

## SUMMARY

### Annual Action Programme 2017 in favour of Tanzania to be financed from the 11<sup>th</sup> European Development Fund

#### 1. Identification

Total cost	<b>EUR 162 000 000</b>
EDF allocation	<b>EUR 123 000 000</b>  1. The action <i>"Improving accountability through fighting corruption and increased access to justice (IMPACT)"</i> is co-financed in joint co-financing by: - Government of Tanzania for an indicative amount of EUR 2 500 000 - DFID for an indicative amount of EUR 20 500 000 - DANIDA for an indicative amount of EUR 10 400 000  2. The action <i>"Implementation of the Tanzanian Energy Efficiency Action Plan"</i> is co-financed in joint co-financing by: - BMZ for an indicative amount of EUR 2 000 000  3. The action <i>"Agri-Connect Supporting value chains for shared prosperity"</i> is co-financed in joint co-financing by: - Potential grant beneficiaries (Call for Proposals) for an indicative amount of EUR 3 500 000.
Basic act	<b>The ACP-EU Partnership Agreement</b>

#### 2. Country background

Tanzania Development Vision (TDV) 2025 embodies Tanzania's aspirations to development, which set the target of an economic growth rate of at least 8% per annum. Such growth rates are considered necessary for reducing poverty and propelling Tanzania from a least developed country to a middle income country. This vision is to be implemented through the Tanzania Long Term Perspective Plan (LTPP) (2011/12- 2025/26) and its three Five Year Development Plans (FYDPs).

The 2nd Five Year Development Plan (FYDP II) for the period 2016/17-2020/21, targets strategic priority interventions to move Tanzania to a higher economic growth trajectory coupled with a shift from an agriculture-based to an industry-based economy through the development of agro-industry value chains. Furthermore, the FYDP II aims at inclusive growth to ensure that its benefits are broadly shared and reflected in improved quality of life for the majority of Tanzanians. Employment creation, particularly for youth and women, is a particular crosscutting target of the FYDP II. Another objective is to ensure a conducive environment for business and enterprise development. As such, it is a coherent continuation of the FYDP I, which focused strengthening key trade and transport infrastructure. The FYDP II was officially adopted by the Parliament in July 2016 for implementation starting in the Financial Year 2016/2017.

The country has recorded an annual average growth rate of 7% for the past 10 years and basic needs poverty rate have declined from 34% in 2007 to 28% in 2012. The growth was driven mostly by improvement of infrastructure (road construction and energy), trade, manufacturing and financial services, while agriculture keeps lagging behind. Tanzania is today a stable country with relatively well-functioning public institutions, steady macroeconomic indicators and a growing economy. Government is committed to socio-economic development and to the fight against corruption. The main challenge of the Government is to balance its fully justified drive for reform with the respect for democracy, the rule of law and human rights.

In this context, the 11<sup>th</sup> National Indicative Programme of the European Development Fund proposes to focus on three sectors, i) Good Governance and Development, ii) Energy and iii) Sustainable Agriculture, which will contribute to the achievement of the strategic objectives of the EU-Tanzanian cooperation and are coherent with the Government national development strategies, the European Consensus on Development, the EU Agenda for Change and the 2030 Agenda on Sustainable Development and the Sustainable Development Goals (SDGs).

### 3. Summary of the Action Programme

The interventions under the proposed AAP 2017 are part of the overall EU support strategy to Tanzania that aims at promoting pro-poor, inclusive and sustainable growth. Actions will strengthen Tanzania's resilience and support growth and job creation through the development of agriculture value chains, through the promotion of renewable energy and energy efficiency, and by supporting Tanzania efforts to promote gender equality and to fight against corruption and to improve access to legal services and justice.

The actions under the AAP 2017 will contribute to the implementation of three focal sectors of the 11<sup>th</sup> EDF National Indicative Programme (Good Governance and Development; Agriculture; and Energy).

The priorities below are in full support of Tanzania's FYDP II, which is the basis for Tanzania's development, and are carefully coordinated with EU Member States and other development partners.

In the **good governance and development** focal sector, the objective is to strengthen Tanzania's resilience by fostering inclusive development through improved accountability as a result of more effective and trusted anti-corruption institutions and increased access to justice.

Corruption has been identified by the Government as a key challenge as it hinders the quality of public service delivery, weakens governance systems and constrains the business environment. A second key challenge is the improvement of the rule of law and the need to reform the judiciary into an efficient organisation that can mediate disputes in a transparent and accountable manner. Citizens and businesses are defenceless against corruption in the absence of the possibility to claim legal protection or denounce malpractice.

The fight against corruption and provision of access to justice for all citizens, especially women, is consistent with SDG16 to "Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions all levels". The European Consensus on Development highlights that *inclusive societies and accountable, democratic institutions are preconditions for sustainable development and stability*. It acknowledges the fight against corruption, the rule of law, the

protection of women and vulnerable groups and access to justice for all, as building blocks of peaceful and economically sound societies.

The present action tackles the common objective of the EU and its Member States to promote accountability in Tanzania and it will make a fundamental contribution to achieving the EU objectives on good governance as set out in the 11<sup>th</sup> EDF National Indicative Programme.

The proposed Action "*Improving accountability through fighting corruption and increased access to justice (IMPACT)*" pursues two main goals: (1) reducing incentives for corruption through a combination of improved deterrence in the criminal justice system, increased company transparency and governance of professional services, and collective actions that reshape social norms and expectations around corruption; (2) increasing the protection of citizen rights, in particular for women, through legal aid services and legal empowerment. The action will be jointly co-financed with United Kingdom and Denmark.

In the **energy** focal sector, the objective is to increase access to energy, promote energy efficiency and renewable energy generation and clean technology.

Lack of reliable, affordable and sustainable energy continues to be a critical constraint to growth, job-creation and socio-economic development in Tanzania, including gender equality. According to the Energy Access Situation Report 2016, in Tanzania mainland about 67% of the population has access to electricity with an overall electricity connection level of 32.8%. The per capita power consumption is 153 kWh, which is below the regional average of approximately 500kWh. Power demand is expected to grow on average by 10-15 % and the challenge remains in meeting this growth rate. The country has embarked on an ambitious programme of reforms to increase efficiency and service delivery and creating conditions for greater financial sustainability. Recent energy sector policies recognise Energy Efficiency as a cost effective and climate smart way to reduce the commercial and technical losses of the country's state-owned utilities in particular, and realise Tanzania's Sustainable Development Goals.

The proposed Action "*Implementation of the Tanzania Energy Efficiency Action Plan*" is set to ensure access to affordable, reliable, and modern energy in Tanzania by improving efficiency supply and consumption of energy. The Energy Efficiency actions will make the sector more sustainable, gender inclusive and climate smart. This will be achieved by strengthening the legal, regulatory and institutional framework to promote investment in Energy Efficiency, resulting in quantifiable energy savings. Job creation will be promoted, particularly among women, through capacity building and training of professional Energy Auditors and Energy Management Specialists. Awareness campaigns, dialogue and visibility of the benefits of Energy Efficiency will also be supported. This action is in line with the 2030 Agenda on Sustainable Development and the SDGs 7, 11 and 13, with the Sustainable Energy for All (SE4All) objectives, with the Paris Climate Change Agreement and with European Consensus for Development. The action will be jointly co-financed with Germany.

In the **agriculture** focal sector, the objective is to contribute to inclusive and economic growth, promote private sector investment and job creation, particularly for women and youth, and promote the development of agro-industry value chains.

Agriculture remains the mainstay of the Tanzanian economy, employing almost 66% of the population (2014) and contributing 30% of the country's GDP and 20% of its export earnings. The sector remains a key driver for poverty eradication and sustainable development. However, the average agricultural growth rate was only 3.9% per annum 2006-2014. While

55% of the land could be used for agriculture, today only 6% is cultivated. Substantial investment in the sector is required in order to develop its potential.

The major challenges of the sector are: (1) a weak policy and regulatory environment constraining growth and hampering private sector investments; (2) low productivity and production due to limited access to finance, limited access to inputs, low knowledge and adoption of climate-smart, good agricultural practices, poor post-harvest handling techniques and limited use of irrigation schemes and greenhouse technologies; (3) inefficient and inadequate processing capacity which limits value addition and demand for agricultural outputs; (4) weak market linkages and marketing skills including poor knowledge of product quality standards leading to limited exports; (5) poor rural road and transportation networks resulting in spoilage (horticulture and tea in particular) and inconsistent supply volumes for viable processing; (6) limited knowledge, availability, access to and utilisation of nutritious food driving malnutrition, especially among women and children. Six Districts in Tanzania have stunting rates above 40% (four of which are targeted by Agri-Connect) and twelve Districts stunting rates between 30-39%.

The proposed Action "Agri-Connect: Supporting value chains for shared prosperity" aims at improving socio-economic conditions for small-scale farmers, including women and youth, and promoting private sector investment, through support along the agriculture value chain to expand access to markets (national, regional, international). Local transformation will be promoted through development of the private sector and local infrastructure, such as road maintenance and support to local government, to better connect products to markets. Productivity and production, storage, processing and marketing of commodities, such as coffee, tea and horticulture products, will be addressed, as will improved access to finance, particularly for women. The choice of commodities builds on previous EU experience and complementarity with other EU funded actions and they have also been selected due to their potential for job creation. Horticulture is particularly well placed to attract young people and women, generate jobs and contribute to poverty reduction and inclusive growth. Smallholder farmers' resilience to climate change will be increased through skills development and adoption of conservation farming practices, while technical support for an enabling environment with an improved policy and regulatory framework, will be provided to the Ministry of Agriculture and other relevant stakeholders. The programme will integrate a nutrition-sensitive approach.

This action is in line with the 2030 Agenda on Sustainable Development and the SDGs 1, 2, 5, 8, 9 and 13 and with the European Consensus for Development.

#### **4. Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. These Actions shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Actions, to be elaborated at the start of implementation and supported with the budget indicated in the Action Documents.

The EU will ensure that adequate communication and visibility is given to EU funding overall by the Government of Tanzania through specific events like inauguration of the projects, press conferences, media reports, etc. Furthermore, in some projects the implementing partners will establish and maintain a web-site containing all relevant programme documents and information for the public. They will produce other communication material such as

brochures, press releases, and, if feasible, TV and radio spots to secure outreach and proper communication of the programme to the respective target audiences.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Contracts for communication and visibility services shall be concluded under each action to ensure the elaboration of a communication plans and visibility of intervention, through media articles, high level events, publication and dissemination of results.

## **5. Cost and financing**

Improving accountability through fighting corruption and increased access to justice (IMPACT)	EUR 15 000 000
Implementation of the Tanzanian Energy Efficiency Action Plan	EUR 8 000 000
Agri-Connect: Supporting value chains for shared prosperity	EUR 100 000 000
<b>Total EU contribution to the measure</b>	<b>EUR 123 000 000</b>



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This action is funded by the European Union

## ANNEX 1

of the Commission Decision on the Annual Action Plan 2017 for Tanzania to be financed from the 11<sup>th</sup> European Development Fund

### **Action Document for "Improving accountability through fighting corruption and increased access to justice in Tanzania (IMPACT)"**

1. Title/basic act/ CRIS number	Improving accountability through fighting corruption and increased access to justice (IMPACT) CRIS Number: TZ/FED/039-698 financed under the 11 <sup>th</sup> European Development Fund (EDF)			
2. Zone	The United Republic of Tanzania			
3. Programming document	National Indicative Programme (NIP) 2014-2020 for Tanzania			
4. Sector of concentration/ thematic area	Good Governance	DEV. Aid: YES		
5. Amounts concerned	Total estimated cost: EUR <b>48 400 000</b> Total amount of EDF contribution: EUR <b>15 000 000</b> This action is co-financed in joint co-financing by: - Government of Tanzania: EUR <b>2 500 000</b> - DFID: EUR <b>20 500 000</b> - DANIDA: EUR <b>10 400 000</b>			
6. Aid modality and implementation modalities	Project Modality - Indirect management with DANIDA (Denmark's Development Cooperation)and DFID (UK Department for International Cooperation) - Indirect management with the United Republic of Tanzania			
7 a) DAC codes	15113 – Anti-corruption organisations and institutions 15130 - Legal and judicial development			
b) Main Delivery Channel	10000 – Public sector institutions 20000 – Non-Governmental Organisations (NGOs) and Civil Society			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. GPGC flagships	N.A.			
10. Sustainable Development Goals (SDGs)	<b>SDG16:</b> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels			

## Summary:

This action is in line with the SDG16 to *Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels* and EU development policy engagement with Tanzania which is based on the New European Consensus for Development<sup>1</sup>. The Peace component of this policy promotes peaceful and inclusive societies, democracy, effective and accountable institutions, rule of law and access to justice for all. The EU Delegation and Member States embarked on a broader and coordinated effort to promote an inclusive political system (with particular attention to women), improve accountability and sustain peace and stability. Within this context the EU proposes an action to improve accountability focusing on two key dimensions: more effective anti-corruption institutions and increased access to justice. The anti-corruption intervention will be implemented through a joint effort with the Department for International Development – UK (DFID) called "*Building sustainable anti-corruption action in Tanzania (BSAAT)*"; while the access to justice part will be implemented through the Ministry of Constitutional and Legal Affairs and DANIDA.

Addressing widespread corruption is among President Magufuli's top priorities, making the reinforcement of institutions that are instrumental in enforcing accountability vital. Reduced corruption will make more resources available for the implementation of the ambitious agenda set out in the Tanzanian Development Strategy Five Year Development Plan II (2016-2020). Successful implementation of that Plan will also hinge on the degree citizens and communities can defend and claim their rights. Strong Government commitment to advance is demonstrated by the establishment of a Special Division of the High Court for corruption and serious crime cases, the approval of a new anti-corruption action plan (NACSAP III) and the recent enactment of Legal Aid legislation.

Through this action the EU aims to (i) improve the effectiveness of Tanzanian anti-corruption institutions and (ii) increase access to justice for all, in particular for women.

The action will be implemented in close collaboration with the Ministry of Constitutional and Legal Affairs (MoCLA), having a mandate to implement the recent Legal Aid Act as well as coordinating the inter-institutional dialogue to improve the detection, prosecution and trial of corruption cases. The beneficiaries of the programme will be: i) the Ministry of Justice and Constitutional affairs, ii) its affiliated institutions promoting a better access to justice (prisons, police forces, justice courts, lawyers; iii) the institutions working on accountability (the Prevention and Combating of Corruption Bureau, the Ethics Secretariat, the Department of Public Prosecution; iv) Civil society, research organisations and private sector promoting access to justice and fight against corruption.

The programme will ensure more equity among citizens and increased public trust in the institutions, using an approach that combines both demand and supply side initiatives: citizen-based advancement of rights and behaviour change to dis-incentivise corruption in combination with support to the institutional development of Tanzania's anti-corruption bodies and Government's capacity to provide and facilitate legal aid to the most vulnerable people in the country, in particular women.

This action will complement EU sector budget support operations, and tackle in particular the perceived risks on corruption. Expanded legal aid will allow citizens to increased access to justice, in particular for women, to claim inheritance and land rights, creating a link with to the 11<sup>th</sup> EDF portfolio on agriculture.

In addition to the direct support which will be provided to the MoCLA to reinforce its capacity and implement its policy on legal aid, this action is intended to be implemented jointly with DFID and DANIDA in the spirit of promoting EU joint programming. It is also complementary to interventions supported by other EU Member States such as Finland, Germany, Ireland and Sweden and non-member states like Canada, Norway and Switzerland.

