness of Audit

**Rating: 5**

**Previous rating: 5**

#### Justification of rating

The financial statements are inclusive of all the IFAD requirements for project audits. The statements have been prepared in accordance with IPSAS cash basis accounting and the audit was performed in accordance with ISSAI. The audit report contains all the three required unqualified opinions. The auditors performance has been rated satisfactory

#### Main issues

- The discrepancies in the opening figures to be addressed
- The management to follow through and address all issues noted in the management letter

#### Counterparts Funds

**Rating: 2**

**Previous rating: 2**

#### Justification of rating

No counterpart funds received in cash for the Financial years 2017 & 2018. Contributions by the LA has not been quantified and captured

#### Main issues

- No contributions by government for 2017 and 2018.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Financial Management &amp; Execution</b>		
<b>Quantify contributions by LGA</b>  Institute mechanism to ascertain contribution by the LGAs in order to improve the status of counterpart contribution		
<b>Quantify contributions by LGA</b>  Institute mechanism to ascertain contribution by the LGAs in order to improve the status of counterpart contribution	Finance Manager	

#### **Compliance with Loan Covenants**

**Rating: 4**

**Previous rating: 5**

#### **Justification of rating**

There is overall compliance with Loan covenants, except for not providing counterpart financing (see above section), and late submission of Annual Progress Report and Annual Work Plan and Budget, which are all part of IFAD General Conditions for Loans and Grants.

#### **Main issues**

Not providing counterpart financing is contrary to section 7.03 of the IFAD general conditions, and is already rated in the previous section. The late submission of APR and AWPB 2018/19 is somehow explained by the misconception of the early closure of the project (see section related to programme management); it is however contrary to sections 8.03 (Progress Report) and 7.01 (Project Implementation sub-section (b)) respectively of IFAD General Conditions for Loans and Grants.

#### **Procurement**

#### **Procurement**

**Rating: 3**

**Previous rating: 4**

#### **Justification of rating**

Major procurements have already been undertaken, and now it is more to do with management of the existing contracts and procurement of non-consultancy services. Contract management is most critical for the existing MoUs, where out of the 24 partners that the project is supporting, 10 of the MoUs have expired but the project has disbursed funds against the same. It is important that these MoUs are renewed. Three procurement files were reviewed, and the procurement method applied is competitive quotations (Shopping). While the evaluation report agreed to the evaluation criteria there was no confirmation that the 'invitation to bid' was delivered to the bidders, and there were no minutes from the regional tender board contravening section 57 of the public procurement Act (CAP 410)

#### **Procurement Review**

**PEML consultancy contracts.** The approved ToRs for PEML consultancy contracts indicate payment terms of: 40% advance, 40 % draft report & 20% final report, and upon request for No objection on the contract by the project, IFAD provided a No Objection but later revised the payment terms to: 20% advance, 40 % draft report & 40% final report. It was observed that although the advance payment made agrees to the No objection provided by IFAD, it is not in line with signed contracts and approved ToRs. Given the scope of work of the SPs/BCs and to avoid the confusion surrounding the whole contracting process, the current supervision mission has agreed to reinstate the payment terms agreed upon in the ToRs which is also in line with the signed contracts. Hence forth, an official No Objection, rescinding the one issued on contract will be provided by IFAD.

**MoUs.** In order to undertake activities in the 'Development of Grassroots Financial Services' sub-component, the project had entered into 34 MoUs with various partners and microfinance institutions. Subject to the availability of funds, there was need for reduction of continued support to these partners. The project thus performed a needs as well as a performance evaluation, and support for 10 partners was dropped. The partners retained are; 4 microfinance institutions, 5 community banks, 2 community finance group promoters (CFGs), 3 apex bodies (TZ association of MFIs, VICOBAFETA & Community banks association of TZ), 2 Community financial group promoters, and 8 government departments, i.e; TZ cooperative development commission, Moshi cooperative university, national economic empowerment council, department of cooperatives in Zanzibar, ministry of finance, cooperative audit supervision corporation and TADB tripartite agreement. It was however observed that out of the 24 partners retained, 10 MoUs have since expired, and funds have been disbursed. Such expenses could be rendered ineligible, and it is important that these MoUs are renewed with immediate effect.

#### **Procurement - Review of procurement files**

Three procurement files were reviewed, i.e. office stationary, office consumables, and maintenance of office equipment. The procurement method applied is competitive quotations (Shopping), and the evaluation report agreed to the evaluation criteria stipulated in the request for quotations. Nonetheless, there was no confirmation that the 'invitation to bid' was delivered to the bidders, and there were no minutes from the regional tender board to certify that the tender process has been verified, and the evaluation committee recommendation for tender award approved contrary to section 57 of the public procurement Act (CAP 410). Competitive bidding aims at obtaining goods and services at the lowest prices and with the best quality. Thus, non-adherence to procurement processes results on missing out on the aspect of 'value for money'. It was also observed that documents pertaining to a particular procurement are not systematically filled, thus not facilitating a smooth audit trail.

**Procurement Plan (PP).** A PP has been prepared, and is updated as appropriate to indicate actual verses planned targets. It was however observed that the 2018/19 PP was not submitted to IFAD along with the relevant AWPB for No objection. Now that the 2018/19 AWPB is under revision, the related PP should also be revised and submitted together with the revised AWPB to IFAD for No objection.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Financial Management &amp; Execution</b>		
<b>Lead SPs and BCs contracts</b>  IFAD to re-issue a No Objection for PEML consultancy contracts reinstating the payment terms agreeing to the approved ToRs.	PCT/IFAD	11/2018
<b>Rural Finance MoUs</b>  Renew expired MoUs for which disbursement has been incurred	PCT	11/2018
<b>Procurement procedures to avoid potential court cases</b>  Adhere to the requirements of procurement procedures, and streamline filing system for procurement documents	PCT Procurement Specialist	

## F. Agreed Actions

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Overview and Project Progress</b>		
<b>Service Provision in PEML districts (Mainland and Zanzibar)</b>  Seriously explore the possibility to extend LSPs and BCs contracts beyond March 2019, as part of thorough revision of AWPB 2018/19 and according to key priorities	PCT	11/2018
<b>Guidance for Lead SPs and BCs</b>  Guide LSPs and BCs to firm up 2018/19 business cases and associated proposals for development of consortium and funding by financial institutions supported by TADB	PCT	12/2018
<b>Value Addition facilities</b>  PCT to clarify with LGAs "who owns" and "who uses" the equipment, and support LSPs and BCs in finalizing MoUs to be signed between LGAs and beneficiaries	AMS and VA specialists	01/2019
<b>Compliance with food standards</b>  Assist in mobilizing ZFDB/ZBS authorities to facilitate certification. Ensure that ongoing construction of facilities (e.g. Matufa) is fully compliant at time of completion	AMS and VA specialists	01/2019

<b>Access to finance for Value Addition groups</b>  Put particular efforts on facilitating access to finance to VA processing groups for a) sourcing raw materials and b) operating processing equipment as a real business	LSPs, BCs, with support from AMS and RF specialists	02/2019
<b>Financial Management &amp; Execution</b>		
<b>Capture the revised 2017/18 AWPB into the FMS</b>	FC	02/2018
<b>Prepare a recovery plan for the AA</b>	FC	05/2018
<b>Account for advances to partner institutions</b>	FC	06/2018
<b>Lead SPs and BCs contracts</b>  IFAD to re-issue a No Objection for PEML consultancy contracts reinstating the payment terms agreeing to the approved ToRs.	PCT/IFAD	11/2018
<b>Rural Finance MoUs</b>  Renew expired MoUs for which disbursement has been incurred	PCT	11/2018
<b>Strengthen internal controls on segregation of duties, supporting documentation on advances, and update the asset register</b>	PCT	
<b>Procurement procedures to avoid potential court cases</b>  Adhere to the requirements of procurement procedures, and streamline filing system for procurement documents	PCT Procurement Specialist	
<b>Quantify contributions by LGA</b>  Institute mechanism to ascertain contribution by the LGAs in order to improve the status of counterpart contribution		
<b>Revise AWPB</b>  Revise the AWPB 2018/19 downwards to account for risk that funds to TADB will not be fully disbursed by June 2019 and submit to IFAD for NO	PCT	
<b>Resolve errors</b>  Review the causes for system (FMS) errors, resulting in carrying forward wrong closing balances	Finance Manager	
<b>Timely liquidations of advances to partners</b>  Prepare an 'accounts receivable' aging report to monitor justification of advances to partner institutions and micro-finance banks  Follow up on justification of the advance to SIDO and Njombe Community Bank	Finance Manager	
<b>Quantify contributions by LGA</b>  Institute mechanism to ascertain contribution by the LGAs in order to improve the status of counterpart contribution	Finance Manager	



<b>Revise AWPB</b>  Revise the AWPB 2018/19 downwards to account for risk that funds to TADB will not be fully disbursed by June 2019 and submit to IFAD for NO	Finance Manager	
<b>Monitor Budget</b>  Ensure efficient financial monitoring of AWPB against physical	Finance Manager	
<b>Resolve errors</b>  Review the causes for system (FMS) errors, resulting in carrying forward wrong closing balances	Finance Manager	

## Marketing Infrastructure, Value Addition and Rural Finance Support Programme

### Logical Framework

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Outreach	1.a Corresponding number of households reached							Project progress reports	Annually	PCT	
	Households		528 159	1 000 000		769 668	77				
	1 Persons receiving services promoted or supported by the project							Project progress reports	Annually	PCT	
	Males		1 597 081	3 300 000		2 328 246	70.6				
	Females		1 307 194	2 200 000		1 904 928	86.6				
Goal To enhance incomes and food security of the target group on a sustainable basis	Percentage of households in the Programme area with improved household assets ownership index							National statistics (e.g. HBS); Poverty Surveys	baseline; mid; end	Tanzania NBS	
	Households			7							
	Prevalence of child malnutrition in the programme area							National statistics (e.g. HBS); Poverty Surveys	baseline; mid; end	MHSW; Tanzania NBS	
	stunting (height-for-age)	35		30							
	Underweight (weight-for-age)	21		16							
Objective Sustainable and profitable linkage to markets	Number of rural producers linked to formal markets										
	Males		37 899	310 034		242 581	78.2				
	Females		25 266	206 690		206 643	100				
Outcome Outcome 1 Marketing Infrastructure and value addition: Improved physical access to markets, processing and storage facilities	Number of person reporting improved physical access to markets, procesing and storage facilities										
	Females		28 279	200 475		64 721	32.3				
	Males		41 203	245 025		79 104	32.3				