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<sup>1</sup> OJ C 210 of 30.6.2017.

# 1 CONTEXT

## 1.1 Sector/Country context

Over the last fifty years, Tanzania has steadily laid down important foundations for its future development. There has been peace and stability since independence and a peaceful transition to competitive politics has occurred. Voice and accountability has improved through the development of accountability institutions, an active civil society and pluralistic media. The *EU Roadmap for engagement with Civil Society* acknowledges that civil society has been developing its capacity to make the state more accountable in particular where it concerns service delivery (Sikika in health, Ansaf in agriculture, civil society organisations (CSOs) providing legal aid through the Legal Service Facility, HakiElimu in education, etc.) and the promotion of good governance (Twaweza, Policy Forum, LHRC (Legal & Human Rights Centre), REPOA (Policy Research for Development), etc.). Since the new government took office in October 2015, major progress on governance has been observed in tax collection and the fight against corruption.

From an economic perspective, the country has recorded an annual average growth rate of 7 % for the past 10 years and basic needs poverty rate has declined from 34 % in 2007 to 28 % in 2012. Economic growth and industrialisation are at the heart of the Government's Five Year Development Plan II (FYDPII). The primary objective is moving Tanzania from a Least Developed Country (LDC) to a Middle-Income Country. To achieve this, the Government identified corruption as a key challenge as it hinders the quality of public service delivery, weakens governance systems and constrains the business environment. In 2016, Tanzania ranked 116<sup>th</sup> in the Corruption Perceptions Index with a score of 32.<sup>2</sup> AfroBarometer and Sauti za Wananchi surveys repeatedly show people perceive corruption as increasing<sup>3</sup>. The sustained pervasive nature of corrupt practice has distorted social norms and values and led to broad social acceptance of the phenomenon. It has become a "normal" or unavoidable part of doing business in Tanzania.

A second key challenge is the improvement of the rule of law and the need to reform the judiciary into an efficient organisation that can mediate disputes in a transparent and accountable manner. One of the subsectors of the justice reform targets the access to legal and judicial services. Citizens and businesses require robust protection against corruption including the possibility to claim legal protection or denounce malpractice, the more so as corruption thrives where informal rules override formal systems.

For most people, particularly women, access to the formal justice system is limited or made impossible by prohibitive costs, insufficient lawyers, insufficient knowledge about their rights, and weaknesses of the rule of law system. Women are particularly vulnerable to deprivation of their rights mainly in relation to access to ownership of land.

### 1.1.1 Public Policy Assessment and EU Policy Framework

#### Country policy framework on Fight against Corruption

In 1996, the so-called Warioba Commission presented the first comprehensive diagnosis of corruption patterns and causes. In response, the Government developed a first National Anti-Corruption Strategy and Action Plan (NACSAP I, 1999-2007), succeeded by NACSAP II (2008-2011). Under these plans, a broad and robust legal and institutional framework was developed with most notably the 2007 Prevention and Combatting of Corruption Act and creation of the Prevention and Combating of Corruption Bureau (PCCB). Tanzania also ratified the UN Convention Against Corruption in 2005. Mainland Tanzania has been reviewed twice under United Nations Convention against Corruption (UNCAC), most recently in 2013. This does not cover Zanzibar, where a largely separate legal and administrative system applies. The 2013 review found that Tanzania adopted practically all UNCAC provisions in domestic law.

In 2015, President Magufuli launched a significant anti-corruption campaign, cracking down on traditional strongholds of corruption such as the port of Dar es Salaam, cleaning the public payroll

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<sup>2</sup> Transparency International, Corruption Perceptions Index 2016

<sup>3</sup> Afrobarometer findings from round 6 survey 2014. Twaweza, Sauti za Wananchi, Policy Brief no. 14, August 2014: Have more laws, agencies and commitments against corruption made a difference? People's perceptions of corruption in Tanzania.



ghost workers, and tax evasion. Corruption was included as a crucial issue for national development in Tanzania's FYDP II. This confirms the Government's commitment as is demonstrated by the establishment in 2016 of a Special Division of the High Court for anti-corruption and serious crime cases. This Special Division is operational and has started processing cases.

In July 2017, the NACSAP III (2017-2022) was adopted after consultations with the main developing partners. It builds on the achievements and lessons learned from the previous plans and will specifically target the prevention and combating of corruption in public procurement, revenue collection, utilisation of natural resources, minerals and gas and the administration of justice. It adopts a multi-stakeholder (state institutions, civil society, private sector, media) and multi-level (national to village level) approach. An action plan is in the making and will translate formal commitments into practice. The new NACSAP also acknowledges that the solution cannot solely be effective institutions but that there is also a need to address behavioural norms and social values.

#### Country policy framework on Access to Justice

The Government is strongly committed to increase access to justice. The FYDP II clearly states that legal aid can assist in the structural transformation of women's role in society by facilitating access to inherited land and by empowering women through the ownership of capital. A Legal Aid Act for the coordination of legal aid services and recognition of legal aid providers, including paralegals, has been signed by the President in February 2017. The Act represents major improvement in terms of access to justice for the most vulnerable people in Tanzania Mainland by widening the scope of legal aid services, and regulating legal aid providers.

The Ministry of Constitutional and Legal Affairs (MoCLA) is mandated to regulate, supervise and coordinate the overall provision of legal services. This includes appointing a Registrar and Assistant Registrars of legal aid providers, set mechanisms for training of paralegals and monitoring and evaluation of legal aid service providers. The legislation entered into force on 01/07/2017, paving way to the development of its regulations and guidelines.

According to the Act, the Registrar of legal aid providers is assisted by Assistant Registrars appointed amongst public officers to serve at the Regional District levels. Under this structure, legal aid provision is regulated from the local level to the national level. The MoCLA has allocated funds and human resources for the operationalisation of the Act in its 2017/2018 budget.

A legal aid programme to enhance provision of legal aid for marginalised people has been developed by the MoCLA in order to implement the new legislation. In terms of coordination and in view of the new Act, the MoCLA held a Roundtable with Development Partners (DPs) in September 2016 to discuss the proposed Bill and modalities of collaboration between the Government and other stakeholders, including DPs. This call by Government has received a very positive response from DPs and local stakeholders and this coordination mechanism will be held twice per year.

In Zanzibar, a Legal Aid Policy was approved in June 2017 and a Legal Aid Bill is currently being drafted by the President's Office of Constitution, Legal Affairs, Public Service and Good Governance.

#### EU Policy Framework

The fight against corruption and provision of access to justice for all citizens, especially women, is consistent with SDG16 to "Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions all levels". The European Consensus on Development highlights that, *inclusive societies and accountable, democratic institutions are preconditions for sustainable development and stability*. It acknowledges the fight against corruption, the rule of law, the protection of women and vulnerable groups and access to justice for all, as building blocks of peaceful and economically sound societies. The proposal is aligned with the 2016 Global Strategy on the EU's Foreign and Security Policy (EUGS), with specific objectives of the EU Action Plan on Human Rights and Democracy (2015-2019) and the legal aid component explicitly adopts a rights-based approach in that it empowers citizens to claim their rights.

The present action tackles the common objective of the EU and its Member States to promote accountability in Tanzania and it will make a fundamental contribution to achieving the EU objectives on good governance as set out in the 11<sup>th</sup> EDF National Indicative Programme.

### **1.1.2 Stakeholder analysis**

#### *Fight against corruption*

The Ministry for Constitutional and Legal Affairs is mandated to lead inter-institutional dialogue to identify and address systemic issues blocking effective prosecution on corruption.

The institutions with the main responsibilities to prevent and fight corruption are the Parliament, the Prevention and Combatting of Corruption Bureau (PCCB); the Director of Public Prosecutions (DPP); the National Audit Office (NAO); the Financial Intelligence Unit (FIU), the Special Division of the High Court dealing with corruption and economic crime and the Ethics Secretariat.

The PCCB is the key institution. It has expanded rapidly in the past few years, and has now over 2000 staff and offices in all districts. It has been criticised for slow performance<sup>4</sup>, its dependency on the President's Office and the DPP to bring cases to court. President Magufuli changed the PCCB leadership and indicated clear political will to bring cases to court (including grand corruption). As such the PCCB deserves and needs support to strengthen its performance and live up to public expectations. It is also the only institution with an explicit advocacy and awareness raising mandate.

Except Wajibu, the institute of public accountability<sup>5</sup>, there are no prominent CSOs that have a systemic approach on transparency. However, many do useful work on the promotion of transparency and accountability, particularly on service delivery (Sikika in health, Ansaf in agriculture, HakiElimu in education, Policy forum on public expenditure, etc.). The private sector interest groups such as the Tanzania Private Sector Foundation, the CEO Roundtable, the Tanzania Responsible Business Network; the EU Business Group and the British Business Group have repeatedly expressed intentions to collaborate on anti-corruption initiatives.

#### *Access to justice*

The Ministry of Constitutional and Legal Affairs (MoCLA) is mandated with constitutional matters, human rights, administration and delivery of justice. The Ministry established the Legal Aid Secretariat (LAS) in 2012 with a mandate to coordinate the Legal Aid Provider Organisations, including paralegals and grassroots organisations. The LAS which was established an interim measure to link the government and the Legal Aid Providers (LAPs).

In 2011, DANIDA launched a Legal Services project that started as a multi-donor basket fund supported by DANIDA and DFID to finance legal aid and paralegal service providers coordinated by CSOs to assist citizens to claim their rights and redress grievances.<sup>6</sup> Paralegals refer to police and local courts for most serious cases. The DANIDA-funded project is currently adapting its activities according to the new legislation and will sign a Memorandum of Understanding with MoCLA in order to coordinate the activities related to provision of legal aid and capacity building of paralegals. Following the formulation in 2016, of a legal empowerment approach to access to justice in Zanzibar, in particular for women, is a prime area of attention.

### **1.1.3 Priority areas for support/problem analysis**

Corruption is a collective action problem involving accountability and law enforcement institutions, civil society, private sector, and think tanks. Experience shows that anti-corruption actions also need to consider incentives/disincentives and not merely focus on legal frameworks and institutional capacity. Tanzania has the required legal and institutional frameworks for oversight and accountability but the effectiveness of programmes for prevention/deterrence, detection and sanctions of corruption across the public sector would benefit from further institutional strengthening and enhanced coordination.

Corruption impinges disproportionately on the poor and vulnerable, hereby directly affecting the results of development assistance. Government has made a fight against corruption as a main focus and has taken concrete action on a number of grand corruption cases. The exposure of such cases also

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<sup>4</sup> AfriMAP, Effectiveness of Anti-Corruption Agencies in East Africa, Open Society Foundations, 2015

<sup>5</sup> Wajibu Institute was founded by the former Controller and Auditor General (CAG) of Tanzania, Ludovick Utouh and retired Managing Director of the Tanzania Petroleum Development Corporation (TPDC) Mr Yona Killagane.

<sup>6</sup> More than 70 CSOs are funded by LSF as well as 180 Paralegal Centres all over the country, and more than 30.000 cases per year are taken on.

demonstrated a public appetite to discuss corruption, a more explicit public disapproval of scandals, and it showed that audit and media scrutiny has some capacity to hold powerful leaders to account

The majority of the population does not have access to the formal justice system due to prohibitive costs, insufficient lawyers (and concentrated in urban areas), insufficient knowledge about their rights and obstacles to enforce rights. Especially, but not only, in rural areas access to the formal justice system can only be expanded by training paralegals as an intermediary solution awaiting the expansion of professional legal services. For women, it is generally even more challenging to get legal protection and to claim rights over land and property. Moreover, women have limited resources or capacity to procure justice, but need it most.

As such the proposed programme will target critical bottlenecks in the accountability chain by reducing corruption and by improving access to legal services in both the rural and urban context, particularly for women.

## 2 RISKS AND ASSUMPTIONS

Key Risks	Risk (L/M/H)	Mitigation
Insufficient leadership in the partner institutions	<b>L</b>	This risk is low considered the President's major anti-corruption drive. The risk will be mitigated thorough constant capacity assessment. Peer support among institutions will be encouraged and permanent participation of institution leaders will be guaranteed.
Politicisation of accountability institutions restricts their mandated functions	<b>M</b>	Inter-institutional co-operation will build mutual support and political cover. Continuous political and technical monitoring will be carried out.
Improved prosecution does not have a positive symbolic effect	<b>H</b>	Improved prosecution has to go in tandem with behaviour change activities to stimulate alternative social norms and incentives, as well as improved bottom-up justice to support vulnerable communities from using corruption as a coping mechanism.
Prolonged investigation undermines credibility of anti-corruption commitment	<b>M</b>	Building capacities of accountability institutions (PCCP, DPP, etc) in terms of tackling grand corruption, gaining new skills and sharing of best practices, especially as crime expands into cross border and go digital. Communication and coordination between institutions, with the programme and with the public will be enhanced.
Insufficient institutional support to address access to justice	<b>M</b>	MoCLA is already playing an active role in terms of political commitment and technical coordination of the new access to justice policy. Moreover, the programme will seek to improve legal and human rights education, and empowerment of citizens to exercise rights. It will also provide orientation and capacity development of political and formal leadership at the local level, and provide evidence of the positive role legal empowerment plays in stabilizing communities.
Insufficient coordination in the implementation of the Legal Aid Act	<b>M</b>	The Roundtable chaired by MoCLA is the adequate platform for coordination and interaction. It facilitates interaction between the Government and all legal aid projects (TANLAP, TAWLA, LHRC, LSF <sup>7</sup> , etc).

<sup>7</sup> TANLAP = Tanzania Network of Legal Aid Providers. TAWLA = Tanzania Women Lawyers Association. LHRC = Legal & Human Rights Centre. LSF = Legal Service Facility.

Voluntary paralegals are not effective and are not able to sustainably increase access to justice for the poor, in particular for women	<b>L</b>	Training for quality service and legal recognition for the paralegal team will support the effectiveness of the paralegals. Initial financial support will be provided for operating costs and capacity development including (local) resource mobilisation. Micro funding will be gradually phased out and a transition to successful local resource mobilisation implemented.
Communities do not trust paralegals to realise justice	<b>L</b>	Standardised quality-training, legal recognition, licensing, code of conduct (which is enforced). Conduct advocacy and public awareness programmes.
Lack of coordination on funding will affect the flow of funds to the programme	<b>L</b>	On anti-corruption, the strategic forum of the NACSAP III gathering all stakeholders will allow coordination of funding and activities. Roundtable meetings will be held by MocLA to discuss progress and any emerging implementation challenges for access to justice.
Insufficient independence of the judiciary	<b>M</b>	The reform of the judiciary is a top priority for Government. The judiciary has established a well-functioning reform team that includes staff from the Chief Registrar and the Chief Court Administrator. Capacity building of the judiciary is provided by DFID and World Bank.
Misappropriation, misuse or misreporting of funds	<b>L</b>	Adequate management information, audit, monitoring and evaluation and permanent dialogue.
<b>Assumptions:</b>		
<ul style="list-style-type: none"> <li>• Stable economic, social and political background throughout the programme period.</li> <li>• Continuous political support at the highest levels to fight against corruption.</li> <li>• Stronger, better coordinated and committed anticorruption institutions to deter, detect and sanction the corrupt and thereby increase risk to those engaged in corruption.</li> <li>• High citizen demand for a better access to justice, particularly for women who need better protection of their rights.</li> <li>• Strong commitment of the entrusted bodies chosen for implementation.</li> <li>• Stable and sustained support from Development Partners (DPs).</li> </ul>		

### 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

#### 3.1 Lessons learnt

The anti-corruption component builds on the EU experience with budget support operations since 2007 and the lessons learned from NACSAP I and II (1999-2011). Previously, the NACSAPs did not sufficiently involve stakeholders like the private sector and non-state actors and remained highly focused on the central level. There were no proper dialogue structures while success depended highly on institutional coordination.