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
<b>Output</b> Output 1.1 - Marketing infrastructure	2.1.5 Roads constructed, rehabilitated or upgraded										
	Length of roads		331	1 000		1 079	107.9				
	Number of markets, processing or storage facilities constructed or rehabilitated										
	Storage facilities constructed/rehabilitated		7	35		34	97.1				
	2.1.6 Market, processing or storage facilities constructed or rehabilitated										
	Storage facilities constructed/rehabilitated		7	35		34	97.1				
	Market facilities constructed/rehabilitated			16		15	93.8				
	Processing facilities constructed/rehabilitated										
	Post Harvest Training Centres rehabilitated										
	Post Harvest Training Centres rehabilitated		5	13		13	100				
<b>Output</b> Output 1.2 Value addition	Number of groups with operational equipment through the value addition Grant										
	Groups		2	25		36	144				
	Number of producers trained in value addition post-harvest techniques										
	Males		2 400	9 375		10 258	109.4				
	Females		3 600	18 750		15 388	82.1				
<b>Outcome</b> Outcome 2 Producers Empowerment and Market Linkages: Increase production and productivity and formal linkage of producer, processor and marketing groups to market	Number of rural producers organizations engaged in formal partnerships/agreements or contracts with public or private entities										
	Total Number of groups			1 850		1 834	99.1				

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
<b>Output</b> Output 2.1 Capacity of rural producers and their organizations strengthened	Number of rural producers organizations supported in managing infrastructures										
	Total number of groups		7	56		56	100				
	Number of rural producers organizations accessing inputs collectively										
	Total number of groups		236	2 125		257	12.1				
	Number of persons reporting trained in production practices and or technologies										
	Males		7 491	48 600		77 883	160.3				
	Females		5 142	32 400		58 522	180.6				
<b>Outcome</b> Outcome 3 Rural Finance Enhanced use of financial services and products for the low income population in rural areas	1.1.5 Persons in rural areas accessing financial services										
	Women in rural areas accessing financial services - credit		833 606	866 250		1 346 825	155.5				
	Men in rural areas accessing financial services - credit		1 151 170	1 058 750		1 646 120	155.5				
<b>Output</b> Output 3.1 - Enhanced access to financial services for the low income population in rural areas on a sustainable basis	Number of rural clients accessing financial services (savings,credit,insurance,remittances etc)PEML beneficiaries										
	Females		1 134 157	1 155 000		1 795 767	155.5				
	Males		1 701 236	1 595 000		2 194 826	137.6				
	Amount of loans offered with the support of the Guarantee mechanism										
	Value of loans (USD) offered through Guarantee mechanism			40 000							
	Number of successful proposals supported by Rural Innovation Funds										
	Proposals number			40							
	Number of financial services providers in delivering outreach strategies, financial products and services to rural										
	Total number		11	13		9	69.2				

## **United Republic of Tanzania**

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### **Marketing Infrastructure, Value Addition and Rural Finance Support Programme Supervision Report**

#### **Appendix 1: Financial: actual financial performance; by financier by component and disbursements by category**

Mission Dates: 29/10/2018 to 10/11/2018

Document Date: 20/12/2018

Project No. 1100001553

Report No. 4939-TZ

East and Southern Africa Division  
Programme Management Department

## Appendix 2: Financial: Actual financial performance by financier; by component and disbursements by category.

Table 5A:	Financial performance by financier		
Financier	Appraisal (USD '000)	Disbursements (USD '000)	%
IFAD loan	90,591,057.00	71,793,412.67	79.25%
Swedish Grant	1,000,000.00	994,695.67	99.47%
Govt of TZ	3,754,570.00	747,167.11	19.90%
<b>Total</b>	<b>95,345,627.00</b>	<b>73,535,275.45</b>	<b>77.12%</b>

Table 5B:	Financial performance by financier by component (USD '000)											
	IFAD loan			Swedish Grant			Government			Total		
Component	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
<b>A. Marketing Infra and Systems</b>												
Producer Empowerment	20,857	15,712	75%	0			232			21,089	15,712	75%
<b>Sub-total</b>	<b>20,857</b>	<b>15,712</b>	<b>75%</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>232</b>		<b>0%</b>	<b>21,089</b>	<b>15,712</b>	<b>75%</b>
<b>B. Rural Finance</b>												
Deve't of Grassroots Fin Services	23,101	25,186	109%	0	0	-	1,998	0		25,099	25,186	100%
Rural Finance Development	32,220	13,362	41%	995	995	100%	534		0%	33,749	14,357	43%
<b>Sub-total</b>	<b>55,321</b>	<b>38,546</b>	<b>70%</b>	<b>995</b>	<b>995</b>	<b>100%</b>	<b>2,532</b>	<b>0</b>	<b>0%</b>	<b>58,848</b>	<b>39,541</b>	<b>67%</b>
<b>C. Project Mgt &amp; Coordination</b>										0	0	
Programme Mgt & Coordination	14,414	14,931	104%	0	0		990	747	75%	15,404	15,678	102%
<b>TOTAL</b>	<b>90,592</b>	<b>69,191</b>	<b>76%</b>	<b>995</b>	<b>995</b>	<b>100%</b>	<b>3,754</b>	<b>747</b>	<b>20%</b>	<b>95,341</b>	<b>70,933</b>	<b>74%</b>

Table 5C:	IFAD loan disbursements (SDR, as at October 2018)
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Category	Category Description	Appraisal	Actual	WIP WA #39	Expenditure (July-October '18)	Actual to October '18	Balance	Per cent disbursed
	Special Account		6,120,180			6,120,180	(6,120,180)	
I	Equipment, Vehicles and Motor cycles	2,320,000	2,037,667	234,769	568	2,273,004	46,996	98%
II	Rural Finance funds	17,670,000	7,798,819			7,798,819	9,871,181	44%
III	Service Providers, Training and Capacity Building	13,455,000	9,090,967	686,196	721,485	10,498,648	2,956,352	78%
IV	Technical Assistance and Studies	16,825,000	14,876,304	337,546	610,828	15,824,677	1,000,323	94%
<b>V</b>	<b>Recurrent costs</b>					-	-	0%
(a)	Salaries and allowances	5,600,000	4,317,563	299,208	191,340	4,808,111	791,889	86%
(b)	General operating costs	3,530,000	2,831,776	156,103	135,370	3,123,248	406,752	88%
	Unallocated						-	
	<b>Total</b>	<b>59,400,000</b>	<b>47,073,276</b>	<b>1,713,821</b>	<b>1,659,590</b>	<b>50,446,687</b>	<b>8,953,313</b>	<b>85%</b>

NB: Exchange rate applied to convert SDR is 1.3880 (applied for 39 & Pending 38)

### Appendix 3: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
<b>Section 4.02</b>	PCU to open and maintain a Project Account (in TZS); GO? to make an initial deposit equivalent to USD 9,000,000		Complied	
<b>Section 4.02</b>	GoT to replenish Project Account quarterly in advance		Not complied	Financing to be provided by LGAs but it has not been tabulated.
<b>Section 4.03</b>	Procurement of goods, works and services carried out in accordance with the procedures laid down in Schedule 3		Not fully complied	Non consultancy services acquired without following proper procedures
<b>Section 4.04</b>	Insurance of vehicles, equipment and civil works financed from the loan proceeds to be consistent with sound commercial practice.		Done	
<b>Section 4.05, section 11.10(b)</b>	Audit report submitted to IFAD.	31 <sup>st</sup> December	Done	
<b>Section 4.06</b>	Progress reports to be submitted to IFAD on a quarterly basis.	Annual reports	Not done	Not submitted
<b>Schedule 4, para 7</b>	AWPB to be submitted to the Fund, for its review and comments		Not done	Not submitted until now
<b>Schedule 4, para 8(a)</b>	A Mid-Term Review (MTR) to be carried out jointly by the Borrower and IFAD.		Done	
<b>Schedule 4, para 16</b>	Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures		done	



## **United Republic of Tanzania**

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### **Marketing Infrastructure, Value Addition and Rural Finance Support Programme Supervision Report**

#### **Appendix 2: Physical progress measured against AWP&B**

Mission Dates: 29/10/2018 to 10/11/2018  
Document Date: 20/12/2018  
Project No. 1100001553  
Report No. 4939-TZ

East and Southern Africa Division  
Programme Management Department

## Appendix 1: Physical progress measured against AWP&B

Activity Code	Component /Activity	Unit	Physical Performance				Financial Performance			Remarks	
			Plan	Actual	% Implemen- tation	Cumulative Achieve- ments	Planned Budget US \$ (000)	Actual Exp. US \$ (000)	% Exp.		
	MARKETING INFRASTRUCTURE AND SYSTEMS COMPONENT										
	Marketing infrastructure sub-component 1.1										
MI, A1	Completion for rehabilitation of road works including drainage works	km	67	67	100	1078.6	1,578.84	3,579.36	227%	Completed	
MI, A2	Completion of contract for construction of produce storage facilities	Number	5	4	80	34	1,050.20	1,971.42	188%	One warehouse in final stages.	
MI, A4	Completion of contract for construction of Markets (five with cold storage facilities)	Number	5	4	80	15	1,445.50	2,317.30	160%	One market in final stages.	
MI, B1	Procurement of Ice Chips plants	No	2	2	100	2	100.0	96.26	96%	Done	
MI, C5	Training of Markets & Warehouse/matching Grant committee	Participant	200				48.0	15.84	33%		
MI, C9	Supervision by Regional Secretariat Engineers	Region	26	26	100	26	52.0	8.06	16%	All regions with infrastructure facilitated in supervision.	
MI, C10	Supervision by District Engineers	District	30	30	100	30	75.0	10.27	14%	All districts with infrastructure facilitated in supervision.	
	Value Addition sub-component 1.2										
VA, A1	Rehabilitation of PHTCs	Number	4	4	100	100	236.0	42.21	18%		
VA, B1	Supply of PH demo equipment	Set	4	6	150	200	188.8	155.40	82%	Complete sets of tools delivered for Kwimba, Chato, Shina Pemba, CEPAT, Malinyi, Kivukoni, Wema & Matumaini of Lushoto, Demum, Maswa, Kibokoni Pemba, Hakika Millers, 2 Unguja seaweed, Madagaa, Muwanda Dairy Project Unguja, Sengerema, Babati and GEP Pemba: packing machines installed	
VA, B2	Matching grant for Processing Equipment	District	10	19	190	35	670.0	267.68	40%		
VA, C1	Backstop, strengthen, build VA skills in Zanzibar & Mainland LGA staff	Lumpsum	6	6	100	16	120.00	56.86	47%		
VA, C3	Coach communities in the	Participants	200	483	242	722	400.00	370.13	93%	56% women in 12 PHTCs and 24	



Activity Code	Component /Activity	Unit	Physical Performance				Financial Performance			Remarks
			Plan	Actual	% Implementation	Cumulative Achievements	Planned Budget US \$ (000)	Actual Exp. US \$ (000)	% Exp.	
	management /maintenance of MG & PHTC infrastructure								MGs.	
VA, C4	Provision of Coaching Services in the Regional PHTCs	Participants	11,000	27,347	249	37500	440.00	223.85	51%	Food processing alone: 62 ToTs; 1705 beneficiaries by ToT Trainers. Female were 1274. Others by LGA staff and SPs.
VA, C5	Empower SHPGs on best practices of other LGAs	Participants	54	59	109		270.00	53.35	20%	SHPGs of Sunflower, Fruits & Veg., Bananas, Cassava, Paddy and Fish VCs went to Singida Mlindo, Arusha, Mbarali, Kagera, Mwanza and FETA Bagamoyo.
VA, C6	Outreach Training for PH & Processor Groups	group	566	753	133	2,408	125	27.68	22%	Groups from Singida, Mvomero, Rungwe, Unguja Mbarali, Njombe, Bagamoyo -Pwani, Lushoto Tanga and Mpanda Katavi as a result of capacity building by ToT trainers and some SPs. 25 are for Zanzibar
VA, C8	Review workshops per VC	Participants	400	478	120		880.0	89.20	10%	
VA, C11	Facilitate Exchange visits to FFS and other VA performing groups	Participant	250	236	94		100.0	0.69	1%	19 MG groups, 10 FFS.
VA, C12	Supervision of Post-Harvest Training centres by District and Regional staff	Centres	6	6	100		13.20	1.14	9%	RS engineers, DES and LGA & district staff to ensure efficiency of work done by contractors
	Producer Empowerment and Market Linkage sub-component 1.3									
PEML, I1	Procure IEC materials	Lumpsum	1	1	100		25.00	-	-	
PEML, I2	Procure warehouse equipment	Set	31	31	100	55	465.00	613.86	132%	
PEML, I4	Procure GPS Devices	Devices	50	50	100		50.00	-	-	
PEML, III1	Facilitate Mainland Tanzania SPs to train/coach producer groups and marketing associations on organization and input/output access	LGAs	99	99	100		1,485.00	1,527.79	103%	Provision for payment of SP professional fees
PEML, III2	Business Development Support package for LSPs and SP for Kakonko (RERA) to coach/mentor AMCOS, marketing associations and link SHPGs to inputs, finance and	SPs	5	5	100	24	106.60	171.41	161%	Four Lead SP (RUCODIA, AGRIBUSINESS, GEO-DATA, SEIDA) and RERA!



Activity Code	Component /Activity	Unit	Physical Performance				Financial Performance			Remarks
			Plan	Actual	% Implementation	Cumulative Achievements	Planned Budget US \$ (000)	Actual Exp. US \$ (000)	% Exp.	
	output markets – current FY 2017/18									
PEML, III3	Facilitate SIDO to provide trainings/coaching to PEML producer groups in Mainland Tanzania	LGA	81	70	43	35	2,705.40	787.03	29%	
PEML, III4	MIVARF-SIDO partnership implementation progress review meeting	Meeting	3	2	67	6	6.00	-	-	
PEML, III5	Support PEML activities in the LGAs of Nkasi, Kalambo, Mpanda, Makele, Rombo, Rungwe	LGAs	18	15			135.00	-	-	Supported provided to 5 Districts aiming to establish the status on the ground. Review of this activity excluded Rombo due to the fact that the impact will be limited
PEML, III7	Facilitate PEML activities in Hanang, Meru, Kongwa and Muheza	LGAs	4	4	100		60.00	77.77	130%	Programme engaged the services 4 LSPs SEIDA
PEML, III8	Facilitate BC activities in Zanzibar	Business Coach	15	15	100	90	338.10	-	-	3 BCs PHHML, CBV and Fish were recruited to provide consultancy services
PEML, III9	Business Development Support package for BC to provide coaching to paddy, cassava, vegetable and producer groups and marketing associations on organization and input/output market access current FY 2017-2018	Business Coach	2	2	100		55.16	-	-	
PEML, III10	Facilitate BC to provide trainings/coaching to banana, vegetable and cassava producer groups in Zanzibar	Number of Training/Coaching	7	7	100		13.47	-	-	Cassava Banana Vegetable (CBV) Business Coach supported to provide training to beneficiaries
PEML, III11	Facilitate BC to provide training/coaching to paddy, vegetable, pineapples and banana producer groups on PH handling and market linkages	Number of Training/Coaching	30	23	77		108.30	-	-	
PEML, III12	Facilitate learning visits for Zanzibar producer groups	Number of visits	9	7	78		40.59	-	-	Groups facilitated to visit Kagera (Muleba), Morogoro and Arusha
PEML, III12	Facilitate BC to provide	Number of	15	15	100		54.15	-	-	



Activity Code	Component /Activity	Unit	Physical Performance				Financial Performance			Remarks
			Plan	Actual	% Implementation	Cumulative Achievements	Planned Budget US \$ (000)	Actual Exp. US \$ (000)	% Exp.	
III13	trainings/coaching to producer groups banana, vegetable, cassava, dairy, paddy, fish (dagaa) and post-harvest handling techniques	Training/Coaching								
PEML, III14	Mainland: Facilitate 2 reviews of consortia stakeholders meeting for each of the following groups of value chains: (i) Oil seeds & nuts; (ii) Onion, Garlic & Ginger; (iii) Fruits & Vegetables; (iv) Paddy; (v) Maize/Green Gram and Cassava.	Number of Meetings	5	5	100	15	138.00	215.83	156%	Subsector review meetings for held September 2018 in Mwanza, Mbeya and Tanga
PEML, III15	Support District Farmer Fora in Zanzibar office operations - 10 District Farmer Fora (DFF)	Number of Districts	10	10	100	20	2.50	-	-	
PEML, III16	Facilitate SPs quarterly/subsector implementation progress review meeting: (Oil seeds & nuts), Onion, Garlic & Ginger, Fruits & Vegetables, Paddy, Maize/Green Gram, Cassava	Participant	849	687	80	1,467	594.30	366.72	62%	
PEML, III17	Liaise with Farm Radio International to facilitate producer groups to link with market information services providers	Episodes	16	0	0	8	32.50	-	-	MoU being finalized for jointly running radio campaigns on the key aspects on value addition, marketing linkages and financial inclusion in Lake zone
PEML, III18	Organize 4Ps arrangements with manufacturers, processors and (regional) traders, Trade platforms	Partnership	16	11	69	11	400.00	37.32	9%	
PEML, III19	Support in-country learning visits for Mainland LGAs producer groups and marketing associations	Participants	803	534	67	1,080	401.50	-	-	
PEML, III20	Support primary beneficiaries to participate in 2017/18 National Agricultural and SIPO Exhibitions	Participants	135	146	108	895	67.50	172.35	255%	
PEML, III21	Train government staff on WRS and Market access for smallholder producer groups	Participants	155	80	52		108.50	-	-	
PEML, IV1	Support the engagement of warehouse operators and insurance	Warehouses	55	15			82.50	33.98	41%	



Activity Code	Component /Activity	Unit	Physical Performance				Financial Performance			Remarks
			Plan	Actual	% Implementation	Cumulative Achievements	Planned Budget US \$ (000)	Actual Exp. US \$ (000)	% Exp.	
	companies									
PEML, IV2	Support warehouse inspection for registration	Warehouses	55	45			82.50	9.19	11%	
PEML, IV3	Support to institutions supporting WRS development, such as TCDC, TWLB and AMCOS	Lumpsum	10	4			200.00	-	-	4 institutions received support TADB, WRRB, TCDC, MOCU
PEML, IV4	Thematic workshop for SPs/LGAs on Market access facilitation and value chain development (Orient SPs/MFIs on Rural Invest Business Planning Tool. Experience Capitalization and Kilimo Bashara (REACTS))	Workshop	1	1	100	2	60.00	181.18	302%	
PEML, IV5	Collaborate with Kilimo Trust to provide technical support to Lead SPs and Business Coaches on development of Consortia	Workshop	1	1	100	3	10.00	-	-	
<b>RURAL FINANCE COMPONENT</b>										
<b>Development of Grassroots Financial Services</b>										
RFGFS, I1	Procurement of Motorcycles for COs for the supported District	Unit	64	64	100	100	168.45	-	-	additional 2 Motorcycles will be purchased for Kwimba and Bulige
RFGFS, II2	Undertake joint Field visits and zonal stakeholders meeting (South, Lake zone, Southern highlands, Northern, Zanzibar, East and Central) - Joint RF & PEML Action Plan Planning	Number of visits	2	1	50	2	250.00	335	134%	Reviewed the performance of the financial partners
RFGFS, III1	Mainland: Facilitate 2 reviews of consortia stakeholders meeting for each of the following groups of value chains: (i) Oil seeds & nuts; (ii) Onion, Garlic & Ginger; (iii) Fruits & Vegetables; (iv) Paddy; (v) Maize/Green Gram and Cassava.		2	1	50	8	87.50	90	103%	AMCOS and SACCOS representatives participated in the review meetings
RFGFS, III2	Warehouse Receipt Training for SACCOS	Sessions	2	0	0	1	56.00	-	-	Not done, to be organized by TCDC and executed in collaboration with MIVARF in November, 2018
RFGFS,	SACCOS Stakeholders' review	Workshops	1	1	100	4	15.00	1.85	12%	This had been a combined workshop