The proposal also benefits from the monitoring and evaluation of a previous DFID-funded programme: Strengthening Tanzania's Anticorruption Action (STACA). The lessons learnt from STACA include<sup>8</sup>: (i) the need to ensure the theory of change is well understood by all stakeholders; (ii) the need for a strong focus on monitoring, evaluation and learning (MEL) in the management structure and to help build monitoring and evaluation (M&E) capacity in the individual agencies; (iii) the need for flexibility given the political economy of corruption, which is a moving target with changing incentives; (iv) the need to allow sufficient time for design and implementation; (v) the need to secure data gathering and analysis; (vi) the need to focus on bottle-necks in the case-flow; and (vii) the need to involve state and non-state stakeholders.

<sup>8</sup> External evaluation of STACA (March 2016)

The access to justice component is informed by the previous government programme, namely the Legal Sector Reform Programme - LSRP (2006-2014)<sup>9</sup> and a study conducted by a Task Force of Legal Aid established by the Government in 2013.

One of the outcomes of the LSRP regarding access to justice to the most vulnerable was the establishment of the Legal Aid Secretariat (LAS) as an interim measure to coordinate legal aid providers in the country, pending the enactment of comprehensive legal aid legislation.

The Legal Aid Task Force comprising four legal aid provider organisations<sup>10</sup> and two government entities<sup>11</sup> carried out a study in 2013 on legal aid provision in Tanzania and neighboring countries and advised the government on the best way to regulate legal aid provision in the country. The Task Force submitted its report to the government in 2014, recommending the development of a legal framework that will widen the scope of legal aid provision to include civil and criminal matters; recognise paralegals; foresee a registration mechanism of LAPs and development of a Code of Conduct for LAPs. Recommendations of the Task Force not only form the backbone of the new legal aid law but also inform this project.

On the other hand, lessons learnt from the facility funded by DANIDA and DFID include<sup>12</sup>: (i) a clear theory of change and strategic approach have been instrumental to contribute to increased coordination of CSOs involved toward national strategic objectives; (ii) the long-term sustainability of a voluntary paralegal approach needs to be further cemented; (iii) the involvement of local leadership is necessary in legal empowerment; strong relationships with (in)formal local leaders, local institutions and civil society is critical for successful implementation of paralegal work that aims to create legally empowered communities. Paralegal units with strong and substantive relations with Local Government Authorities (LGAs) are more effective than others.

### **3.2 Complementarity, synergy and donor coordination**

The EU tackles accountability and the fight against corruption in a holistic way. Different instruments (EDF and thematic programmes) and various modalities (budget support and projects) are mobilised and all main stakeholders are involved: government, civil society, Parliament, and the media. Thematic programmes, in particular Civil society organisations and Local Authorities (CSO&LA) and European Instrument for Democracy and Human Rights (EIDHR) provide specific grants for support to transparency and local accountability. The action will complement the different EU sector budget support operations (on economic governance, energy and transport) as an accompanying measure to support the reduction of corruption in the public sector. It directly complements the Good Financial Governance programme that promotes accountability and transparency in the use of public resources at local level with EU, Swiss and German co-funding. The intervention is fully aligned with work done on anti-corruption and access to justice by EU Member States, particularly DFID and DANIDA. GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), Sweden, Canada and the US are also active in this area and coordination and information exchange is guaranteed through the Governance Working Group, Heads of Cooperation meetings, Political officers meetings and Heads of Missions.

In terms of justice reforms, the EU is particularly active in Zanzibar through the Legal Sector Reform Programme (LSRP), implemented by UNDP and UNICEF. The LSRP strengthens justice institutions and addresses children's rights and legal aid to the most vulnerable people on the island. Supporting the DANIDA-funded facility will allow creating a bridge with the LSRP and expanding the legal aid provision to vulnerable people in the archipelago.

The EU joint programming exercise has identified "accountability" as a priority area and a number of EU MS are highly active in the sector (Denmark, Germany, Ireland, Netherlands, Sweden and UK). There is a solid basis for EU collaboration with Denmark and UK on anti-corruption and access to justice that combines the advantage of risk-sharing with increased potential to make a positive impact.

Synergies and partnerships will be explored with the following actions:

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<sup>9</sup> LSRP Medium Term Strategy 2005-2008 (October 2004)

<sup>10</sup> UDSM (University of Dar es Salaam) Legal Aid Committee (Chair), LHRC, TAWLA and WLAC

<sup>11</sup> MoCLA and Office of Attorney General (AGC)

<sup>12</sup> External evaluation of the Legal Service Facility - LSF Phase 1 – 2012-2015 (May 2016)

➤ The support to anti-corruption institutions provided by Canada (Ethics Secretariat), Germany (NAO), Netherlands (NAO), Norway (NAO), Sweden (NAO), Switzerland (PCCB), the US (Ethics Secretariat & NAO) and the World Bank (PCCB).

➤ The *Citizen-Centric Judicial Modernization and Justice Service Delivery Programme*, funded by the World Bank to support the reform of the courts with the aim of delivering citizen-focused justice through construction of Courts, case-management training of magistrates and judges (USD 65 million).

### 3.3 Cross-cutting issues

Three crosscutting issues are mainstreamed in this action, namely **gender issues, youth and climate change**. The DAC Markers "**Participation development/good governance**" and "**Gender Equity**" are marked for this programme. "Participation development/good governance" is the primary target, as the programme will seek to improve the demand for accountability by citizens, and access to justice and social services without bribes and corruption.

"Gender Equity" is marked as a significant objective, as the access to justice component will primarily target legal aid for women, notably for cases related to violence and inheritance/land issues. Women and women-headed households in particular suffer disproportionately from the effects of corruption, as they tend to have lower incomes and are directly confronted with poor service delivery in the health, education and local governance sectors, where petty corruption is widespread. There is evidence around the negative impact of corruption on natal and maternity care for women<sup>13</sup>. Women and girls are also affected by sexual extortion<sup>14</sup> and 1 out of 8 women who pay a bribe do so in the form of sex<sup>15</sup>.

The programme will disaggregate management information and results by gender where possible and proportionate to build a firmer evidence base on the relation between gender and corruption and to ensure that the programme is not inadvertently gender-biased.

From the typology of cases received and resolved through the ongoing DANIDA paralegal assistance, legal aid is rendered to both men (46 %) and women (54 %). Legal aid will specifically target youth (adolescent and young women), in particular in its urban legal empowerment approach, to be piloted in 2017 and 2018 in Dar es Salaam and Stone Town Zanzibar, respectively the first and third largest urban conglomerates in Tanzania. Paralegal units will go to secondary and primary schools for legal education and human rights awareness building.

While the programme does not explicitly focus on climate change, weak regulations and lack of enforcement impact heavily on the environment. Activities like poaching and illegal logging are major problems, enabled by corrupt officials. This can be improved through reducing the incentives for corruption and by increasing prosecutions and enforcing penalties.

## 4 DESCRIPTION OF THE ACTION

### 4.1 Objectives/results

This programme is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG Goal 16 "Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions all levels". This does not imply a commitment by the country benefiting from this programme.

The **overall objective** of this programme is inclusive development in Tanzania through improved transparency of governance and accountability of the state institutions.

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<sup>13</sup> Dyer & Manyalezi, Telling stories: Donor supported NGO anti-corruption initiatives in Tanzania, 2016.

<sup>14</sup> Fourth session of the Conference of State Parties to the UNCAC, Concept Note: Panel discussion on gender and corruption, October 2011.

<sup>15</sup> PCCB, Mini-baseline survey report based on the developed home-grown national corruption and anti-corruption effort indicators, April 2016.

**Specific objective one** is reduced incentives for corruption through a combination of improved deterrence in the criminal justice system, increased company transparency and governance of professional services, and collective actions that reshape social norms and expectations around corruption.

**Specific objective two** is increased protection of citizen's rights, in particular for women, through legal aid services and legal empowerment.

The expected outputs/results of the programme are:

**Under specific Objective 1: reduce corruption incentives:**

**Result 1.1** Improved capacity and coordination in the criminal justice sector.

**Result 1.2** Changed norms and behaviour based around accountability on improved ethics and transparency.

**Result 1.3** Effective management information, learning and research produced.

**Under specific Objective 2: increase access to justice, in particular for women:**

**Result 2.1** Increased access to basic legal aid (paralegal or professional) services in particular for women.

**Result 2.2** Increased protection of women's rights to land and property, safety and security.

**Result 2.3** Formal and informal institutions effectively promote legal aid and protect human rights.

**Result 2.4** Sustainable quality legal aid.

## **4.2 Main activities**

**Under specific Objective 1: reduced corruption incentives:**

**Result 1.1** Improved capacity and coordination in the criminal justice sector.

- i. Facilitate dialogue between institutions to reduce or eliminate systemic issues blocking effective prosecutions and improve institutional coordination (led by MoCLA).
- ii. Technical assistance to the various anti-corruption institutions (PCCB, DPP, Ethics Secretariat, etc) to improve compliance with their respective mandates (detection; investigation; prosecution; oversight).
- iii. Management assistance to the anti-corruption institutions to improve performance (improvements to case flow).

**Result 1.2** Changed norms and behaviour based around accountability on improved ethics and transparency.

- i. Dialogue, training and advocacy to ensure that law enforcement agencies have full and effective access to beneficial ownership information for companies and other legal entities.
- ii. Improved performance and coordination of anti-corruption initiatives of private sector associations, civil society and regulatory authorities limits corrupt practices in business.
- iii. Training to journalists and media houses on emerging topics such as illicit financial flows, beneficial ownership, mutual legal assistance, asset recovery, and social norms.
- iv. Initiatives to reshape prevailing social norms and behaviours around corruption.

**Result 1.3** Effective management information, learning and research produced.

- i. Consolidated official statistics on corruption investigation, prosecution and trial produced.
- ii. Research on fiduciary and fraud risk management in public finance provides guidance on fraud management and control to the government (and development partners).
- iii. Continuation of pilot work on home-grown indicators of corruption, to provide better quality disaggregated data on the level of corruption and its impact.
- iv. Definition of a monitoring and evaluation strategy.

## **Under specific Objective 2: increased access to justice, in particular for women:**

**Result 2.1** Increased access to basic legal aid (paralegal and professional) services in particular for women.

- i. Support the implementation of the Legal Aid Act 2017 (e.g. registration of paralegals).
- ii. Provision of legal aid (mediation, conciliation, legal drafting, navigating the administrative systems and court follow up, representation in litigation).
- iii. Facilitating advocates for pro bono legal aid service in criminal justice system (prisons, remand house, police stations).
- iv. Training of paralegals throughout the country, preferably female.
- v. Organise community empowerment trainings, conferences and workshops focusing on women/community legal, social, economic and political empowerment using the law.
- vi. Document success stories and share with public for advocacy and public information purposes.
- vii. Create or use existing community groups for legal empowerment with an emphasis on increased protection of women's rights
- viii. Monitor grant implementation, document results, lessons for policy development, future programming.

**Result 2.2** Increased protection of women's rights to land and property, safety and security.

- i. Legal and human rights awareness raising and education as a basis for legal empowerment covering urban and rural poor women and LGAs.
- ii. Train paralegals on property rights of women and on specific approaches for handling women's rights violations.
- iii. Support strategic litigation.
- iv. Expand and manage monitoring and data collection through based online web based system.

**Result 2.3** Formal and informal institutions effectively promote legal aid and protect human rights.

- i. Coordination and dialogue between government and legal aid providers at all levels; between paralegals and the courts, and among legal aid providers.
- ii. Support relevant national and international events (women's day or legal aid day), conferences or specific campaigns (e.g. gender based violence (GBV))
- iii. Human rights advocacy through media campaign.
- iv. Sensitisation of LGAs and informal leaders on women legal and human rights, empowerment.

**Result 2.4** Sustainable quality legal aid

- i. Capacity development of paralegal organisations (Units) on M&E, finance, resource mobilisation, governance, strategic planning, women's rights, empowerment (including through peer learning and mentoring).
- ii. Production of legal and human rights literacy documents.
- iii. Surveys, context analysis and the reporting and dissemination of success stories establish the basis for permanent learning.

## **4.3 Intervention logic**

Capacity building towards better prosecutions for **corruption** is necessary, but not sufficient given widespread failures of one-dimensional strategies in the past. The hypothesis is that prioritised vertical enforcement of anti-corruption rules, improved corporate governance, and greater accountability of public finances will reduce both the perception and the incidence of corruption in Tanzania. This in turn will have a positive development impact by increasing business competitiveness and increasing the money available for public services. The programme must therefore engage with the social context of anti-corruption work and not assume a logical deterrent effect as people's incentives adjust to the risk of prosecution. The proposed theory of change for the anti-corruption programme is that if appropriate resourcing, technical expertise, flexible management and conscious learning take place, then outputs will be delivered around criminal justice effectiveness, private sector integrity, social norms, and learning. If these outputs are achieved, then prosecutions will symbolise strong action against



corruption, asset recovery will have a deterrent effect, private sector standards of ethics and integrity will improve and a new sense of shared national expectations around the acceptability of corruption will emerge. If these intermediate outcomes are achieved, then incentives for corruption will reduce and if the incentive calculation is meaningfully changed, then corruption will play a reduced role as a barrier to poverty reduction in Tanzania.

EU funding would indicatively allow expanding the BSAAT of DFiD in areas related to improved capacities of the accountability bodies, transparency in the private sector and change in social norms, expectations and behaviour in relation to corruption. The BSAAT is aligned to the priorities of NACAP III and will implement some of the desired changes.

**Legal aid** aims to offer citizens increased options towards "*everyday justice for everyday problems*". The approach is based on the assumption that persons who are aware of their rights and the laws of the country will be in better position to realise those rights, which contributes to empowerment. In addition, effective formal and informal justice mechanisms and institutions are part of an enabling environment for development, including economic growth. Effective paralegals will educate citizens and communities (in particular marginalised groups) in legal and human rights and assist to claim and defend their rights towards other parties. This will result in increased protection of women's rights to land, property, safety and security and contribute to legal empowerment. Legal aid will facilitate culturally sensitive dispute resolution in order to prevent litigation and promote harmony in communities. The capacity development and local resource mobilisation will be very important contributions to the institutional sustainability of legal aid. A capacity development approach targeted at LGAs, informal leaders and other justice mechanisms and systems (tribunals), along with the creation of a national supervisory and regulatory mechanism to oversee the delivery of justice will lead to a more conducive environment for legal aid. Supporting the reform of legal aid launched by the MoCLA will possibly attract other partners in the sector.

EU support will specifically focus on provision of legal aid in the criminal justice sector. The EU funding would also indicatively allow expanding urban legal aid, legal literacy and legal empowerment. This will be undertaken on a two-year pilot basis in Dar es Salaam, the largest urban area in Tanzania and in Zanzibar Town, the third largest urban area in the country. The lessons learned will be used for and translated into the expansion of the urban legal empowerment approach. Furthermore, the EU contribution will be used for expanding the legal aid, - literacy and – empowerment approach in Zanzibar. Like on Mainland, the emphasis will be on increased protection of women's rights to safety, security, land and property.

## **5 IMPLEMENTATION**

### **5.1 Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) 2015/322.

### **5.3 Budget support details**

N/A.

## **5.4 Implementation modalities**

### **5.4.1 Indirect management with Department for International Development (DFID)**

A part of this action may be implemented in indirect management with the Department for International Development (DFID) of the United Kingdom in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012, applicable in accordance with Article 17 of Regulation (EU) 2015/323. This implementation entails providing EU funds to the *DFID Building sustainable anti-corruption action in Tanzania (BSAAT)*, to oversee implementation of Objective 1 - Reduce corruption incentives of the present programme. This implementation is justified because of successful impact on anti-corruption bodies of DFID previous project (STACA) and the fragmented nature of the accountability sector. BSAAT is currently the widest accountability programme in Tanzania, contributing to the achievement of NACSAP III. This modality will allow efficient use of resources, enhanced aid effectiveness and better coordination and synergies between the Government and developing partners (DPs).

The entrusted entity would carry out the following budget-implementation tasks: concluding, managing and enforcing the contracts (making payments, accepting or rejecting deliverables, carrying out checks and controls, recovering funds unduly paid), and running the procurement and grant award procedures preceding the conclusion of such contracts, including the award and rejection decisions.

### **5.4.2 Indirect management with DANIDA**

A part of this action may be implemented in indirect management with Denmark's development cooperation agency (DANIDA) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012, applicable in accordance with Article 17 of Regulation (EU) 2015/323. This implementation entails providing EU funds to the DANIDA, to oversee implementation of part of Objective 2 - Increase access to justice, in particular for women of the present programme. This implementation is justified because of the technical expertise required and the specific experience DANIDA has developed in providing legal aid in the last 5 years in Tanzania. This modality will allow efficient use of resources, enhanced EU joint programming and better coordination and synergies between the Government and Member States.

The entrusted entity would carry out the following budget-implementation tasks: concluding, managing and enforcing the contracts (making payments, accepting or rejecting deliverables, carrying out checks and controls, recovering funds unduly paid), and running the procurement and grant award procedures preceding the conclusion of such contracts, including the award and rejection decisions.

### **5.4.3 Indirect management with the United Republic of Tanzania**

A part of this action under Objective 2 - Increase access to justice, in particular for women, may be implemented in indirect management with Tanzania in accordance with Article 58(1)(c) of the Regulation (EU, Euratom) No 966/2012, applicable in accordance with Article 17 of the Regulation (EU) No 323/2015 according to the following modalities:

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement procedures except in cases where programme estimates are applied, under which the Commission applies ex ante control for procurement contracts above EUR 100 000 (or lower, based on a risk assessment) and may apply ex post control for procurement contracts up to that threshold. The Commission will control ex ante the grant procedures for all grant contracts.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the partner country for ordinary operating costs, direct labour and contracts below EUR 300 000 for procurement and up to EUR 300 000 for grants.

The financial contribution partially covers, for an amount of EUR 500 000, the ordinary operating costs incurred under the programme estimates<sup>16</sup>.

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<sup>16</sup> This amount is indicative, to be reassessed before signature of the specific Programme estimate (PE).

In accordance with Article 190(2)(b) of Regulation (EU, Euratom) No 966/2012 and Article 262(3) of Delegated Regulation (EU) No 1268/2012, applicable in accordance with Article 36 of Regulation (EU) 2015/323 and Article 19c(1) of Annex IV to the ACP-EU Partnership Agreement, the partner country shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012, applicable in accordance with Article 17 of Regulation (EU) 2015/323, will be laid down in the financing agreement concluded with the partner country.

#### **5.4.4 Changes from indirect to direct management mode due to exceptional circumstances**

In case of exceptional circumstances outside the Commission's control and given the scope of the services to be provided under Objective 2 – Increase access to justice, in particular for women, the alternative implementation modality will be procurement by the Commission of a service contract under direct management. However, given the nature of the services to be provided and according to the needs identified by the government, it does not seem feasible to deposit in one single service provider the accomplishment of all the tasks foreseen under this result.

### **5.5 Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

### **5.6 Indicative budget**

	<b>EU contribution (in EUR)</b>	<b>Indicative third party contribution (in EUR)</b>
<b>Objective 1 - Reduce corruption incentives</b>		
5.3.1.– Indirect management with DFID	7 100 000	15 000 000 <sup>17</sup>
<b>Objective 2 - Increase access to justice, in particular for women</b>		
5.4.2 Indirect management with DANIDA	5 100 000	15 900 000 <sup>18</sup>
5.4.3. Indirect management with Tanzania	2 100 000	2 500 000 <sup>19</sup>
5.9 Evaluation, 5.10 Audit	300 000	N.A.
Contingencies	400 000	N.A.
<b>Totals</b>	<b>15 000 000</b>	<b>33 400 000</b>

<sup>17</sup> DFID contribution is GBP 13 000 000 (EUR 15 000 000, InforEuro June 2017)

<sup>18</sup> DANIDA's Contribution to LSF is EUR 10 400 000; Dfid's Contribution to LSF is EUR 5 500 000

<sup>19</sup> The governmental contribution covers legal aid activities and salaries of Registrar office (Registrar, legal officers, accountant and assistants to the Registrar). Discussions are ongoing with other DPs possibly interested in supporting the legal aid reform of the MoCLA.

## **5.7 Organisational set-up and responsibilities**

MoCLA has a central role in the implementation and supervision of the recently approved Legal Aid Act and it coordinates the inter-institutional dialogue on obstacles to effective prosecution of corruption cases. As such, MoCLA serves as the institutional bridge between the two components of the programme. MoCLA has a key role in the design and implementation of the tasks defined under this programme. However, both components will have separate management structures based on existing institutional arrangements in order to avoid the creation of parallel structures.

a. The anti-corruption intervention will contain the following management arrangements:

- A strategic programme forum to bring stakeholders together at least every 6 months to assess progress towards outcomes and testing the underlying assumptions. It is expected that this forum will be chaired by the Chief Secretary with MoCLA as a prominent member. This forum will work in close synergy and coordination with the NACSAP III National Steering Committee (comprising State and non-State Actors) that is to be established soon.
- A national programme coordinator and implementation team managing day-to-day budgets, activities and results. This coordinator will be government staff or under Government management. It will have authority to challenge stakeholders, access Government information and manage downstream procurement.
- A dedicated M&E function from the outset, either sitting alongside the secretariat or independent.

b. The legal aid intervention is managed by a Roundtable chaired every 6 months by MoCLA, involving all stakeholders, including funding partners and all legal aid projects and mechanisms. At implementation level, the main governmental counterparts and co-funders will agree upon appropriate formats for the steering of the technical cooperation at the level of each of the programme components. MoCLA will be responsible for the day-to-day management of the Programme Estimate and DANIDA will be responsible for the day-to-day management and implementation of grants for legal aid providers, capacity building, advocacy and dialogue.

## **5.8 Performance monitoring and reporting**

The anti-corruption intervention will have a Delivery Plan as main management tool, backed up by a logframe or similar results framework. The Delivery Plan is the primary communication tool for results, monitoring issues and evaluation findings. However, partners will have flexibility to use their own tools to manage delivery, provided it guarantees adequate information to inform the Delivery Plan and the results framework.

There will be a strong focus on monitoring, evaluation and learning (MEL). MEL capacity will be available from the outset and there will be day-to-day engagement with MEL across the programme to increase the ability to collect and disseminate management information. The strong focus on MEL will ensure timely and appropriate changes and adaptations to the programme based on learning and changes in the context.

Both MoCLA and DANIDA-funded project have a logframe based M&E framework. MoCLA will report on the Programme Estimate and DANIDA will be responsible for monitoring and reporting of the activities funded through the delegation agreement. The joint committee would also be an excellent platform for learning and information sharing.

The day-to-day technical and financial monitoring of the implementation of this programme will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

## **5.9 Evaluation**

Having regard to the importance of the action, a mid-term and final evaluations will be carried out for this action or its components via independent consultants contracted by the Commission.

A mid-term evaluation will be carried out for problem solving, learning purposes, in particular with respect to with respect to an adjustment of strategic priorities, management arrangements, sustainability of the actions and the advisability and usefulness of launching an extension of the action.

A final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the programme uses a chain-linked, innovative approach to the accountability sector.

The Commission shall inform the implementing partner at least 20 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

In order to allow for differences in terminology, the mid-term and end-of-term reviews foreseen in the DFID and DANIDA programme documents may be considered equivalent to evaluations. In case of substantial divergence, the above evaluations may be carried out additionally.

Indicatively, two contracts for evaluation services shall be concluded under a framework contract in 2019 and 2021.

## **5.10 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract per year for audit services shall be concluded under a framework contract for the Programme Estimate with Tanzania.

## **5.11 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

All procurement in relation to the communication and visibility plan and its implementation shall be undertaken by the implementing partners.

## APPENDIX - INDICATIVE RESULTS FRAMEWORK (FOR PROJECT MODALITY) <sup>20</sup>

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

	Results chain	Indicators	Baselines 2015-2016	Targets 2021	Sources and means of verification	Assumptions
Overall objective: Impact	Inclusive development in Tanzania through improved transparency of governance and accountability of the state institutions.	1. Average Rule of Law score <sup>21</sup> (as measured by the Worldwide Governance Index)  2. Average Control of Corruption score <sup>22</sup> (as measured by the Worldwide Governance Index)  3. Average Voice and Accountability score <sup>23</sup> (as measured by the Worldwide Governance Index)  4. Average Ibrahim Index of African Governance (IIAG)  5. Average Social Institutions and Gender value (as measured by the OECD Index-SIGI)  (** EU RF Level 1 ## 4, 5, 6)	1. 2015: 39  2. 2015: 25  3. 2015: 40  4. 2015: 56,5  5. 2014 : 0,25	1. TBD in the inception phase  2. TBD in the inception phase  3. TBD in the inception phase  4. TBD in the inception phase  5. TBD in the inception phase	1.WGI  2.WGI  3.WGI  4. IIAG  5. SIGI Index	

<sup>20</sup> '\*' indicators aligned with the relevant programming document and '\*\*' indicators aligned to the EU Results Framework.

<sup>21</sup> Individual country reports can be found at <http://info.worldbank.org/governance/wgi/index.aspx#countryReports>. These provide more information on the underlying changes at country level.

<sup>22</sup> Individual country reports can be found at <http://info.worldbank.org/governance/wgi/index.aspx#countryReports>. These provide more information on the underlying changes at country level.

<sup>23</sup> Individual country reports can be found at <http://info.worldbank.org/governance/wgi/index.aspx#countryReports>. These provide more information on the underlying changes at country level.

Specific objective(s): Outcome(s)	1.) Reduced incentives for corruption through a combination of improved deterrence in the criminal justice system, increased company transparency and governance of professional services, and collective actions that reshape social norms and expectations around corruption	1.1) Anti-corruption indicators are under formulation, depending on the statistics available through the SDG monitoring portal that is being developed – BSAAT Indicators  1.2) Corruption Perception Index (as measured by Transparency International)  (*NIP indicators on transparency and accountability for result 3.2)	1.1) 2016: TBD in the inception phase  1.2) 2016 : score 32 (ranked 116/176)	1.1) TBD in the inception phase  1.2) TBD in the inception phase	1.1) BSAAT M&E  1.2) Transparency International	<ul style="list-style-type: none"> <li>- Stable economic, social and political background throughout the programme period.</li> <li>- Continuous political support at the highest levels to fight against corruption.</li> <li>- Strong commitment of the entrusted bodies chosen for implementation.</li> <li>- Stable and sustained support from Development Partners (DPs).</li> </ul>
	2.) Increased protection of citizen rights, in particular for women, through legal aid services and legal empowerment.	2.1) Number of cases reported by women that have been resolved.  2.2) Number of people directly benefitting from legal aid programmes supported by the EU  (** EU RF Level 2 ## 4)	2.1) 2016:13,486  2.2) 2016: 230 (Zanzibar LSRP)	2.1) 2021: 36.000  2.2) TBD in the inception phase (PE and PA-GODA)	2.1) MoCLA and DANIDA M&E  2.2) MoCLA and DANIDA M&E	
Output	1.1) Improved capacity and coordination in the criminal justice sector	1.1.1) Value of assets recovered by GoT  1.1.2) Value of assets returned in international cases  1.1.3) # of grand corruption cases under investigation  1.1.4) # of cases before the courts  1.1.5) Average time taken to investigate and prosecute  1.1.6) Better performance of PCCB  (** EU RF Level 2 ## 3)	1.1.1) 2008-15: 5 M\$  1.1.2) 2016: 7M\$ EGMA  1.1.3) 2016: 4,022  1.1.4) 2016: 418  1.1.5) TBD  1.1.6) TBD	1.1.1) TBD  1.1.2) TBD  1.1.3) TBD  1.1.4) TBD  1.1.5) TBD  1.1.6) TBD	1.1.1) PCCB  1.1.2) PCCB  1.1.3) PCCB  1.1.4) DPP  1.1.5) PCCB/DPP  1.1.6) Organisational assessment of PCCB	<ul style="list-style-type: none"> <li>- Stronger, better coordinated and committed anti-corruption institutions to deter, detect and sanction the corrupt and thereby increase risk to those engaged in corruption.</li> <li>- Rule enforcement is strong enough to change elite behaviours.</li> </ul>
Output	1.2) Changed norms and behaviour based around accountability on improved ethics and transparency	1.2.1) Existence of a beneficial ownership register  1.2.2) % of companies on the register  1.2.3) Status of transparent mechanism of declaration of beneficial ownership / assets / economic interests and access by the	1.2.1) 2016: no register  1.2.2) 2016: 0  1.2.3) 2016: 0	1.2.1) 2021: register created  1.2.2) 2021: TBD  1.2.3) TBD	1.2.1) BSAAT M&E  1.2.2) BSAAT M&E  1.2.3) BSAAT M&E	<ul style="list-style-type: none"> <li>- Businesses are able to coordinate collective actions</li> </ul>

		authorities and by the public				
		1.2.4) # of trained media/journalists	1.2.4) 2016: TBD	1.2.4) TBD	1.2.4) BSAAT	
		1.2.5) # of reports in broadcast and print media on corruption	1.2.5) 2016: TBD	1.2.5) TBD	1.2.5) BSAAT M&E	
Output	1.3) Effective management information, learning and research produced	1.3.1) Status of disaggregated research data on social norms and behaviours.	1.3.1) TBD in inception phase	1.3.1) TBD	1.3.1) BSAAT, Independent surveys (Sauti na Wananchi; AfroBarometer)	
		1.3.2) # of fiduciary risk reviews made	1.3.2) TBD	1.3.2) TBD		
		1.3.3) Status of production of information on corruption	1.3.3) TBD	1.3.3) TBD	1.3.3) Wajibu Institute reports	
		1.3.4) # of corruption surveys undertaken by PCCB	1.3.4) 2016: 1 base-line survey	1.3.4) TBD	1.3.4) PCCB	
Output	2.1) Increased access to quality legal aid services, in particular for women.	2.1.1) # of women provided with quality legal services	2.1.1) 2016: 13,486	2.1.1) 2021: 50,000	2.1.1) MoCLA and DANIDA M&E	
		2.1.2) # of registered paralegals	2.1.2) 2016: 4,500	2.1.2) 2021: 6,000	2.1.2) MoCLA M&E	
		2.1.3) # of legal aid recipients	2.1.3) 2016: 40,000	2.1.3) 2021: 250,000	2.1.3) MoCLA and DANIDA M&E	
		2.1.4) # of advocates for pro bono legal aid service in criminal justice system	2.1.4) TBD in inception phase	2.1.4) TBD in inception phase	2.1.4) MoCLA and DANIDA M&E	
		2.1.5) # of trained paralegals throughout the country	2.1.5) 2016: 4,500	2.1.5) 2021: 6,000	2.1.5) MoCLA and DANIDA M&E	
		2.1.6) # of booklets on success stories	2.1.6) 2016: 1	2.1.6) 2021: 5	2.1.6) MoCLA and DANIDA	
Output	2.2) Increased protection of women's rights to land, property, safety and security	2.2.1) % of women who reported inheritance cases to paralegals that had their property rights secured.	2.2.1) 2016: 15%	2.2.1) 2021: 32%	2.2.1) MoCLA and DANIDA M&E	- High citizen demand for a better access to justice. Women in particular will work with the paralegals to obtain justice and better protect their rights.
		2.2.2) # of vulnerable women aware of legal and human rights	2.2.2) 2016: 148,000	2.2.2) 2021: 960,000	2.2.2) MoCLA M&E	
		2.2.3) # of paralegals trained to handle women's rights issues	2.2.3) 4,500	2.2.3) 6,000	2.2.3) MoCLA and DANIDA M&E	
		2.2.4) # of strategic litigation services	2.2.4) 2016: 4	2.2.4) 2021: 8	2.2.4) High Court Registrar, case status reports	