Activity Code	Component /Activity	Unit	Physical Performance				Financial Performance			Remarks
			Plan	Actual	% Implementation	Cumulative Achievements	Planned Budget US \$ (000)	Actual Exp. US \$ (000)	% Exp.	
III3	workshop – Zanzibar									for the players of the microfinance sector in Zanzibar, and organized by both MoFZ and DOC Zanzibar
RFGFS, IV4	Provide Support to MoCU, TCDC, COASCO and DOC for the capacity building of selected Rural SACCOS/AMCOS, in accordance with the priorities of the PEML sub-component	SACCOS	340		13.9%	340	2,210.00	1,050	48%	
RFGFS, IV5	Provide support to the establishment of the community/cooperative federal bank at national level	Lumpsum	6	1	16.6%	2	60.00	20	33%	
RFGFS, IV6	Provide capacity building to the Community/Cooperative Banks based on the realigned MIVARF strategy	Workshop	1	1	100%	33	40.00	1.07	3%	The meeting had been conducted to discuss on performance and alignment of the Programme extension activities to the support being extended to the banks
RFGFS, IV6	Provide capacity building and support development of financial products by selected MFIs	Lumpsum	5	1	20%	10	1,250.00	1,529.59	122%	Other partners support will be extended.
RFGFS, IV7	Provide support to Apex Organisation IBDPs	Lumpsum	4	3	75	9	400.00	21.65	5%	
RFGFS, IV8	Provide support to TCDC budget	Lumpsum	1	1	100	3	200.00	195.49	98%	
RFGFS, IV9	Provide support to DOC Zanzibar budget	Lumpsum	1	1	100	5	150.00	146.32	98%	
RFGFS, IV10	Provide support to Cooperative Audit and Supervision Corporation (COASCO) IBDP	Lumpsum	1	1	100		150.00	98.77	66%	
RFGFS, IV11	Provide support to MoCU for its staff training	Lumpsum	1	0	0	2	50.00	0	0%	Not disbursed
RFGFS, V1	Supervision by District Cooperative Staff to enhance linkage of RUSACCOS to PEML groups	Man-days	4,080	2040	50	8160	326.40	109.33	33%	Support provided at LGAs
RFGFS, V2	Supervision by Region Cooperative Officer	Man-days	960	0	0	960	76.80	0	0%	Not disbursed, as the supervision had been through LGAs



Activity Code	Component /Activity	Unit	Physical Performance				Financial Performance			Remarks	
			Plan	Actual	% Implemen- tation	Cumulative Achieve- ments	Planned Budget US \$ (000)	Actual Exp. US \$ (000)	% Exp.		
	Rural finance Systems Development Sub-component										
RFSD, II11	Stakeholders workshop with Banks and other financial institutions	Workshop	1	1	100	2	15.00	8.19	55%	Workshop included CBDB Bank, NMB Bank TPB Bank, PBZ and MIVARF	
RFSD, II12	Provide Guarantee fund	Lumpsum	2	2	100	2	10,000.00	10,050.98	101%		
RFSD, II13	Provide Innovation fund	Lumpsum	1	1	100	1	1,000.00	1,004.61	100%		
RFSD, III11	Organize microfinance Stakeholders Workshop (Zanzibar) (including Cooperatives, PEML groups and SP)	Workshop	1	1	100	2	20.00	37.74	189%	Organized	
RFSD, III12	Support the organization by TADB of stakeholder w/shops with Banks, financial institutions, AMCOS and other stakeholders to present a portfolio of potential priority clients and investments, which can benefit from the SCGS and the RIF	Workshop	1	0	50	0	40.00	0	0%	Not conducted, however sensitization on the funds is actively ongoing in Zanzibar and Mainland in forums and when working with the groups by TADB and MIVARF	
RFSD, III13	Provide Support to MoFP to review National Microfinance Policy and strategies, 2002 and strengthen the Microfinance section	Lumpsum	1	1	100	3	120.00	252.39	210%	The current support is targeting NMP dissemination and preparation of the Microfinance Bill	
RFSD, III14	Provide support to MOFE Zanzibar to strengthen microfinance unit and Microfinance activities (support to RF Coach on microfinance activities)	Lumpsum	1			1	50.00	1.59	3%	Not disbursed could not request the fund, as had been reorganizing during the period	
RFSD, III15	Participate in Rural Finance/Microfinance policy Initiative	Participants	3	2	75	3	15.00	6.31	42%		
PROGRAMME COORDINATION											
PC, I1	Procurement of office furniture and equipment	Set	5	5	100		22.50	4.20	93%	All working equipment procured.	
PC, I2	Procurement of computers sets	Set	7	7	100		10.50	1.25	83%		
PC, I3	Procurement of Printers (Black and White)	Unit	6	6	100		3.00	0.4	80%		
PC, I4	Procurement of Printers (Coloured)	Unit	5		100		5.00	0.95	0%		
PC, I5	Procurement of scanners	Unit	6	6	100		3.00	0.52	104%		
PC, I6	Procurement of UPS	Unit	6	6	100		3.30	0.52	95%		
PC, I8	Procurement of Laptop Computers	Unit	18	18	100		27.00	2.38	159%		



Activity Code	Component /Activity	Unit	Physical Performance				Financial Performance			Remarks
			Plan	Actual	% Implementation	Cumulative Achievements	Planned Budget US \$ (000)	Actual Exp. US \$ (000)	% Exp.	
PC, III7	Regional Workshops and Study visits	Workshop	1	0			25.00	0.49	2%	
PC, III8	Quarterly Review Workshops	Workshop	4	5	125		80.00	111.42	139%	Five review workshops held some to plan for the Programme extension.
PC, IV3	M&E/KM Training for PCT, Regions, Districts and Service Providers	Workshop	2	0	0		30.00	17.18	57%	Done during other sessions such as quarterly stakeholder review workshops
PC, IV5	M&E/Knowledge Management System Management	Per quarter	4	4	100		40.00	11.49	29%	Ongoing. Various reports produced.
PC, IV9	Support Supervision Mission	Mission	7	6	86		70.00	295.87	423%	Supervision mission by PMO, AfDB and IFAD supported
PC, IV10	Production of Documented Outputs (radio programmes, videos, leaflets, publications)	Lumpsum	1				30.00	29.17	97%	Various materials produced including TV and radio programmes, videos, and short clips for the posting on social media.
PC, V4	Support to Zanzibar Sub-office	Per quarter	4	4	100		165.00	195.62	119%	Zanzibar sub-office supported
PC, V8	Provide Support for Supervision – Regions	Regions per quarter	58	58			116.00	192.70	166%	All regions implemented the Programme supported
PC, V9	Provision Support for Supervision – Districts	Districts per quarter	148	148			296.00	189.83	64%	All districts implementing the Programme supported

## **United Republic of Tanzania**

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### **Marketing Infrastructure, Value Addition and Rural Finance Support Programme Supervision Report**

#### **Appendix 3: Compliance with legal covenants: status of implementation**

Mission Dates: 29/10/2018 to 10/11/2018  
Document Date: 20/12/2018  
Project No. 1100001553  
Report No. 4939-TZ

East and Southern Africa Division  
Programme Management Department

### Appendix 3: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
<b>Section 4.02</b>	PCU to open and maintain a Project Account (in TZS); GO? to make an initial deposit equivalent to USD 9,000,000		Complied	
<b>Section 4.02</b>	GoT to replenish Project Account quarterly in advance		Not complied	Financing to be provided by LGAs but it has not been tabulated.
<b>Section 4.03</b>	Procurement of goods, works and services carried out in accordance with the procedures laid down in Schedule 3		Not fully complied	Non consultancy services acquired without following proper procedures
<b>Section 4.04</b>	Insurance of vehicles, equipment and civil works financed from the loan proceeds to be consistent with sound commercial practice.		Done	
<b>Section 4.05, section 11.10(b)</b>	Audit report submitted to IFAD.	31 <sup>st</sup> December	Done	
<b>Section 4.06</b>	Progress reports to be submitted to IFAD on a quarterly basis.	Annual reports	Not done	Not submitted
<b>Schedule 4, para 7</b>	AWPB to be submitted to the Fund, for its review and comments		Not done	Not submitted until now
<b>Schedule 4, para 8(a)</b>	A Mid-Term Review (MTR) to be carried out jointly by the Borrower and IFAD.		Done	
<b>Schedule 4, para 16</b>	Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures		done	

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### **Marketing Infrastructure, Value Addition and Rural Finance Support Programme Supervision Report**

#### **Appendix 4: Technical background analysis**

Mission Dates: 29/10/2018 to 10/11/2018  
Document Date: 20/12/2018  
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East and Southern Africa Division  
Programme Management Department