Output	2.3) Formal and Informal institutions effectively promote legal aid, protect human rights	2.3.1) % of paralegals supported by the action who report that local leaders (LGAs, wards and village members, etc.) are actively promoting legal aid and human rights  2.3.2) # of legal aid and human rights awareness events supported  2.3.3) # of formal and informal leaders attending legal aid awareness events  2.3.4) # of formal and informal leaders trained on human rights	2.3.1) 2016: 15%  2.3.2) TBD in the inception phase  2.3.3) TBD in the inception phase  2.3.4) TBD in the inception phase	2.3.1) 2021: 55%  2.3.2) TBD  2.3.3) TBD  2.3.4) TBD	2.3.1) MoCLA and DANIDA M&E  2.3.2) MoCLA, DANIDA, CHRAGG  2.3.3) MoCLA, DANIDA, CHRAGG  2.3.4) MoCLA, DANIDA, CHRAGG	
Output	2.4) Sustainable quality legal aid	2.4.1) % of paralegal units who raise more than 20% of their annual turnover from local resource mobilisation  2.4.2) % of Legal Aid Providers (LAPs) who raise more than 20% of annual turnover through resource mobilisation  2.4.3) # of publications highlighting the success stories (articles, newsletters, etc.)	2.4.1) 2016: 0%  2.4.2) 2016: 1%  2.4.3) 2016: 28	2.4.1) 2021: 27%  2.4.2) 2021: 27%  2.4.3) 2021: 52	2.4.1) MoCLA and DANIDA M&E  2.4.2) MoCLA and DANIDA M&E  2.4.3) MoCLA and DANIDA M&E	



# EN

This action is funded by the European Union

## ANNEX 2

of the Commission Decision on the Annual Action Programme 2017 for Tanzania to be financed from the 11<sup>th</sup> European Development Fund

### Action Document for Implementation of the Tanzania Energy Efficiency Action Plan (EEAP)

1. Title/basic act/ CRIS number	Implementation of the Tanzania Energy Efficiency Action Plan CRIS number: TA/FED/40102 Financed under the 11 <sup>th</sup> European Development Fund			
2. Zone benefiting from the action/location	Tanzania			
3. Programming document	National Indicative Programme (NIP) 2014-2020 for Tanzania			
4. Sector of concent./ thematic area	Energy	DEV. Aid: YES		
5. Amounts concerned	Total estimated cost: EUR 10 000 000 Total amount of EDF contribution: EUR 8 000 000 This action is co-financed in joint co-financing by: - German Federal Ministry for Economic Cooperation and Development (BMZ) for an indicative amount of EUR 2 000 000			
6. Aid modality and implementation modality	Project Modality Indirect management with Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)			
7 a) DAC codes	231: Energy generation, distribution and efficiency – general 232: Energy generation, renewable sources			
b) Main Delivery Channel	Other - 52000			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	x	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	x
	Gender equality (including Women In Development)	<input type="checkbox"/>	x	<input type="checkbox"/>
	Trade Development	x	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	x
	Climate change adaptation	<input type="checkbox"/>	x	<input type="checkbox"/>

<b>9. GPGC</b>	-
<b>10. Sustainable Development Goals (SDGs)</b>	SDG 7 (universal access to energy, renewable energy and energy efficiency) SDG 11 ( Sustainable Cities and Communities), SDG 13 (Climate Action)

## SUMMARY

Energy is one of the focal sectors in the 2014-2020 National Indicative Programme for Tanzania, with an indicative allocation of EUR 180 million. This action is in line with the United Nations 2030 Agenda on Sustainable Development and SDGs 7, 11 and 13 and Sustainable Energy for All (SE4All) objectives, the Paris Climate Change Agreement, the Council Conclusions on energy and development (Nov 2016) and EU development policy engagement with Tanzania, based on the European Consensus for Development. The Planet component of this policy promotes energy as a critically important development enabler and central to solutions for a sustainable planet. The EU and its Member States will increase cooperation with all relevant parties, including the private sector, on energy demand management, energy efficiency, renewable energy generation and clean technology development and transfer. Within this global objective, the Delegation proposes an action to implement the Tanzania Energy Efficiency Action Plan (EEAP).

The Tanzania National Energy Policy 2015 outlines priorities for the energy sector, including Energy Efficiency and Conservation. It recognises that Energy Efficiency measures have the potential of scaling down capital investment needed to provide additional energy. Insufficient energy supply and poor reliability of electricity hinders the country's socio-economic transformation agenda. Power demand is expected to grow rapidly as the economy grows and rural electrification programmes continue to be accelerated and grid-connected electrification of rural areas is rolled out. Rapidly ageing infrastructure coupled with TANESCO's ("the power utility") weak financial position is expected to exacerbate the problem in electricity supply. Energy Efficiency measures can make the energy industry more efficient and gender inclusive, competitive, and improve delivery of public services through reduced electricity costs, especially for large consumers. Investing in gender responsive energy efficiency creates jobs, fosters inclusive economic growth and is key in mitigating climate change. However, so far implementation of Energy Efficiency projects has been pursued in a fragmented fashion. Opportunities to capitalize on recent commitments through support for the implementation of the Tanzania Energy Efficiency Action Plan are therefore significant.

This action is set to ensure access to affordable, reliable, sustainable and modern energy in Tanzania by improving efficiency supply and consumption of energy. The streamlined Energy Efficiency actions will make the energy sector in Tanzania more sustainable, gender inclusive and climate smart. This will result in quantifiable energy savings, promote gender inclusive skills development, job creation, investment in energy efficient infrastructure and clean energy technology. The legal, regulatory and institutional set-up, including administrative actions, will be strengthened to support Energy Efficiency (Result 1), investments in energy efficiency and renewable energy measures identified in the Energy Efficiency Action Plan will be implemented (Result 2), skills will be developed, jobs created and employability increased, particularly for women and youth, in the Energy Efficiency and renewable energy and technology sector (Result 3), public awareness, access to information, stakeholder dialogue and visibility of financial, economic and societal benefits of Energy Efficiency and Renewable Energy will increase (Result 4).

The action complements existing and planned EU funded programmes in Tanzania, including the Rural Electrification programme with the Rural Energy Agency (REA), the Integrated Approach to Sustainable Cooking Solutions, ElectriFI and the Energy Sector Reform Contract, particularly as Energy Efficiency is one of the pillars that will ensure financial sustainability of TANESCO alongside cutting down costs and tariff adjustments.

## **1 CONTEXT**

### **1.1 Sector/Country/Regional context/Thematic area**

Tanzania has experienced high economic growth throughout the past decade, with average annual Gross Domestic Product (GDP) growth above 7%. However, challenges remain to translate this growth into development impact. Despite modest progress in poverty reduction moving Tanzania up to 151 on the Human Development Index (HDI Report 2016), millions of people still live below USD 2/day. Women are the largest group among the poor due to the gender pay gap (earning 0.66% of what men earn), lack of ownership of resources (land, finance, housing), and under-representation in well-paying sectors such as manufacturing industries, construction and utilities.

To eradicate poverty, Tanzania recognizes the need for sustainable industrialization to stimulate economic growth. However, inadequate electricity supply has hindered efforts of attain this objective. The Power System Master Plan of 2016 update acknowledges the challenges of Tanzania to meet current demand both in urban and rural areas. Grid-connected electrification of rural areas, without adding more capacity to the grid and lacking demand side management interventions, is expected to exacerbate the problem of insufficient power supply. Lack of modern energy and related efficient technologies are among the potential barriers for women to move out of poverty. In Tanzania most women are employed in agriculture, where they depend on inferior energy technologies which lower their productivity. This also impedes their economic transformation due to lack of value addition on what they produce, time and effort used to provide family care services, including energy for cooking, water and child rearing. All this constrain them from other productive activities, while also damaging their health, hence bringing them deeper into poverty (GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), Gender analysis, 2015).

According to the Energy Access Situation Report 2016, in Tanzania mainland<sup>1</sup> about 67% of the population has access to electricity with an overall electricity connection level of 32.8%. Electricity connection levels in urban and rural are 65.3% and 16.9% respectively. The per capita power consumption is 153 kWh which is below the regional average of approximately 500 kWh. Power demand is expected to grow on average by 10-15 % a year. This growth is mainly due to accelerated productive investments, increasing population and increasing access; the challenge remains in meeting this growth rate. Biomass in the form of wood and charcoal is currently the main source of energy in rural Tanzania, accounting for almost 80% of total final energy consumption in the country. Wood-based fuels are expected to be replaced by electric power, gas and petroleum products as the country urbanizes in the future.

The National Energy Policy of 2015 recognizes Energy Efficiency as a critical cost effective component to realizing Tanzania's Sustainable Development Goals. Energy Efficiency can reduce the state-owned utility's commercial and technical losses, reduce input costs to make industry more competitive, and improve delivery of public services through reduced

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<sup>1</sup> Zanzibar depends 100% of on TANESCO from the mainland to cover its electricity demands. Electricity accessibility is estimated to be 43%.

electricity costs. Support is needed to strengthen policies and regulations and institutional capacity to promote energy management and auditing, enhance TANESCO Demand Side Management programmes, stimulate market activity and gender-inclusive job creation by building a strong group of professional Energy Efficiency Specialist (EES) and Energy Auditors (EA).

Tanzania is a member of the East African Community (EAC), which at present does not have a common energy policy. The member states have embarked on harmonizing their policies and strategies. Recently, the EAC established the joint Centre of Excellence for Renewable Energy and Energy Efficiency (EACREEE) which is hosted in Kampala (Uganda). EACREEE aims at complementing and strengthening the ongoing EAC Partner States' initiatives in the areas of policy and capacity development, knowledge management and raising awareness and investment. Tanzania is currently importing electricity from Uganda (8MW), Zambia (5MW) and Kenya (0.85MW). In order to meet current and future demand of power, and improve the security of power supply, the country participates effectively in integrating its power sector infrastructure via regional power pools: Eastern Africa Power Pool (EAPP) as well as the Southern Africa Power Pool (SAPP).

### ***1.1.1 Public Policy Assessment and EU Policy Framework***

The national development framework currently consists of the Tanzania Development Vision 2025 and National Five Year Development Plan 2016/17 – 2020/21 (FYDP 2016). The Vision 2025 charts Tanzania's path to become a "diversified and semi-industrialized economy with a substantial industrial sector comparable to typical middle-income countries". The FYDP 2016 furthers the theme "Nurturing Industrialization for Economic and Human Development", by focusing on industrialization, human development and implementation effectiveness. The FYDP 2016 identifies the need for additional resources to implement most energy projects. To realize an industrialized efficient economy, additional resources should go hand in hand with efficient supply and consumption of energy that must include activities for improving competitiveness of industries through energy management; enhancing energy management practices of industries; training industry players to adopt the practices and energy efficient technologies; and energy management skills development.

The National Energy Policy 2015 outlines policy priorities for the energy sector, including Energy Efficiency and conservation. The National Energy Policy is gender responsive by promoting gender equality and equity in employment and training opportunities in the Energy Sector and supporting women's groups to participate in the provision of goods and services required in the Energy Sector. The National Energy Policy recognizes that energy efficiency measures have the potential of scaling down capital investment needed to provide additional supply of energy. In the industrial sector, the policy recognizes a necessity to promote energy efficiency and conservation as well as integrate energy audits in the energy management system. In the residential and commercial sectors, the policy aims at mainstreaming energy efficiency measures into housing policies, building codes and practices. It also aims at establishing energy performance standards, creating awareness and capacity building. The Electricity Supply Industry Reform Strategy and Roadmap 2014 (ESI RSR) further specifies activities to improve performance in the electricity industry. The strategy highlights the need to continue improving the state-owned utility's financial performance through demand side management and energy efficiency.

Tanzania's Intended Nationally Determined Contributions to combat climate change specify energy efficiency as critical for both adaptation and mitigation efforts. Specifically, Tanzania recognizes the need for "promoting energy efficient technologies for supply, transmission/transportation and demand side as well as behavioural change in energy use".

The Ministry of Energy and Minerals reported in its Budget Speech to Parliament in May 2017 that the Government, in collaboration with GIZ, has developed the Energy Efficiency Action Plan for Designated Consumers during the financial year 2016/17. This plan is expected to cost EUR 10 million and will be executed in the financial year 2017/18 up to 2020/21.

Both the EU and Germany support the Sustainable Development Goals (SDGs), in particular SDG 7, and the global SE4All initiative, and promote energy efficiency in the development agenda. Furthermore, the Council Conclusions on Energy and Development (Nov 2016) stress the need for an EU strategic approach for cooperation and development in energy, with interlinked objectives to increase energy efficiency and renewable energy generation to achieve a sustainable balance between energy production and consumption.

In the 11<sup>th</sup> European Development Fund (EDF) National Indicative Programme for Tanzania 2014-2020, energy has been identified as a focal sector. Almost a 1/3 (EUR 180 million) of the NIP has been earmarked for the sector, with a focus on broader energy sector reforms and access to electricity (rural electrification) and modern energy services, including the promotion of energy efficiency. Past and ongoing EU support has seen promotion of innovative approaches for decentralized solutions to energy supply based on renewable sources, as well as grid development and new connections in rural areas. Support has also entailed activities to strengthen capacities of key stakeholders in the sector, in rural electrification planning and policy, as well as regulatory reforms. The EU continues to work closely with the Ministry of Energy and Minerals, the Rural Energy Agency (REA), the Energy and Water Utilities Regulatory Authority (EWURA), and TANESCO. While energy efficiency presents significant additional opportunities as an energy resource in Tanzania, little has been done to date to develop the policies and regulations or develop the energy efficiency specialists and energy audit expertise needed to realize the savings from energy efficiency technologies.