## Appendix 4: Technical Background Analysis

### Partnership-Building

Partner Name	Details of partnership
<b>Cofinancing partnerships</b>	
AfDB	LOAN agreement
Government of Sweden	USD 1 million Grant to MIVARF
Government of Tanzania	LOAN agreement
<b>KM and Policy partners</b>	
Ministry of Finance (MoF)	Ministry, Government of Tanzania, Loan agreement
Ministry of Agriculture, Food Security and Cooperatives (MAFSC)	Ministry, Government of Tanzania
Zanzibar Ministry of Agriculture, Natural Resources Livestock and Fisheries (MANRLF)	Ministry, Revolutionary Government of Zanzibar
Ministry of Industries, Trade and Investments (MITI)	Ministry, Government of Tanzania
<b>Private Sector</b>	
RAPHA Group	RAPHA Group ( <a href="http://www.rafaagrouplimited.com/">http://www.rafaagrouplimited.com/</a> ) is a limited liability company operating in Mbeya region, Southern Highlands. It has a rice processing facility of 70 MT per day, and sources its raw material from its own farms as well as from smallholder growers. It started working with MIVARF during the 2016/17 season, and is viewed as a key off-taker for paddy produced in Katavi, Mbeya and Iringa regions. It is also increasingly active in the maize and sunflower value chains.
EXPORT Trading Group, SPARKLE Food Kenya, Musoma Food, Mazao Group, Tandale Traders, Mtinda Rice Co., Mount Meru Millers, Muzar Oil, Singida Oil, NFRA, Mohamed Enterprises, etc.	Other key off-takers actively engaged with PEML groups
Sengerema Rice Innovation Platform (SRIP)	SRIP was initiated by Lead SP AGRIBUSINESS in Sengerema district, Mwanza region. It involves a wide range of stakeholders with the objective is to establish sustainable backward and forward linkages for 1,373 smallholder paddy farmers through 5 sub-platforms established at ward level. Each sub-platform comprises 3 desks: input supply, access to finance and market linkages
Msalala Paddy Farmers Company (MPAFAC)	MPAFAC resulted from the Paddy Innovation Platform initiated by Lead MIVARF SP SEIDA in 2015. It involves Mazao Group (major regional rice processor) and 37 paddy farmer groups (1012 members), for the annual production and processing of over 15,000 MT of paddy in Masala district.
YARA, BALTON Tanzania, OBO Invest., Export Trading, AGROVET, HYGROTECH, KIBO Seed, Seed-Co	Input suppliers actively engaged with PEML groups
<b>Coordination/Implementing Partners</b>	
PRIME MINISTER'S OFFICE (PMO)	Lead Implementing Institution, Government of Tanzania
Zanzibar Ministry of Agriculture, Natural Resources Livestock and Fisheries (MANRLF)	Implementing Institution in Zanzibar, Revolutionary Government of Zanzibar
RUCODIA, SEIDA, AGRIBUSINESS Consulting, GEO-DATA, RERA	Lead Service Providers hired under PEML sub-component, who were instrumental to MIVARF turnaround
4 individuals in charge of Post-Harvest Management and Market Linkage; Cassava, vegetable and banana; Fish and Rural Finance	Business Coaches hired under PEML sub-component, who were instrumental to MIVARF turnaround
Small Industries Development Organization (SIDO)	Government Agency under MITI that has been implementing another IFAD-funded project, the Rural Micro Small and Medium Enterprises Programme (MUVE) up to September 2016. SIDO intervenes in 27 districts (14 regions), with activities streamlined around technical capacity building and compliance to food standards for processors supported by MIVARF.
Bank of Tanzania (BoT)	Implementing Partner with MoU
72 Local Government Authorities (LGAs)	District Implementing Partners with MoU (through RAS)



Partner Name	Details of partnership
30 Regional Administrative Secretaries (RAS)	Regional Implementing partner with MoU
Tanzania Agriculture Development Bank (TADB)	SCGS and RIF Implementing Partner with MoU
National Microfinance Bank (NMB)	Bank, SCGS Implementing Partner with MoU with TADB
Tanzania Postal Bank (TPB)	Bank, SCGS Implementing Partner with MoU with TADB
CRDB Microfinance	MFI Implementing partner with MoU
Vision Fund Tanzania	MFI Implementing partner with MoU
Tujijenge Tanzania	MFI Implementing partner with MoU
BRAC Tanzania	MFI Implementing partner with MoU
Njombe Community Bank	CB Implementing Partner with MoU (now closed)
Uchumi Community Bank	CB Implementing Partner with MoU
Mwanga Community Bank	CB Implementing Partner with MoU
Kilimanjaro Cooperative Bank	CB Implementing Partner with MoU
Kagera Farmer Coop Bank	CB Implementing Partner with MoU (now closed)
Mufindi Community Bank	CB Implementing Partner with MoU (now closed)
Tandahimba Community Bank	CB Implementing Partner with MoU
Mbinga Community Bank	CB Implementing Partner with MoU (now closed)
Meru Community Bank	CB Implementing Partner with MoU (now closed)
Farm Radio International (FRI)	International NGO partnering with MIVARF to improve market intelligence and access to agricultural information among PEML groups
Regional East African Community Trade in Staple Programme (REACTS)	International NGO, instrumental to initiate MIVARF consortium approach and establish market linkages with regional off-takers
Warehouse Receipt Regulatory Board (WRRB)	Government Agency
Tanzania Food and Drug Authority (TFDA)	Government Agency
Tanzania Bureau of Standards (TBS)	Government Agency
Zanzibar Food and Drug Agency (ZFDA)	Government Agency
Zanzibar Bureau of Standards (ZBS)	Government Agency
Occupational Safety and Health Authority (OSHA)	Government Agency
Business Registration and Licensing Agency (BRELA)	Government Agency

## **United Republic of Tanzania**

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### **Marketing Infrastructure, Value Addition and Rural Finance Support Programme Supervision Report**

#### **Appendix 5: Mission preparation and planning, TORs, schedules, people met**

Mission Dates: 29/10/2018 to 10/11/2018  
Document Date: 20/12/2018  
Project No. 1100001553  
Report No. 4939-TZ

East and Southern Africa Division  
Programme Management Department



## Appendix 5: Mission Preparation and Planning, TORs, Schedules, People met.

Name	Position and Institution
Prof. Faustin Kamuzora	Permanent Secretary in the PMO tasked with Policy and Coordination
Obey Assery	Director of Coordination of Government Business, Office of the PMO
Sheha Hamdan	Director of Policy and Planning, MANRLF
Walter Swai	MIVARF National Programme Coordinator
Khalfan Saleh	MIVARF Zanzibar Coordinator
Bernard Ulaya	MIVARF M&E Specialist
Leonard Muhoni	MIVARF Agricultural Marketing Specialist
Thomas Mgimba	MIVARF Rural Finance Specialist
Bertha Mjawa	MIVARF Value Addition Specialist
Julius Kalambo	MIVARF WRS Specialist
Aaron Muhoja	MIVARF Financial Management Specialist
Joseph Kaaya	MIVARF Rural Finance Specialist
John Mganga	PPS - MIVARF
Shedehwa Optati	RFS – MIVARF
Abeid Said Muhoram	MIVARF Accountant Zanzibar
Andreas Mbinga	MIVARF M&E Officer Zanzibar
Aisha Mohamed	MIVARF Liaison Officer Pemba
Asha Omar Fakh	Agriculture Officer
Omar Ali Omar	MIVARF RFP – South Pemba
Amin Omar Ali	MIVARF RFP – North- Pemba
Benjamin Nkomollah	Rural Finance Business Coach- Zanzibar
Boniface Lyamuya	Rural Finance Business Coach -Zanzibar
Khamis Daud Simba	Register of Cooperatives
Raya Talib Ali	Manager – ZASCU
Abdullah Hassan Iddy	Secretary – ZASCU
Kirobo Kirobo	Cooperative Officer
Justin Joseph	TADB – CEO
James Mwakilima	TADB- Agency Funds Management Manager
Dickson Pangamawe	TADB Business Development Manager
Noel Kauwedi	NMB- Senior Relation Manager Agribusiness Operations
John Machunda	NMB – Relation Manager
Angela Moshi	UCHUMI BANK- CEO
Israel Iyatuu	UCHUMI BANK – Credit Manager
Samwel wado	UCHUMI BANK -Financial Manager
David mariki	UCHUMI BANK- ICT
Justinian bamanyisa	Senior lecturer & director institute of continuin co-operatibe education
Dr. Jones kaleshu	Senior lecture
Nyanjige mayala	Assistant lecturer and head dept of gender & development
Paul anania	Tutorial assistant & head dept of gender and development
Jane mhalila	Assistant lecturer and head radio unit
Bahat rukiko	Programme officer & head co-operative entrepreneurship &innovation centre
Ombeni Masaidi	KCBL-Business Development Manager
Emanuel Magere	KCBL- Business Development Officer
Fredrick Ogenga	Managing Partner and CEO, SEIDA
Saviour Mbele	Director RUCODIA
Wilson Karumuna	Director GEO DATA
Hermengild Mtenga	Advisor GEO DATA
Gideon Mchau	PHML Business Coach, Zanzibar
Finias Dogeje	CBV Business Coach, Zanzibar
Margaret G. Alfanyes	Fish Business Coach
Haika Shayo	SIDO Coordinator, MIVARF-SIDO Partnership
Joseph Mwingira	Business Development Officer, SIDO Manyara Region
Elicana Manyanza	Vision Fund Head of partnership unit
Neema Nyangalamela	VFT- Finance and Operation Director
Alice Mapunda	VFT – Chief Accountant



Ricky s. Hizza	COBAT - FAO
Stephen b. Fungo	VICOBA FETA- Secretary General
Collins Rutenge	COBAT - CEO
Josephat Kisamalala	TCDC- AR-FCR
Hassani Mnyone	SCCULT- Executive Secretary
Ramadhani Mganga	TPB – Chief Manager Microfinance
George mapunda	TPB – Senior RM Business Banking
Emma Riwa	TPB – Senior Business
Jilly Elibariki Maleko	RAS Mtwara
Henry Chagenda	Regional Focal Person- Mtwara
May Kiluwasha	Regional Focal Person- Lindi
Tunu Goagoa	Ag District Executive Officer, Nachingwea
Wilfred Kilal	Ag District Executive Officer, Tandahimba
Representatives of Shina Fruits Processing Group Pemba	
Representatives of Mola Tupe Banana Processing Group Pemba	
Representatives of GEP Tomato Processing Group Pemba	
Representatives of Shirikani SACCOS Pemba	
Representatives of Pesaca SACCOS Pemba	
Representatives of Tukofiti Cassava Processing Group Pemba	
Representatives of Borahiri Banana Group Pemba	
Representatives of Tungalipo Banana Group Pemba	
Representatives of Tandahimba Small Scale Cashewnut Processor Association (TASSCPA) – Mtwara Region	
Representatives of Ngunichile SACCOS and AMCOS (sesame) – Nachingwea District Lindi Region	
Beneficiaries, Lushoto District Cooperative Officer– Tanga region	
Representatives of Matufa Rice Group and SACCOS – Babati District Manyara Region	
Representatives of Bashai Garlic Processors – Mbulu District Manyara Region	

**Marketing Infrastructure, Value Addition and Rural Finance Support Programme (MIVARF); IFAD Supervision and Implementation Support Mission**  
**FINAL ITINERARY, 28 October – 9 November 2018**

Day/Date	Time	Activity/Event	Location	Responsible
Sunday 28 October 2018	22:10pm KLM	Arrive in Dar es salaam	Dar es salaam	Francesco & Elena
	9:55PW			Paul Picot
Monday 29 October 2018	03:05am TK			Isabelle
	14:15pm			Patrizia
Monday 29 October 2018	Full day	Presentations and discussions to be led by PCT (e.g. providing status of implementation of agreed actions, physical/financial progress against AWPB)		PCT: PEML Team; Rural Finance Team
Tuesday 30 October 2018	07:30 -09:15am	Travel to Zanzibar by boat	Zanzibar	PCT & IFAD
	09:30am to 16:30pm	Courtesy calls and workshop with key stakeholders in Zanzibar	Zanzibar	PCT, IFAD & Stakeholders
		Overnight in Zanzibar		
Wednesday 31 October 2018		Field visit in Unguja	Unguja	Rural Finance team
	08:20am to 8:50am	Travel from Unguja to Pemba by AIR, Field visit in Pemba	Pemba	PCT/IFAD
		Overnight in Pemba	Pemba	PCT/IFAD
	16:00pm	Travel back to Dar by boat		Paul Picot /Francesco Rispoli
		Overnight in Dar	Dar	Picot/Francesco
Thursday 1 November 2018	4:30pm to 5:35pm00 -	Travel from Pemba to Dar	Dar	PCT/IFAD
		Overnight in Dar		ALL
Friday 2 November 2018	5:45 – 6:55am	Travel from Dar es salaam to Mtwara	Mtwara	PCT/IFAD
	All day	Courtesy calls , Stakeholder workshop and field visits in Tandahimba and Nachingwea in Mtwara		
		Overnight in Mtwara		PCT/IFAD



**Marketing Infrastructure, Value Addition and Rural Finance Support Programme (MIVARF); IFAD Supervision and Implementation Support Mission**  
**FINAL ITINERARY, 28 October – 9 November 2018**

	All day	Rural Finance team works in Dar	Dar	RF
Saturday 3rd November 2018		Overnight in Dar		RF
	Full day	Rural Finance works in Dar	Dar	RF
		Overnight in Dar	Dar	FR
	Full day		Mtwara	PCT/IFAD
Sunday 4 November 2018		Overnight in Mtwara	Mtwara	PCT/IFAD
	All day	Travel from Dar es Salaam to Arusha	Arusha	ALL
Monday 5 November 2018	All day	Courtesy calls and field visits in Arusha/Kilimanjaro and Manyara	Arusha	PCT, IFAD, Rural Finance and SIDO
		Overnight in Arusha		ALL
Tuesday 6 -November 2018	All day	Stakeholder workshop with stakeholders from northern zone	Arusha	ALL
		Overnight in Arusha		ALL
Wednesday 7 November 2018	All day	Work with PCT in Arusha prepare draft agreed actions	Arusha	ALL
Thursday 8 November 2018	All day	Finalisation of AM and submitting to PCT	Arusha	ALL
		Overnight in Arusha		ALL
Friday 9 November 2018	08:00 – 1:00	Wrap- up meeting with ISM and MIVARF team in Arusha	Arusha	ISM team + PCT
	Departure from ARUSHA			
	15:20 – 17:30	Departure from Arusha to Dar es salaam (PW 422)	Dar es salaam	Patrizia
	5:00-7:00pm	Departure from KIA to Dar (PW437)	Dar es salaam	Elena
	23:55pm	Dar-Rome		Elena & Patrizia

**Marketing Infrastructure, Value Addition and Rural Finance Support Programme (MIVARF); IFAD Supervision and Implementation Support Mission**  
**FINAL ITINERARY, 28 October – 9 November 2018**

	6:30-7:30pm	Departure from KIA to Nairobi (PW725)	Nairobi	Paul Picot
Saturday 10 November 2018		Departure from Arusha to Dar		Francesco & Mwatima
	23:55	Departure from Dar es salaam to Rome	Rome	Francesco
	6:40am	Departure from Kilimanjaro to Lyon-France	France	Isabelle



# MEMO

**TO:** Isabelle Lagaille, Marketing and Value Chain specialist, IFAD consultant  
Paul Picot, Rural Finance specialist, IFAD Consultant  
Fred Kagaba, Financial Management and Procurement Specialist, IFAD consultant  
Elena Pietschmann, M&E Specialist; ESA  
Patrizia D'Amico, Programme Assistant; ESA

ICO staff participating in the mission:

Mwatima Juma, Senior Country Programme Officer, ESA

**FROM:** Francesco Rispoli, Country Programme Manager, ESA

**DATE:** 18 October 2018

**SUBJECT:** United Republic of Tanzania: Marketing Infrastructure, Value Addition and Rural Finance Support Programme (MIVARF) - Terms of Reference for Supervision/Implementation Support Mission, 28<sup>th</sup> October- 12<sup>th</sup> November 2018

## I. BACKGROUND

1. The goal of the Marketing Infrastructure, Value Addition and Rural Finance Support Programme (MIVARF) is to reduce rural poverty and accelerate economic growth on a sustainable basis. The Programme's development objective is to enhance incomes and food security of the target group on a sustainable basis. Total programme cost is USD 170.46 million, comprised of financing from IFAD, the African Development Bank (AfDB), Government of Tanzania and beneficiaries. The Programme was approved by IFAD Executive Board on 15 December 2010. Implementation is now within the 2-years no cost extension period with completion and closing dates of 31 March and 30 September 2020 respectively.
2. Programme components Includes: (i) Marketing Infrastructure and Systems; and (ii) Rural Finance. Marketing Infrastructure and Systems has three sub-components: (a) Marketing Infrastructure; (b) Value Addition<sup>1</sup>; and (c) Producer Empowerment and Market Linkages (PEML). Rural Finance has two sub-components: (a) Grassroots financial services (GFS), and; (b) Rural financial systems development. The Prime Minister's Office (PMO) is the Lead Implementing Agency of the programme, with day to day management undertaken by a Programme Coordination Team (PCT) based in Arusha.
3. The last ISM confirmed the steady improvement achieved by PCT in the implementation of MIVARF since its recovery from being a problem project. Clear targets and milestones were defined through an agreement with the Government to align MIVARF strategy, priority actions and monitoring systems to the more focused approach proposed and agreed for the extension period. The final Action plan & AWPB had been jointly agreed during the last mission based on MIVARF's exit strategy. Its timely implementation will ensure sustainability of the impacts and processes initiated by the programme.
4. Finalization of the processes to have TADB as an administrator of the Smallholder Credit Guarantee Scheme (SCGS) and Rural Innovation Fund (RIF) has been a major step in MIVARF implementation. Next step is to ensure proper capacity building of producer groups to be able to benefit in accessing credit through these two facilities. The last mission emphasis was on timely contacting of the Lead Service Providers (SPs) and Business Coaches (BCs) to ensure that they provide capacity needed for them to access credit in line with the various cropping seasons. It was agreed to finalise these contracts by March 2018 and have them with provision for extension in line with the extension strategy and draft AWPB developed during the last mission.

<sup>1</sup> The first two sub-components (Marketing Infrastructures and Value Addition) are funded by AfDB.



## II. Programme Implementation Performance and Status

5. There has been steady improvement achieved by PCT in the implementation of MIVARF over the past years with an increase in the rate of implementation of agreed actions. IFAD loan disbursement rose from 55.67% in December 2017 to 78% in January 2018. This is mainly attributed to the taking off the Rural Finance development sub-component, where a single payment of USD 11 million was affected. Steady progress in implementation has resulted in innovation on development of public private producers partnership (4Ps) consortia which has been key in fostering transition of PEML beneficiaries from subsistence agriculture to farming as business through direct engagement with key off-takers in major value chains such as rice and maize.
6. As of December 2017, the programme had supported 3,990,593 rural clients (11% increase from June 2017) to access financial services, including saving accounts, loans, insurance schemes and mobile banking. Programme has also supported 3,848,490 people in rural areas to use loans. However, sustainability of Community banks (CBs), have been adversely affected by the Bank of Tanzania's (BoT) decision in December 2017 to revoke the licence of 4 out of 9 CBs supported by MIVARF (Njombe Community Bank Ltd., Kagera Farmers' Cooperative Bank Ltd, Meru Community Bank Ltd and Mbinga), since they were unable to reach the BoT's core capital minimum requirement of TZS 2Bn (USD 900,000).
7. Notwithstanding these positive results, there are still some areas/activities, which will require close follow-up and attention in order to improve project implementation, and ensure that the extension period will be utilized with optimum effectiveness and efficiency. Particular focus will be put on: (i) on implementation of SCGS and RIF to ensure timely disbursement of resources; (ii) Provide support for sustainability of Community Banks towards formation of federation of CBs; (iii) ensuring that the infrastructural investments are fully used and profitably managed by the programme's beneficiaries; (iv) supporting the institutional sustainability of community banks (CBs); (v) supporting SACCOS, through the Tanzania Cooperative Development Commission (TCDC) and the Department of Cooperatives, Zanzibar (DoC); (vi) creating/strengthening backward and forward linkages between producers, input suppliers, financing institutions and off-takers and (vii) finalizing the exit strategy in close collaboration with SIDO and linking with the opportunities arising from the new Agricultural Sector Development Programme (ASDP2) to ensure sustainability.
8. Against this background, the mission will assist the PCT consolidate the results obtained so far, focusing on the following activities: (i) strengthening SACCOS, VICOBAS and Community Banks, as well as promoting the access of the PEML beneficiaries to the much-needed financial services; (ii) monitoring and backstopping the implementation of SCGS and RIF; (iii) providing training/coaching to the beneficiary groups, in order to ensure the profitable and sustainable management of the warehouses and post-harvest/processing facilities and equipment established by the programme; and (iv) monitoring, strengthening and replicating the 4P/consortium models which have emerged within the PEML sub-component.