The Energy Efficiency Action Plan promotes gender-inclusive development by ensuring job creation and capacity building for both women and men in line with the National Energy Policy 2015, the country laws and the EU Gender Action Plan 2016-2010 (GAP-II), objectives 13 and 14. A performance assessment and monitoring and evaluation framework is not yet in place. However, progress towards relevant gender-sensitive output indicators referring to units of energy and energy costs saved and financial benefit/costs impact will be supported and institutionalized as proposed by the Energy Efficiency Action Plan.

### ***1.1.2 Stakeholder analysis***

In strengthening the legal, regulatory and institutional set-up, including administrative actions, for Energy Efficiency, the main counterparts of this action will be the Ministry of Energy and Minerals (MEM) and the Energy and Water Utilities Regulatory Authority (EWURA). MEM is the relevant policy maker with responsibility for the energy sector, and EWURA is the independent regulator with authority over electricity. MEM and EWURA both have participated actively in the Development Partners Energy Efficiency Stakeholders Working Group and have demonstrated ownership of the national energy efficiency policy and regulatory framework components, respectively. Additionally, the Ministry of Water and Irrigation is a key counterpart addressing energy efficiency in water utilities.

In training energy efficiency specialists and energy auditors and implementing the Energy Efficiency Action Plan, MEM will work closely with institutions such as Tanzania Commission for Science and Technology (COSTECH), the Vocational and Educational

Training Authority (VETA), Dar es Salaam Institute of Technology (DIT), the University of Dar es Salaam (UDSM), The Confederation of Tanzanian Industries (CTI) and gender-relevant stakeholders among others.

In implementing Demand Side Management initiatives and investments, TANESCO will be the critical counterpart. TANESCO is a state owned vertically-integrated utility company with effective monopoly position in the electricity generation, transmission and distribution subsectors. At present, the company experience inadequate power generation capacity, high production costs resulting from use of diesel generation for off grid substations, accumulation of financial losses, and an ageing transmission and distribution infrastructure. Therefore, it is in TANESCO's financial interest to reduce financial and technical losses through improved customer efficiency.

Development Partners active in the Sustainable Energy sector coordinate their actions through the Energy Development Partners Group (EDPG) and various subgroups, including on Energy Efficiency. The choice of focal areas for this action was refined after various consultations with key EDPG members, particularly USAID (US Agency for International Development), Norway, and SIDA (Swedish International Development Cooperation Agency), all active in supporting Energy Efficiency actions. Finally, through dialogue platforms which will include media and advocacy groups to ensure transparency, the EEAP plans to have representation of women among the main stakeholders.

### ***1.1.3 Priority areas for support/problem analysis***

Grid-supplied electricity in Tanzania is generated roughly half from hydropower and half from thermal plants (diesel, heavy fuel oil, natural gas). Existing hydropower is clean and cheap but recent droughts reduced the output of Tanzania's hydroelectric dams. Climate change impacts are expected to exacerbate the problem. Thermal plants are owned by TANESCO and Independent Power Producers which are relatively expensive. Areas not connected to the grid are served by expensive diesel generators. Coupled with non-cost reflective tariffs, TANESCO operates at a loss, which in turn leads to frequent supply interruption and quality degradation. As a result, many customers choose to mitigate the shortage using expensive and polluting diesel generators. The use of diesel generators raises industry's costs of production, reduces competitiveness, and forces other service providers such as water utilities to pass high energy costs to the public (directly or indirectly). Energy Efficiency should be inherently attractive to many industrial and commercial consumers. However, financial constraints to marshal the needed awareness campaigns and acquire Energy Efficiency technologies have resulted in suboptimal results so far.

Reduction in demand through Energy Efficiency savings and shifting demand through other Demand Side Management actions can help TANESCO significantly reduce its financial and technical losses and attain the desired financial turnaround. The Energy Efficiency savings will also be sustained even if TANESCO is unbundled as envisioned in the Electricity Supply Industry Reform Strategy and Roadmap (ESI RSR). The efficiency gains realized now will increase competitiveness in the resulting generation, and distribution markets. Furthermore, large energy consumers have an inherent financial incentive to pursue Energy Efficiency cost savings, through acquiring the needed energy efficiency technology cheaply, and access to high-quality energy audit and energy management professional support.

Gender-inequalities are seen at both the demand and the supply side of the energy sector. At the moment, the gender-gap in the energy sector is substantial with only 20% of those employed in the sector being female. Through the Energy Efficiency Action Plan, and with the help of gender-relevant stakeholders and TANESCO, women will not only be encouraged

and educated but also empowered to take up high quality jobs in the energy sector. The Project will facilitate undertaking of a gender-audit at TANESCO to identify constraints and opportunities within the company and the energy sector. This audit will then be used to construct a Gender Action Plan which shall conform to the laws of the country as well as the UN's Women Empowerment Principles (WEP)<sup>2</sup>.

Furthermore, lack of modern energy and related efficient technologies is among the potential barriers for addressing poverty among women, particularly in rural areas. Through capacity building and training, the implementation of the Energy Efficiency Action Plan will prepare and engage Energy Efficiency Specialists and Energy Auditors to facilitate implementation of energy efficiency practices, including awareness raising. These initiatives will increase the available technical capacity in the country to enhance multiple solutions in the framework of the National Energy Policy. This broad gender sensitive training will also increase the long-term employability of Management Specialists and Auditors in the energy sector.

## 2 RISKS AND ASSUMPTIONS

<b>Risks</b>	<b>Risk level H/M/L</b>	<b>Mitigating measures</b>
1. Tariffs not timely determined and adjusted by Government to cost reflective levels.	H	1. Shift focus to Energy Efficiency measures that will reduce losses of TANESCO in an efficient and transparent way.
2. Insufficient human and financial resources for implementing the EEAP at MEM.	M	2. Project support for an initial period, including capacity building and training of trainers.
3. TANESCO management not able to manage demand side management activities.	M	3. Support from the project to assist in implementation of demand side management actions and support entities in charge of managing buildings. Engage TANESCO in Women's Empowerment Principles, and enhance gender diversity in management and at decision making levels.
4. The EEAP is not endorsed or published by MEM in 2017/2018.	L	4. Continuous consultation with MEM for timely approval and link actions of the project to the EEAP to allow for advanced implementation.
5. Job creation and capacity-building will not be gender-inclusive.	L	5. Facilitate MEM/TANESCO to undertake a gender Audit and to implement a Gender Action Plan.
6. Trained Energy Efficiency Specialist and Energy Auditors not fully employed in the area of energy efficiency.	M	6. Embark on Extensive EE awareness campaign and facilitate acquisition of affordable efficiency technology backed by necessary regulations.

<sup>2</sup> Available at: <http://www.unwomen.org/en/partnerships/businesses-and-foundations/womens-empowerment-principles>



### Assumptions

1. MEM continues to support Renewable Energy and Energy Efficiency Initiatives while the programme contributes financial and technical resources, including supporting appropriate legal and institutional frameworks.
2. TANESCO and designated consumers are facilitated to manage demand side actions under the EEAP.
3. TANESCO continues implementing the DSM Strategy.
4. EWURA has adequate financial resource to provide EE regulatory oversight.
5. M&E strengthened to effectively process and analyse facility specific Energy Efficiency Action Plans submitted by designated consumers
6. MEM coordinates responsible authorities for education to manage training and examination of Energy Efficiency Specialists and Energy Auditors.
7. Designated Consumers are willing to procure Energy Audit services and employ EMSs.
8. MEM is committed to ensuring gender-equality while implementing the EEAP.

## 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

### 3.1 Lessons learnt

So far, implementation of energy efficiency projects has been pursued in a fragmented and mainly donor-driven fashion. Earlier efforts have been conducted through TANESCO and bilateral cooperation, and not centrally coordinated. The thematic area has only recently received heightened attention through the National Energy Policy 2015 and in Tanzania's Intended Nationally Determined Contributions of Climate Action under the Paris Agreement.

Past Energy Efficiency efforts, including the ongoing EU Technical Assistance Facility (TAF) assignment to support Energy Efficiency in large buildings, have shown that energy management and more systematic pursuit of Energy Efficiency in industry, buildings and utilities present a large untapped opportunity. In the past, there has been a lack of post-implementation gender-sensitive monitoring and evaluation (M&E) to quantify units of energy saved and avoided energy costs of earlier scattered interventions. Development of an Energy Efficiency Action Plan will address this through dedicated efforts towards designated (large) consumers, and capacity development for energy management specialists and energy auditors.

A recent USAID "Partnership for Growth—Energy Efficiency in Tanzania programme" funded study on demand side management (DSM) showed that DSM programmes in Tanzania could cost-effectively reduce system peak demand by 11.5 % after five years. Such capacity savings would have significant positive impacts on grid reliability and system costs. It also concluded that a green building standard, which includes both design and technology features has the potential to produce energy bill savings ranging from over 10% to over 40% across six major building types.

The demand supply management unit of TANESCO has pursued some energy efficiency advisory services in the past but, in general, has not received the attention and priority it needs to achieve significant savings. Recently, with support from DANIDA, Confederation of Tanzanian Industries (CTI) has pursued an Energy Efficiency audit programme for industries and pointing out significant Energy Efficiency opportunities.

The GIZ "Sustainable Energy programme" has successfully piloted energy audits in water utilities and supporting Ministry of Water and Irrigation to introduce new technical energy efficiency criteria for electric motor-pump stations and application of life-cycle cost principles in the procurement processes. The recent efforts by GIZ in Energy Efficiency have demonstrated significant potential for energy savings, especially for heating, ventilation and cooling (HVAC), through a dedicated Energy Efficiency focus in the design of new buildings. Energy Efficiency in buildings will be especially important given the large amount of construction going on and expected in the future, including heightened expectations from the users for proper acclimatization of buildings (i.e. through increased deployment of HVAC and other energy intensive building services). The opportunities to capitalize on these developments through support for the implementation of Energy Efficiency Action Plan are therefore very significant. This action will inject additional momentum and resources to scale up and accelerate the process.

### **3.2 Complementarity, synergy and donor coordination**

Following a request from MEM, the development of an Energy Efficiency Strategy for Tanzania is planned for second half of 2017 with support from the EU funded SE4All Technical Assistance Facility (TAF). The intention is to have the strategy developed as an umbrella for all Energy Efficiency actions in Tanzania by the end of 2017. This would anchor the proposed action into a high-level cross cutting strategy that would facilitate implementation of the Energy Efficiency action plan.

This action will focus on the implementation of an Energy Performance in Building (EPB) regulatory framework including the Energy Performance Certification, which is also being developed with support from the EU funded SE4All Technical Assistance Facility (TAF). The assignment will be completed in 2017 with recommendations ready for implementation under the proposed action. In particular, the proposed roadmap for implementation specifies the options for integration of the EPB into the regulatory and organizational framework which is currently in force. This includes the assignment of competent authorities and responsibilities of institutions for enforcement, compliance and monitoring the effectiveness of the EPB. The recommendations highlight the need for incentives and information campaigns for acceptance of EPB among stakeholders and public.

Complementary actions include the EU/AFD (Agence Française de Développement) funded SUNREF that provides support to private investment in green energy and energy efficiency and to local partner banks by supporting them in identifying green investment opportunities and in allocating green loans with favorable conditions for tailor-made debt.

Complementarity is also sought with future calls under the ElectriFI instrument and other regional and continental programmes (Africa Investment Fund (AfIF), Africa Renewable Energy Initiative, etc).

The action will also build further on the GIZ Sustainable Energy Programme, which focuses on improving policy-making, expansion planning, and expertise related to sustainable construction and operation of renewable energy facilities and energy efficiency investment projects. GIZ ongoing interventions include (1) supporting MEM with development of an Energy Efficiency plan; (2) supporting EWURA to establish conditions that motivate companies and institutions to generate savings from Energy Efficiency measures; and (3) providing information to public institutions, water utilities, hospitals and companies about the potential for saving money by reducing energy consumption.

Development partners most active in the sector (USAID, Sweden and Norway) have been consulted. While very few Energy Efficiency specific activities have been pursued in Tanzania to date, this action aligns well with current and planned donor activities. USAID's ongoing support to TANESCO for Integrated Resource Planning and Norway's planned support to TANESCO and EWURA for development of Time of Use (ToU) tariffs present opportunities to build Energy Efficiency as an energy resource into long-term planning and to utilize ToU tariffs as one tool in a TANESCO Demand Side Management programme. It is also fully in line with the planned roll-out of the SE4All Action Agenda and Investment Prospectus for Tanzania.

Close cooperation and alignment of actions with the envisaged programme of support from Sweden in the area of Energy Efficiency is being pursued. Sweden is currently developing a parallel initiative on labelling and minimum energy performance standards, which will contribute to work package 2 described in chapter 4.2.

The Energy Efficiency Stakeholder Working Group, co-chaired by the Tanzania Ministry of Minerals and Energy (MEM) and GIZ, will be the platform for overall coordination of activities. Key members include EU, Sweden, US, and DANIDA and from the beneficiary side EWURA, TANESCO and the Confederation of Tanzanian Industries (CTI). A selected gender equality advocacy group will also be invited to become a stakeholder of this group.

### **3.3 Cross-cutting issues**

At national level, Tanzania has strong legal frameworks to promote gender equality and empowerment of women. This starts from the ways in which gender is explained and included in the Constitution, and in all major governing policies and strategies such as the MKUKUTA (the National Strategy for Growth and Reduction of Poverty) and sector policies. The gender policy aims to ensure that a gender perspective is mainstreamed into all policies, programmes and strategies. There have been some notable achievements in closing gender gaps, especially in education and leadership issues, but many cultural and socio-economic barriers remain to realizing the full benefit for women in socio-economic development.

The 2015 National Energy Policy (NEP) promotes the participation of women in energy related activities and the sector is considered to be gender sensitive, though much has to be done to address gender and energy nexus in development sectors (agriculture, water, health, natural resources and trade). This action will promote gender equality in the energy sector including creating new job opportunities particularly for women and youth in the energy sector, specifically as Energy Efficiency Specialists and Energy Auditors. Additionally, a commitment by TANESCO to engage with the UN Women Empowerment Principles will further increase employment opportunities for women in the sector.

Another barrier is the failure of women and girls to compete for higher-paying jobs and high profit business opportunities due to among other things low education level as compared to men (SET, 2016)<sup>3</sup> and there are few women in the fields of Science, Technology, Engineering and Mathematics (UNESCO, 2009). Much fewer women than men are employed in well-paying sectors such as manufacturing industries, construction and utilities (respectively 4.4%; 0.1% and 0.2%) (NBS, 2015). The Global Gender Gap Report of 2016 shows women in Tanzania earn considerably less than men, making it difficult to get above the poverty line.

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<sup>3</sup> The report prepared by Supporting Economic Transformation (SET), 2016; Supporting the Preparation of Tanzania second Five Year Medium-Term Development Plan. Under the support of ODI and DFID.

The Energy Efficiency Action Plan will promote Energy Efficiency measures among the large energy consumer to reduce losses and encourage the adoption of renewable energy options. This will contribute to increased sustainable energy in the national energy mix, thereby accelerating access to modern energy. At the same time women will be empowered to acquire high quality jobs and businesses opportunities in the Energy Efficiency and renewable energy subsectors.

The action is fully in line with the United Nations 2030 Agenda on Sustainable Development and the Paris Climate Change Agreement. As an example, the most cost-effective investment in greenhouse gas mitigation will be Energy Efficiency because generation cost for one unit of electricity saved are between USD 0 c/kWh and USD 4 c/kWh, while all other fossil fuel or renewable energy based power generation technologies carry generation costs of between USD 6 c/kWh and USD 40 c/kWh. The action will become a relevant information source to prepare the mitigation chapter of the national determined contribution (NDC) of 2020.

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Objectives/results**

This programme is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG 7, but also promotes progress towards Goals 11 - Sustainable Cities and Communities and 13 - Climate Action. This does not imply a commitment by the country benefiting from this programme.

The SE4All and *Sustainable Development Goal 7* are set to "Ensure access to affordable, reliable, sustainable and modern energy for all, including doubling the global rate of improvement in energy efficiency". Investing in Energy Efficiency creates jobs, fosters economic growth and improves energy security. Of the three objectives of SE4All and SDG 7, improving Energy Efficiency has the clearest impact on saving money, improving business results and delivering more services for consumers. Investing in efficiency is critical to meeting future energy demand and mitigating climate change. It reduces greenhouse gas emissions and enables other benefits, including gender equality, improved productivity and human health. Moving to sustainable energy and using it efficiently makes sense in a resource-constrained global economy.

**Overall Objective:** Ensure access to affordable, reliable, sustainable and modern energy for all in Tanzania.

**Specific Objective:** Streamlined Energy Efficiency actions make the energy portfolio of Tanzania more sustainable, gender inclusive and climate smart.

#### **Result 1:**

The Legal, Regulatory, Institutional set-up, including administrative actions, will be strengthened to support implementation and introduction of Energy Efficiency actions (LRA-Actions).

#### **Result 2:**

Quantifiable Investments in Energy Efficiency and renewable energy measures identified and implemented by Designated Consumers (Q-Actions).

**Result 3:**

Capacity and skills developed, jobs created, and employability increased, particularly for women and youth, in the Energy Efficiency and renewable energy services and technology sector (CD-Actions).

**Result 4:**

Public Relations and awareness, access to information, stakeholder dialogue and visibility of financial, economic and societal benefits of Energy Efficiency and renewable energy increased (PR-Actions).

The above results will concretely contribute to the successful implementation of the Energy Efficiency Action Plan with quantifiable and tangible indicators measuring success, including a legal, regulatory and institutional framework developed to set a platform for Energy Efficiency implementation, number of regions engaging in spearheading Energy Efficiency actions and number of designated consumers adopting energy efficiency measures leading to savings through energy efficiency actions.

**4.2 Main activities**

The activities of the Energy Efficiency Action Plan are split into four different groups representing the four pillars of a successful national strategy to mainstream Energy Efficiency in society and corresponding to the four results outlined above:

(1) Legal, regulatory, institutional set-up, including administrative actions (LRA), that define the level of Government intervention and promote the Energy Efficiency Action Plan on all fronts (from central government, regulatory authority to municipal and district level) is introduced. Actions will include inter alia strengthening authorities and institutions to ensure effective enforcement, compliance and monitoring of the Energy Performance in Buildings (EPB) supporting energy suppliers in providing energy-saving technologies and recommending penalties for wasteful use of energy or not complying with agreed upon standards. Support for setting up and maintaining a register of certified Energy Efficiency Specialists and Auditors will be provided.

(2) Actions that will directly result in quantifiable units of energy saved to show the impact. These will include actions inter alia by designated consumers to (i) carrying out energy savings potential audit, (ii) employ certified energy management specialists, (iii) prepare a facility specific Energy Efficiency Action Plan (FEEAP), and (iv) report annually on implemented Energy Efficiency activities and energy savings to a relevant authority. As regards TANESCO, actions will appraise the most cost effective mix of energy-saving measures of TANESCO either at the supply side or at the demand side. Energy Efficiency measures in construction and retrofitting will aim at building resilience to climate change into the energy system, for example by dealing with the risk of droughts in relation to generation from hydroelectric dams.

(3) Capacity development actions (CD) to introduce well-trained and licensed professionals - particularly women and youth - to Energy Efficiency services and technologies. These will include actions to (i) support authorities responsible for education to develop professional qualification for Energy Efficiency Specialist (EES) and Auditors (EA) (ii) facilitate authorities responsible for education to prepare prospectus trainings and examination of EES and EA, (iii) facilitate authorities responsible for education to develop syllabus for training courses, focussing not only on Energy Efficiency but also raise awareness about sustainable energy solutions (including decentralised), (iv) facilitate authorities responsible for education to prepare course books for training of EES and EA, and (v) facilitate MEM to establish and

maintain web portal for EES and EA, (vi) facilitate MEM train staff responsible for EES and EA management.

(4) Public relations actions such as targeted gender sensitive awareness campaigns and high-profile public events to present and discuss progress and impact of Energy Efficiency Action Plan implementation. These will include a mix of actions to reach a diverse group of stakeholders to promote Energy Efficiency and associated renewable energy technologies that reduce fossil fuel consumption. An annual Energy Efficiency Action Plan conference organised by MEM shall be an opportunity for stakeholders to come together and discuss the State-of-Play of the Plan and its successes and short-comings and to discuss and recommend revisions for the 2<sup>nd</sup> edition of the Energy Efficiency Action Plan 2021-2023.

The scope of the EEAP is divided into 12 thematic work packages (WP) typical for most but not all EEAPs implemented in other countries depending on level of Government intervention that will define the relative weight of the required (DC) versus a voluntary (Non-DC) market for EE services and technologies.

### **4.3 Intervention logic**

This action will address the identified problems to realizing the Energy Efficiency potential in Tanzania by supporting the implementation of the first edition of the 3-year Energy Efficiency Action Plan (EEAP 2018-2020). This will include strengthening the legal, regulatory, institutional set-up, including administrative actions, necessary to promote investment in Energy Efficiency measures, in particular notification of designated consumers under the Energy Efficiency Action Plan of the Ministry of Energy and Minerals (MEM).

It will also support the implementation and sustainability of Energy Efficiency measures through gender-inclusive capacity building of a professional market of Energy Auditors and Energy Management Specialists and by developing a TANESCO-administered Demand Side Management programme for designated consumers. Raising awareness amongst key stakeholders, including the public, regarding the benefits of and opportunities for Energy Efficiency as a most cost-effective energy resource will see Energy Efficiency actions implemented by the wider public. Finally, by complementing the Energy Efficiency activities with renewable energy measures, consumers will leverage the climate change mitigation effects of this action and maximize its contribution toward achieving the Sustainable Development Goals.

The assumptions under this intervention is that MEM continues supporting the Energy Efficiency initiatives, EWURA prepares relevant rules pertaining to Energy Efficiency once the Energy Efficiency Action Plan is endorsed by MEM.

## **5 IMPLEMENTATION**

### **5.1 Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) 2015/322.

### **5.3 Implementation of the budget support component**

N/A.

### **5.4 Implementation modalities for an action under project modality**

#### ***5.4.1 Indirect management with a Member State Agency***

This action will be implemented in indirect management with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012, applicable in accordance with Article 17 of Regulation (EU) 2015/323. This implementation entails to spearhead and implement the Energy Efficiency Action Plan for Tanzania including all aspects of operational management, coordination with other initiatives and procurement of services and supplies in collaboration and leadership of MEM. This implementation is justified by building on ongoing work with support from the German cooperation / GIZ implemented actions in the energy efficiency sector. EU support will allow scale-up and accelerating ongoing actions.

The entrusted entity would carry out the following budget-implementation tasks: concluding, managing and enforcing the contracts (making payments, accepting or rejecting deliverables, carrying out checks and controls, recovering funds unduly paid), and running the procurement and grant award procedures preceding the conclusion of such contracts, including the award and rejection decisions.

If negotiations with the above-mentioned entrusted entity fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 5.4.2

#### ***5.4.2 Changes from indirect to direct management mode due to exceptional circumstances***

In case negotiations with the above-mentioned entrusted entity fail, given the scope of the activities to be carried out under the project, the alternative implementation modality will be procurement of services and supplies by the Commission under direct management.

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Technical Assistance	Services	2	Q2-2018
Software, hardware	Supplies	2	Q4-2018

### **5.5 Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realization of this action impossible or exceedingly difficult.

## 5.6 Indicative budget

	<b>EU contribution (in EUR)</b>	<b>Indicative third party contribution (in EUR)</b>
5.4.1. Indirect management with Member State Agency	7 750 000	2 000 000
5.9 Evaluation, 5.10 Audit	250 000	N.A.
<b>Totals</b>	<b>8 000 000</b>	<b>2 000 000</b>

## 5.7 Organisational set-up and responsibilities

MEM will oversee, spearhead and coordinate the implementation of the Energy Efficiency Action Plan in all its aspects. It will be supported in this endeavour by the project and GIZ.

A **Steering Committee (SC)** shall be set up to oversee and validate the overall direction and policy of the project, composed by one representative of each of the main governmental counterparts (MEM, EWURA, TANESCO, NAO / MoF and PO-RALG), one representative of each co-financer (EU, BMZ), one representative from the Renewable Energy and Energy Efficiency Section of MEM and GIZ acting as secretary. The SC will strive to become gender-balanced and will ensure that gender experts and/or gender focal persons will be included and/or consulted. The committee will meet every six months. It will be responsible for reviewing the overall policy and strategic directions of the programme, monitoring the overall performance and coherence between the different components, and will provide guidance as appropriate. It will also review and endorse work plans. GIZ, together with the Renewable Energy and Energy Efficiency Section of MEM and other Tanzanian implementing partners, shall provide a report to the committee on a bi-annual basis. The final composition of the SC will be confirmed once the programme is operational.

The project will assist MEM in strengthening existing institutions responsible for Energy Efficiency in Tanzania. The main government institutions and other key stakeholders of this project include but are not limited to:

The **Renewable Energy and Energy Efficiency Section of MEM** will implement the Energy Efficiency Action Plan. The project will co-finance the operation of this Section during the duration of the project. As and when required, consultant(s) may be procured to assist in preparing necessary legal and regulatory instruments and provide recommendations on appropriate institutional set up.

A **TANESCO Demand Side Management Unit** will be responsible for supervising the implementation of the supply side (SSM) or the demand side (DSM) activities in the project.

President's Office – Regional Authority and Local Government (**PO-RALG**) will be responsible for supervising the implementation of a local Energy Efficiency Action Plan (LEEAP) for a geographic or administrative region, with financial and technical support from the project.



To gather experiences and disseminate the benefits and challenges of this new Energy Efficiency framework, the project will support the establishment and operation of various **Energy Efficiency and renewable energy networking and Capacity Development platforms**. Work has already started and includes the Energy Efficiency Stakeholder group, Tanzania Renewable Energy Association (TAREA), CTI PMAYA<sup>4</sup> Energy Efficiency Award, private sector associations, Tanzania Green Building Council and professional networks for Energy Efficiency Specialists / Energy Auditors. All networking and capacity development platforms supported by the project need to be agreed by MEM, including its mode of operation and budget.

The **Energy Efficiency stakeholder sub-group** under the framework of the wider Energy Development Partner Group (EDPG) will be responsible for the coordination with other development partners and related programmes.

## **5.8 Performance monitoring and reporting**

The overall Monitoring and Evaluation of the implementation of the Tanzania Energy Efficiency Action Plan will be undertaken by MEM with support from GIZ.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous gender-responsive process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every implementing partner shall provide an accurate report on implementation of the action, difficulties encountered, changes introduced, degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators including gender related issues using as reference the logframe matrix (for project modality). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final narrative and financial report will cover the entire period of the action implementation.

The European Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the European Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the European Commission for implementing such reviews).

## **5.9 Evaluation**

Having regard to the importance of the action, mid-term and final evaluations will be carried out for this action or its components via independent consultants or through a joint mission contracted by the European Commission or via the implementing partner.

The mid-term review will be carried out for problem solving, learning purposes, in particular with respect to guiding the intervention, to assess its gender responsiveness and sustainability of the action.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that Energy Efficiency actions and the gender-sensitive Energy Efficiency Action Plan is at the start-up phase in Tanzania.

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<sup>4</sup> Confederation of Tanzania Industries (CTI) President's Manufacturer of the Year Awards (PMAYA).

The Commission shall inform the implementing partner at least 1 month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts and, inter alia, provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, one contract for evaluation services shall be concluded in early of year 2 of the action.

#### **5.10 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the European Commission may, on the basis of a risk assessment, contract independent audits (including gender audits) or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded under a framework contract in year 3 of the action.

#### **5.11 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain gender-sensitive communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the European Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

## APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

Overall Objective (Impact)	Indicators, Baseline and Targets	Sources of Verification	Assumptions
Ensure access to affordable, reliable, sustainable and modern energy for all in Tanzania.	1. Percentage of energy efficiency resources contributing to the national energy balance (disaggregated by urban/rural areas and sex). <i>Baseline: 0% of non-biomass energy (2015)</i> <i>Target: x% of non-biomass energy (2020)</i>	Drawn from the partner's strategies, policy papers, masterplans, blue prints and any other document of relevance such as the IEA-published national energy balance and integrated resource plan (IRP) treating energy efficiency as a source.	
Specific Objective (Outcome)			
Streamlined Energy Efficiency actions make the energy portfolio of Tanzania more sustainable, gender inclusive and climate smart.	<p>O1) DCs and Non-DCs accept and follow EEAP regulatory requirements <i>Baseline: 0 (2017)</i> <i>Target: 200 (2020)</i></p> <p>O2) Actions implemented under the EEAP and LEEAP resulted in life cycle energy savings <i>Baseline: 0 MWh (2017)</i> <i>Target: x MWh (2020)</i></p> <p>O3) RE actions of EEAP or LEEAP result in life cycle RE electricity generation <i>Baseline: 0 MWh (2017)</i> <i>Target: y MWh (2020)</i></p> <p>O4) Higher qualification jobs for both men and women created (GAP-II 13.10 Ratio of female to male who have benefitted from Vocational Education and Training / Skills development and other active labour market programmes with EU support (EURF))</p>	<p>a) Appraisal report of progress made under National Energy Policy (NEP)</p> <p>b) Appraisal report of progress on National Five Year Development Plan 2016/17 – 2020/21</p> <p>c) Data from EWURA's License and Order Information System</p> <p>d) Official register managed by EWURA of certified EM and EA</p> <p>e) Annual EEAP progress report</p> <p>g) Facility Energy Efficiency Action Plan (FEEAP) of DCs</p> <p>h) Annual progress reports of the FEEAPs of DCs</p> <p>i) Annual EEAP impact report</p> <p>j) Energy audit reports</p>	<p>a) MEM continues to show political interest in RE and EE and provides sufficient human and financial resources for the power and energy sectors</p> <p>b) TANESCO and DNOs are managing power DSM Actions under the EEAP</p> <p>c) TANESCO financial losses are partially compensated</p> <p>d) TANESCO unbundling and restructuring commences 2018</p> <p>e) TANESCO EE unit is involved</p> <p>f) EWURA is willing and mandated to provide regulatory EEAP support</p>