## III. Mission Composition and Responsibilities

9. The mission team includes Francesco Rispoli, IFAD Country Director; Mwatima Juma, Senior Country Programme Officer; Elena Pietschmann, M&E and KM Specialist; Patrizia D'Amico, Programme Assistant; Isabelle Lagailarde, Marketing and Value Chain Specialist; Paul Picot Rural finance specialist; Fred Kagaba, Financial Management and Procurement Specialist.
10. Overall, the mission will take note of the above-mentioned developments and focus its efforts on the following tasks:
  - (a) Assess overall progress in implementing the actions and recommendations agreed upon during the February 2018 ISM.
  - (b) Review financial and physical progress in executing the AWPB 2018-2019.
  - (c) Review implementation progress of the action plan of extension period, and in particular the finalization of the 2018-19 AWPB.
  - (d) Review the project M&E system, the revised logical framework and its alignment with ORMS.
  - (e) Assess the progress made by TADB in implementing the SCGS and RIF and connecting these two financial instruments with the PEML groups.



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- (f) Assess the coordination between the different sub-components, and provide technical recommendations where needed.
- (g) In conjunction with relevant programme stakeholders, identify and discuss actual and potential/emerging problems and constraints, and agree on solutions, changes or improvements and accountabilities for their implementation.
- (h) Assess overall programme performance, outreach and overall sustainability.

The responsibilities of individual team members include:

11. **Francesco Rispoli, Country Director and Team leader**, will be responsible for the overall leadership and guidance of the mission and discuss with the PMO mission findings, recommendations and agreed actions. He will discuss with key stakeholders' insights of the confirmation from the Government for IFAD support to ASDP2 for the possibility of designing interventions based on MIVARF success and in particular MIVARF's collaboration with TADB as a wholesale lending institution and its role in managing the new SCGS and RIF business line towards leveraging agricultural financing to support development of a number of key value chains. He will lead preparation of the mission Aide Memoire and delegate responsibilities to other team members, as required.
12. **Mwatima Juma, Sr. Country Programme Officer**, will be responsible for reviewing the overall progress achieved by the programme since the last ISM and assess the functionality of the PCT in terms of overall implementation and coordination, across the different components and financing partners. More specifically, she will:
  - (a) Review overall progress in the implementation of extension action plan.
  - (b) Review progress made vis-a-vis the last supervision mission recommendations and provide technical guidance for the remaining implementation period.
  - (c) Review the coordination and staffing level of the program, including effectiveness of the PSC and propose measures to address issues, if any, that may hinder the effective implementation of the program.
  - (d) Review and support finalization of MIVARF's exit strategy.
  - (e) Assess synergies with ICT grant project and other implementing partners.
  - (f) Review performance and progress on empowerment of producer and processor organizations and marketing entities.
  - (g) Assess and identify knowledge gaps amongst service providers, district focal persons and project staff to effectively play their role in programme implementation, and producer empowerment in particular
  - (h) Contribute to the project scoring assessment.

In light of the above, she will provide implementation guidance and agree upon the necessary measures and activities to be undertaken to improve programme performance. In doing so, she will draft relevant sections of the Aide Memoire/supervision report.

**Duration and timing:** She will undertake her assignment from 28<sup>th</sup> October to 12<sup>th</sup> November 2018 in-country, including travel and Aide-Memoire contribution.

13. **Paul Picot, Rural Finance Specialist**, will be responsible for reviewing the overall progress in implementing the Rural Finance component and provide recommendations to improve implementation performance. More specifically, he will:
  - (a) Assess the role and impact of the Rural Finance component in increasing access of producer associations to financial services from identified financial partners, and identify any remaining gaps in this respect.
  - (b) Review progress regarding operationalisation of the SCGS and RIF, providing technical support to the TADB as well as the PCT counterparts as required.
  - (c) Review disbursement plan to TADB based on key indicators to assess use of funds, size of the portfolio and portfolio performance of SCGS and RIF, and conditions for further disbursements to TADB.
  - (d) Assess progress of MIVARF support on process of merger and acquisition of community banks to set up the Federation of Community Banks.



- (e) Assess the operational and financial progress of Institutional Business Development Plans (IBDPs) with Community Banks, MFI and Banks, so as to verify the effectiveness of the contract management function and adherence to requirements in terms of value for money, retirement of advances, documentation and filing.
- (f) Review the current mechanism in place for the support to CBs and MFIs and assess the relevance and adequacy of accountabilities expected for the different type of investments.
- (g) Review Comprehensive Impact Assessment report of the Programme Finance Support to Financial Partners, and provide technical recommendations to the PCT, building on the recommendations included in the relevant report and based on the TORs for the assessment.
- (h) Review performance of rural finance business coach in support capacity of SACCOs and AMCOS in Zanzibar.
- (i) Review progress of development of Microfinance Act of Mainland and Zanzibar Microfinance policy.
- (j) Review progress made vis-a-vis the last supervision mission recommendations and provide technical guidance for the remaining implementation period on the basis of best practices, IFAD policies and lessons learned.
- (k) Identify possible strategies to scale up MIVARF's interventions in support of ASDP II objectives, building on the achievements of and lessons learned.
- (l) Contribute to the project scoring.

In light of the above, he will provide implementation guidance and agree upon the necessary measures and activities to be undertaken to improve performance. In doing so, he will draft relevant sections of the Aide Memoire and Supervision Report. He will also remain available to support the MIVARF team in implementing the mission recommendations and advise on other actions to be taken by the programme for long-term sustainability of programmes' investments.

**Duration and timing:** He will undertake his assignment from 28<sup>th</sup> October to 9<sup>th</sup> November in-country, including travel and Aide-Memoire contribution.

14. **Isabelle Lagaille, Marketing and Value Chain Specialist**, will be responsible for reviewing the performance and progress of the value chain development activities, with a particular focus on the PEML sub-component, and how its implementation is synergizing with the RF component. She will also support the CPM in coordinating inputs from other missions members, drafting of aide memoire and supervision mission report based on IFAD latest templates. With regard to the assignment on marketing and value chain, she will:

- (a) Review the overall implementation performance of the relevant project components against AWPB 2018-19.
- (b) Review the status of actions agreed during the last mission.
- (c) Assess functionality of PCT in terms of supporting and coordinating the PEML subcomponent.
- (d) Assess the extent to which the M&E system captures progress and impact of value chain activities.
- (e) Assess progress made in support and monitoring of the 5 types of Value Chain Consort through the recruitment of 4 Lead Service Providers (SPs) and 4 business coaches to: (i) consolidate achievements and address identified bottlenecks; (ii) backstop other SPs whenever this was needed; (iii) support stakeholders in value chains prioritized for extension; and (iv) develop business cases and consortia. Propose actions/measures to improve where needed.
- (f) Review initial ideas/proposals on 4P activities, progress in establishing/strengthening consortia, and extent to which the recently adopted zonal approach provides a better, effective response to market demand in priority value chains.
- (g) Assess the extent to which the Warehouse Receipt System is operational, its constraints and opportunities and its impact in relation to producer groups ownership and market access;



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- (h) Assess the progress made in operationalizing Value Addition equipment and facilities promoted under AfDB-funded sub-component 1.2, and the extent of their benefit to PEML beneficiaries (e.g. producer associations, AMCOS, etc.).
- (i) Review progress in the implementation of the MIVARF-SIDO MoU, and propose actions/measures to improve where needed.
- (j) Assess progress made in facilitating the access of PEML beneficiaries to financial services, and the role and impact of support of, and synergies with, the Rural finance component of the programme in this respect.
- (k) Assess progress of SCGS and RIF support and evaluated on the expected benefit to PEML beneficiaries in the short-term.
- (l) Support the PCT in finalizing the AWPB for PEML sub-component.
- (m) Review work of contracted service providers with respect to its impact on providing empowerment on producer /processors/market associations/commodity platforms.
- (n) Contribute to identify possible strategies to scale up MIVARF's interventions in support of ASDP II objectives, building on the achievements of and lessons learned..
- (o) Contribute to the project scoring assessment.

In light of the above, she will provide implementation guidance and agree upon the necessary measures and activities to be undertaken to improve performance. In doing so, she will draft relevant sections of the Aide Memoire and Supervision Report and a related working paper. She will also remain available to support the MIVARF team in implementing the mission recommendations and advise on other actions to be taken by the programme for long-term sustainability of programmes' investments.

**Duration and timing:** She will undertake her assignment from 28<sup>th</sup> October to 9<sup>th</sup> November 2018 in-country, including travel and aide-memoire contribution.

**15. Fred Kagaba, Financial Management Specialist,** Using the IFAD FMAQ as the basis to collect the relevant information, the Financial Management Specialist will assess the strengths and weaknesses of financial management systems, internal controls and financial reporting systems relating to financial management and financial administration of project funds in order to ensure that they satisfy IFAD's fiduciary requirements and comply with the Financing Agreement and LTB. Specifically, he will undertake the following tasks:

- (a) Based on the financial reports prepared by the project<sup>2</sup>, review the financial performance by expenditure category and component to assess the project's overall financial performance to date against (i) appraisal and (ii) approved AWPBs since project start. Review the cumulative status of funds by category of expenditure, approved AWPB and the project commitments (contracts signed not paid) in order to estimate the adequacy of funds and the potential need for category reallocations. Summarize the reasons for significant variances between expected and actual disbursement rates. Identify actual or potential problems and bottlenecks.
- (b) Review the financial execution of the current AWPB and obtain from the PIU explanations for significant budget-to-actual variances. Comment on the project's budget monitoring system.
- (c) Discuss the status of preparation of the annual financial statements (if relevant for the period). Validate the latest IFR, if applicable.
- (d) Review availability of counterpart funds (government and beneficiaries), identifying bottlenecks if any. Verify that the value of in kind contributions from government and beneficiaries, if any, are estimated and recorded by the project.
- (e) Assess regularity of WA preparation<sup>3</sup>. Recommend concrete measures to ensure faster and more efficient disbursements. Review SOEs prepared since the last field review<sup>4</sup> to verify adequacy,

<sup>2</sup> as per the formats of Appendix 5 in the Aide-Memoire

<sup>3</sup> WAs should be based on 30% of the advance to the DA or three months of expenditure, whichever comes first

<sup>4</sup> Appending IV of IFAD's guidance note for FAI @ supervision. The SOE forms should be used to test the audit trail from AWPB through to payment.



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completeness and validity of claims by selecting on a sample basis expenditure items from each category of expenditures and performing a system 'walk-through'<sup>5</sup>. Document findings on individual SOE items, noting down any ineligible expenditures. Provide recommendations on any internal controls weakness noted. Assess the adequacy of the project's filing of financial records<sup>6</sup>.

- (f) Assess the project's treasury planning; analyse adequacy of DA authorised allocation, with respect to projected expenditure requirements.
- (g) Review functionality of accounting and financial reporting system, identify accounting standards used and report differences with IFRS/IPSAS. Assess timeliness of recording transactions, budget posting and reconciliations. Assess suitability of the chart of accounts.
- (h) Gain an understanding of the accounting system and specify accounting software used, whether software produces WAs and other automated reports, and whether budget posted; comment on required customisations if any<sup>7</sup>. Assess financial staff ability to operate accounting system, comment on training requirements if any.
- (i) Describe banking arrangements. Review the operation of the project's designated and other accounts to ensure that the bank reconciliations and DA account reconciliations are correctly prepared on a monthly basis. Validate the closing balances from copies of the bank statement and clarify the status of the reconciliation items (if any). Note down any pending payments and withdrawal applications still not paid by IFAD.
- (j) Review contractual and payment procedures<sup>8</sup>; check contract register, usage of contract monitoring forms, register of advances; highlight outstanding advances (ageing analysis); verify compliance with audit requirements foreseen in contracts/ MOUs, if applicable
- (k) Review the financial situation of field offices and implementing partners/service providers, if any (advances issued vs. expenditure justified), as well as the quality and regularity of financial returns submitted to the PIU.
- (l) Review project's administrative management procedures related to personnel, travel, vehicles/fuel and IT. Review asset accounting and management procedures; maintenance of fixed asset register; inventory processes and latest inventory report.
- (m) Identify financing agreement covenants and verify project's compliance.
- (n) Describe internal audit arrangements including reporting lines, methodology/procedures, audit work plan and status/follow up on past recommendations; review IA reports [if the Borrower is willing to share them], describe findings;
- (o) Review latest external audit report and project's audit log, assess status of implementation of management letter recommendations. Verify status of preparation of upcoming audit and make recommendations as appropriate for extending the scope of audit to specific implementing entities, physical checks, performance audit, transaction list or other;
- (p) Review action taken to address recommendations of previous FM-related mission.

**Duration and timing:** He will undertake this assignment from 28 October to 9 November 2018 in-country, including travel and aide-memoire contributions.

16. **With regard to procurement activities, Fred Kagaba** will assess the performance of the procurement system in place. Specifically, he will undertake the following tasks:

<sup>5</sup> As part of this exercise, the FMS should trace each selected item through the whole audit trail: i) part of the approved AWPB and procurement plan, ii) IFAD non objection (if applicable), iii) Contract/invoice, iv) duly authorized purchase order, v) Accounting software ID number (transaction inserted in the accounting software), vi) verification (documentary and if possible physical) of evidence as applicable that works have been completed/goods delivered/ services rendered in accordance with the contract, vii) verification of payment (bank statement/cash book) and viii) project assets duly reflected in the fixed asset register.

<sup>6</sup> to contractors, service providers and implementing partners

<sup>7</sup> IFAD's General Conditions require accounting records to be maintained for at least ten years after Project Completion Date, in a format and manner which will facilitate audit review as required.

<sup>8</sup> If the software has never been assessed, the IFAD Accounting Software Evaluation Questionnaire should be completed if possible.

<sup>9</sup> to contractors, service providers and implementing partners



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- (a) Based on the 2017/18 and the 2018/19 AWP&Bs and PPs, review the implementation progress of the procurement recommendations from the last mission, identify actual and potential/emerging operational problems, and propose solutions for corrective measures or improvements to be made.
- (b) Review contract registers of the project and assess contract management performance, such as progress in the implementation of the procurement plan in terms of achievement of agreed milestones dates and methods, review of procurement below the prior review thresholds, especially on goods procured under limited bidding (shopping), and actions taken on IFAD conditional No Objections, enforcement of key securities, etc.
- (c) Review the existing templates (or actual documents) for solicitation, contracts, and bid evaluation in order to identify areas for improvement in terms of procurement-related documents.
- (d) Review procurement performance and adherence to procedures and conduct post review of selected contracts; determine the status of procurement related to advancement of activities.
- (e) Analyze the procurement files with a focus on summaries, especially final payments and final contract awards.
- (f) Make recommendations to implement procurement procedures effectively, ensuring all controls are in line with GoT and IFAD procedures.
- (g) Identify current risks and propose the practical recommendations for improving procurement functions needed for mitigating the risks identified.
- (h) Meet with the project staff in charge of procurement to review the mission findings and recommendations with the programme management and staff.
- (i) Provide written inputs related to the procurement section of the aide-mémoire and supervision report, as well as to the related appendices; Participate in the project rating process.

In light of the above, he will draft relevant sections of the Aide Memoire and Supervision Report.

**Duration and timing:** He will undertake this assignment from 24<sup>th</sup> to 27<sup>th</sup> October 2018 including travel, aide-memoire and supervision report contributions.

17. **Elena Pietschmann, M&E and KM Specialist**, will be responsible for reviewing the project M&E and KM aspects and provide implementation support for retrofitting of the project Log-frame in line with the new CIs. In particular, she will:

- (a) Review progress on agreed actions for M&E.
- (b) Review the revised log-frame adopted during the February 2018 ISM (and the latest update of the project Log-frame) and, in consultation with the other members of the team, provide the necessary inputs to the PCT.
- (c) Review the project M&E system and its alignment with ORMS.
- (d) Assess progress in the implementation of the KM plan and document stories from the field.
- (e) Provide information on new ORMS supervision to the PCT.

**On Gender and Targeting:**

- (f) Assess the project's performance with regard to the outcomes of targeting and gender activities.
- (g) Discuss with men and women beneficiaries the extent to which they participate in or benefit from project activities, and identify any adjustments to increase outreach and gender equality.
- (h) Assess AWPB 2018-19 and verify/ensure adequate allocation of resources to gender mainstreaming.
- (i) Ensure mechanisms for gender-balanced participatory monitoring.
- (j) Assess the project's focus on youth.
- (k) Contribute to the project scoring assessment, considering portfolio review guidelines and PAT requirements.

In light of the above, she will draft relevant sections of the Aide Memoire and Supervision Report.

**Duration and timing:** will undertake this assignment from 28<sup>th</sup> October to 9<sup>th</sup> Nov 2018 in-country, including travel and aide-memoire contributions.



**18. Patrizia D'Amico, Programme Assistant,** will support the Country Director and the mission team members, notably the M&E and financial management specialists, focusing on ORMS, financial management, audit, M&E, and the preparation of the Aide Memoire and Supervision Report. More specifically, she will:

- (a) Finalize the presentation on ORMS to be provided to the PCT.
- (b) support the M&E specialist, as to ensure its alignment with ORMS.
- (c) Collect relevant financial data and provide support to the Financial management specialist for the review of the audit arrangements and financial reports.
- (d) Provide support with the review of the physical and financial progress of the AWPB.
- (e) Review the implementation progress of the project, lessons learnt, challenges and recommendations for the remaining period of the project.
- (f) Assess progress in KM, information management, communication, and innovation and learning.
- (g) Provide support with the preparation of the Aide Memoire and the final Supervision Report, including annexes and project scoring assessment.

**Duration and timing:** She will undertake her assignment from 28<sup>th</sup> October to 9<sup>th</sup> Nov 2018 in-country, including travel and Aide-Memoire contribution.

#### IV. Expected Outputs

19. Overall, the mission will take note of the above mentioned and other relevant issues and, in consultation with the Borrower, provide implementation support for activities and investments to be undertaken during AWPB 2018-19 as well as during the extension period. In carrying out these tasks, the mission will consult at length with the PCT and the PMO. interactive workshops will be conducted at PCT level and at District level. The mission will also undertake field visits to learn and consult further with beneficiaries, share experiences, and assess the level of their participation and ownership. While the team will be working in tandem, mission members will be expected to provide leadership in the tasks consistent with their respective area of expertise.

20. Specific outputs will include:

- (a) A comprehensive Aide Memoire summarizing the mission findings, recommendations and agreements reached with the Government and key stakeholders.
- (b) A Supervision/Implementation Support Mission Report<sup>9</sup> with relevant Annexes.
- (c) A draft Management Letter summarizing the key issues that need to be acted upon and monitored by the supervising authorities.

<sup>9</sup> Following the new IFAD template for ORMS.

**V. Documentation**

21. The following documents will guide the work of the mission and shall be made available to team members by 20 October 2018:
- (a) A proposal of the mission's schedule of work, including key meetings (Government and key stakeholders).
  - (b) The final extension memo including appendices.
  - (c) Tables on programme financial and physical progress in AWPB 2018/19 (cumulative and detailed per components, per category, including by financiers);
  - (d) A short compilation of recommendations (from the Feb 2018 Implementation Support and Supervision Mission) to be taken into account by the mission, reflecting updated status, key achievements and constraints, with respect to each component;
  - (e) Latest progress reports.
  - (f) Programme Implementation Manual.
  - (g) A table showing current progress on the procurement plan and the updated contract register and contract collection.
  - (h) PCT staff self-assessment and draft action plan/strategy for the extension period.
  - (i) Any other documents deemed important for the mission.

cc: S. Mbago-Bhunu, ESA  
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RMT