	<p><i>Baseline: 0 (2017)</i> <i>Target: 300 (f) and 300 (m) (2020)</i></p> <p>O5) More jobs in energy sector in higher qualification jobs/management positions/overall particularly for women</p>	<p>k) Progress report based on adapted WEF gender gap index</p> <p>l) Assessment report of associated CO<sub>2</sub> mitigation of quantifiable EE savings and RE power plant additions.</p> <p>m) collect sex-disaggregated data on employment in energy-sector</p>	
Outputs	Indicators, Baseline and Targets	Sources of Verification	Assumptions
<p><b>Result 1:</b> The Legal, Regulatory, Institutional set-up, including administrative actions, will be strengthened to support implementation and introduction of Energy Efficiency actions (LRA-Actions).</p>	<p>A1) LRA Framework for certification, of EMs, EAs, accreditation of EA firms and notification of DCs is approved <i>Baseline: 0 (2017)</i> <i>Target: 1 (2019)</i></p> <p>A2) LRA Framework for Capacity Development (CD) of EMs and EAs and for staff in government institutions is approved <i>Baseline: 0 (2017)</i> <i>Target: 1 (2020)</i></p> <p>A3) Institutional framework for gender-responsive monitoring, reporting, evaluation and verification of EEAP, LEEAP and FEEAP progress, benefit/cost and ES impact is operational <i>Baseline: 0 (2017)</i> <i>Target: 1 (2020)</i></p> <p>A4) Gender audit implemented to assess institutional capacity for gender mainstreaming of MEM and TANESCO. <i>Baseline: 0 (2017)</i></p>	<p>a) EWURA notified DCs register at EWURA website</p> <p>b) MEM website</p> <p>c) Gazette of Tanzania</p> <p>d) Project annual progress report on LRA document development</p> <p>e) SE4ALL Secretariat Delivery Unit annual progress report</p> <p>f) EWURA certified EAs and EM and accredited EA firms register</p> <p>g) Register of EA and EM passing exam at training institute website</p> <p>h) Gender audit report with base-lines for human resource management (based on equal opportunities at all levels), for gender mainstreaming and gender indicators.</p> <p>i) WEPs subscribed by the Board of</p>	<p>a) MEM continues to show political interest in RE and EE (incl. EEAP) and provides sufficient human and financial resources for the power and energy sectors</p> <p>b) EWURA is charged to draft relevant rules and manage EM EA and DC registers</p> <p>c) EEAP is approved by MEM.</p> <p>d) Entities to manage training and examination of EMs and EAs have sufficient resources</p> <p>e) EWURA is provided with sufficient resources to manage the DC, EA and EM registers</p> <p>f) Capacity building for gender-responsive implementation, monitoring and verification is ensured</p>

	<p><i>Target: 1 (2017)</i></p> <p>A5) TANESCO engaged with UN's Women Empowerment Principles (WEP)<sup>5</sup>. Baseline: 0 principles put in practice (2017) Target: 5 WEPs put in practice (2020)</p> <p>A6) TANESCO formulate and implement a multiannual Gender Action Plan Baselines: to be identified in Gender Action Plan (2018) Targets: set in Gender Action Plan (2018-2021)</p>	<p>Directors of TANESCO.</p> <p>j) Gender Action Plan approved by the Board of Directors of TANESCO.</p> <p>k) Gender Action Plan put in practice and monitored by TANESCO.</p>	<p>g) TANESCO's Board of Directors is willing to engage with UN-Women WEPs</p>
<p><b>Result 2:</b> Quantifiable Investments in Energy Efficiency and renewable energy measures identified and implemented by Designated Consumers (Q-Actions).</p>	<p>B1) FEEAPs reviewed by independent experts and jointly improved by EM and EA <i>Baseline: 0 (2017)</i> <i>Target: 50 (2020)</i></p> <p>B2) SSM and DSM actions by TANESCO listed in the EEAP are being implemented <i>Baseline: 0 (2017)</i> <i>Target: 5 actions (2020)</i></p> <p>B3) Percentage of the estimated total energy savings listed in the LEEAP realized <i>Baseline: 0% (2017)</i> <i>Target: 60% (2020)</i></p>	<p>a) DC's communication with EWURA concerning completion of energy audit report</p> <p>b) Submitted FEEAP reports to EWURA</p> <p>c) Annual DCs progress reports on FEEAP implementation</p> <p>d) FEEAPs Annual statistics of EWURA</p> <p>e) Annual financial report of TANESCO</p> <p>f) TANESCO submitted Tariff review and order of EWURA</p>	<p>a) The M&amp;V entity is in place to process and analyse FEEAPs submitted by DCs</p> <p>b) DCs are willing to procure EA services and employ Ems</p> <p>c) TANESCO DSM cell enabled and charged to manage and incentivize DSM projects at end-user site</p> <p>d) TANESCO SSM cell enabled and charged with reduction of cost effective technical system losses in generation transmission and distribution</p>

<sup>5</sup> Available at: <http://www.unwomen.org/en/partnerships/businesses-and-foundations/womens-empowerment-principles>

<p><b>Result 3:</b> Capacity and skills Developed, jobs created, and employability increased, particularly for women and youth, in the Energy Efficiency and renewable energy services and technology sector (CD-Actions).</p>	<p>C1) Energy Manager and Energy Auditor trained and took the exam <i>Baseline: 0 (f) and 0 (m) (2017)</i> <i>Target: 180 (f/50% youth) and 180 (m/50% youth) (2020)</i></p> <p>C2) Lifelong learning seminars (3L) attended by relevant stakeholders (DC's, EA, EM, private and public institutions, institutes of higher learning and research, SE technology providers) <i>Baseline: 0 (2017)</i> <i>Target: 12 (2020)</i></p> <p>C3) Local government staff trained to jointly prepare and implement the LEEAP <i>Baseline: 0 (2018)</i> <i>Target: 10 (f), 20 (m) (2020)</i></p> <p>C4) Training, examination, certification of women to become EPC assessors for DC and Non-DC larger buildings. <i>Baseline: 0 (2018) - Target: 100 (2020)</i></p> <p>C5) TANESCO accomplishes 5 targets of the WEPs, as reflected in the company's gender action plan. <i>Baseline: 0 (2017)</i> <i>Target: to be defined in TANESCO's gender action plan.</i></p>	<p>a) Training modules produced for Energy Managers/Auditors, to create gender responsive skills and knowledge for promoting a sustainable energy sector, including on-grid and off-grid energy efficiency and renewable energy services and technology in urban and rural areas.</p> <p>b) Annual report of entity in charge of training and examination of EA and EM candidates</p> <p>c) Published annual event calendar by MEM</p> <p>d) Seminar presentations on PE website</p> <p>e) Annual EEAP progress report by MEM</p> <p>f) Intergovernmental records between MEM and local Government authorities</p> <p>g) Local energy efficiency action plan (LEEAP) published by MEM</p> <p>h) Certified EPC assessor register of EWURA</p> <p>i) Course material, prospectus and examination results on CD entity webpage</p> <p>j) Progress reports on implementation of TANESCO's gender action plan.</p>	<p>a) MEM has charged a public entity (PE) training EM and EA and to conduct annual exams based on approved legal framework</p> <p>b) TANESCO willing and provided with resources to address end-consumer efficient use of electricity and its conservation</p> <p>c) Local Government provided with financial resources and staff training to manage LEEAP</p> <p>d) Exit strategy to make CD actions financially sustainable</p> <p>e) TANESCO willing to implement the Gender Action Plan.</p>
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<p><b>Result 4:</b> Public Relations and awareness, access to information, stakeholder dialogue and visibility of financial, economic and societal benefits of Energy Efficiency and renewable energy increased (PR-Actions).</p>	<p>D1) A gender-sensitive communication strategy for promoting EE and RE to key target groups, including women in poor urban and rural areas, adopted by several relevant institutions <i>Baseline: 0 (2018) Target: 8 (2019)</i></p> <p>D2) Numbers of visitors at the EEAP website <i>Baseline: 0 (2018) Target: 50,000 (2020)</i></p> <p>D3) Non-DC enterprises pledging to participate in EEAP or LEEAP with FEEAP <i>Baseline: 0 (2018)</i> <i>Target: 100 (2020)</i></p>	<p>a) List and profile of institutions that adopted communication strategy on EEA webpage (D1) b) Annual event calendar and public relation material of campaigns (D3) c) Set of promotional materials produced on EEAP webpage (D1 and D3) d) EEAP webpage visitor profile analytics and statistics d) Dedicated Non-DC pledging corner on EEAP webpage</p>	<p>a) There is an exit strategy to cover and distribute future public relations costs among public and private sector SE market actors b) A public or private sector host to establish, maintain and operate EEAP webpage found c) Financing of establishment and 3-year maintenance and operation of EEAP webpage is ensured</p>
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This action is funded by the European Union

## ANNEX 3

of the Commission Decision on the Annual Action Programme 2017 for Tanzania to be financed from the 11<sup>th</sup> European Development Fund

### **Action Document for Agri-Connect: Supporting value chains for shared prosperity**

1. Title/basic act/ CRIS number	Agri-Connect: Supporting value chains for shared prosperity CRIS number: TZ/FED/039-797 Financed under the 11 <sup>th</sup> European Development Fund (EDF)			
2. Zone benefiting from the action	Tanzania			
3. Programming document	National Indicative Programme (NIP) 2014-2020 for Tanzania			
4. Sector of concentration	Sustainable Agriculture	DEV. Aid: YES		
5. Amounts concerned	Total estimated cost: EUR 103 500 000 <i>(plus additional financing from Lead Financial Institutions)</i> Total amount of EDF contribution: EUR 100 000 000 <i>of which:</i> EUR 46 000 000 for Budget Support EUR 2 000 000 for Budget Support complementary support EUR 12 000 000 for Blending Facility  This action is co-financed by potential grant beneficiaries for an indicative amount of EUR 3 500 000. Blending Facility is co-financed by entities and for amounts specified in the indicative project pipeline which is an appendix of this Action Document			
6. Aid modalities and implementation modalities	Budget Support and Project modality Direct Management - Budget Support : Sector Reform Contract Indirect Management with the United Republic of Tanzania  Contribution to the Africa Investment Facility (AfIF) shall be implemented in indirect management by entities to be indicated in complementary financing decisions to be adopted at the end of the Regional Blending Facility award procedure.			
7. a) DAC code(s)	31120 Agricultural Development; 31161 Food Crop Production; 12240 Basic Nutrition; 43040 Rural Development; 21020 Road Infrastructure.			
b) Main Delivery Channel	20000 – Non-Governmental Organisations (NGOs) and civil society 12000 – Recipient Government			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development / good governance	<input type="checkbox"/>	X	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Gender equality (including Women in Development)	<input type="checkbox"/>	X	<input type="checkbox"/>



	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	<b>X</b>
	Reproductive, maternal, newborn and child health	<input type="checkbox"/>	<b>X</b>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	<input type="checkbox"/>	<b>X</b>	<input type="checkbox"/>
	Combat desertification	<b>X</b>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<b>X</b>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<b>X</b>	<input type="checkbox"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagship</b>	N/A			
<b>10. Sustainable Development Goals (SDGs)</b>	SDG 1 "End poverty in all its forms everywhere"; SDG 2 "End hunger, achieve food security and improved nutrition and sustainable agriculture"; SDG 5 "Achieve gender equality and empower all women and girls"; SDG 8 "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all"; SDG 9 "Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation"; SDG 13 "Take urgent action to combat climate change and its impacts".			

## SUMMARY

The Action "*Agri-Connect: Supporting value chains for shared prosperity*" contributes to two NIP objectives within Sustainable Agriculture: i) to generate agricultural wealth, through linking farmers to markets and value chains; and ii) to improve food and nutrition security, through improved access, availability, and use of food. The Programme contributes to SDGs 1, 2, 5, 8, 9 and 13 and is the Prosperity component of the new European Consensus on Development<sup>1</sup>, which promotes sustainable agriculture as a key driver for poverty eradication and sustainable development. An envelope of EUR 100 million has been earmarked for the programme under the 11<sup>th</sup> EDF. Agri-Connect will be implemented with both national and geo-targeted components [i.e. selected Southern Highlands and Southern regions (Iringa, Njombe, Mbeya, Songwe, Katavi, Ruvuma, potentially Mtwara Region and Lindi Town), and Zanzibar]. The Overall Objective is to contribute to inclusive economic growth, promote private sector development and job creation in the agricultural sector and to increase food and nutrition security in Tanzania. This objective will be attained through achievement of the following results:

Result 1: Sector enablers and business environment are improved

Result 2: Tea, Coffee and Horticulture value chains are developed

Result 3: The conditions of rural roads are improved

Result 4: Levels of knowledge and adoption of good nutrition practices are increased

Result 1 will focus on: i) improving policy, regulatory, and legislative frameworks governing the target value chains; ii) strengthening trade related services; iii) facilitating dialogue and coordination among value chain stakeholders; and iv) increasing Local Government's capacity to tackle malnutrition and foster growth of target value chains.

Result 2 targets private sector value chain actors and smallholder farmers. Private sector development will be facilitated through a blending mechanism that will encourage increased availability of financial products and services to small and medium enterprises operating within

<sup>1</sup> OJ C 210 of 30.6.2017.

the target value chains. Smallholder initiatives will focus on increasing farmer's productivity, resource efficiency, diversity and profitability through targeted actions for capacity development (Good Agricultural Practices in nutrition-sensitive and Climate Smart Agriculture, green technologies), market linkages, and aggregation of farmers.

Result 3 will address transport bottlenecks in the target value chains by improving rural roads conditions and transport infrastructure in selected areas. This component will be implemented in coordination with District Authorities and value chain stakeholders.

Result 4 will focus on tackling malnutrition through a national awareness raising campaign. In addition, nutrition will be mainstreamed in the other results areas.

The four results will target youth and women as key actors in the value chains.

## **1 CONTEXT**

### **1.1 Sector overview**

While the relative share of the agriculture sector over Gross Domestic Product (GDP) is decreasing, it remains the mainstay of the Tanzanian economy employing almost 66 % of the population (2014). It contributes about 30% of the country's GDP and 20% of export earnings<sup>2</sup>. As such, the agriculture sector remains a key driver for poverty eradication and sustainable development. Despite the availability of abundant productive land and rich soils well suited for agriculture, the average agricultural growth rate was nevertheless only 3.9 % per annum 2006-2014 and substantial investment in the sector is required in order to develop its potential. An estimated 55% of the land could be used for agriculture, while today only about 6% is cultivated. In addition, climate change is expected to increasingly have a negative impact on agricultural productivity unless appropriate action is taken to promote climate resilient farming practices and integrate them into production. As the security of agriculturally based livelihoods becomes more precarious, an additional challenge is the growing rate of rural–urban migration, adding to the already significant urbanisation trend in the country. Tanzania is struggling with large cohorts of young people entering the labour market every year as demonstrated by the fact that youth unemployment rates in mainland Tanzania stood at 13.7 % in 2014, while in Zanzibar it is estimated to be higher.

#### ***1.1.1 Public Policy Assessment and the EU Policy Framework***

The Programme Agri-Connect aligns well with Tanzania's clearly articulated medium- and long-term policy framework for the agricultural sector. Through its Development Vision 2025 and Vision 2020 for Zanzibar, the United Republic of Tanzania has the ambition to become a middle income country by 2025. The Five Year Development Plan (FYDP 2016/2017 - 2020/2021) "*Nurturing Industrialisation for Economic Transformation and Human Development*") is the cornerstone of this process and builds the foundation for structural changes and socially inclusive development. Agriculture remains central to Tanzania's industrialisation as it provides markets for industrial products and raw materials for industries. The performance of the agricultural sector, though improved, remains far short of Vision 2025 targets. The FYDP II will direct efforts at consolidating and further scaling up the achievements so far recorded, including strengthening agricultural marketing to ensure profitability.

Agri-connect is consistent with the 2011-21 Tanzania Agriculture and Food Security Investment Plan (TAFSIP), a comprehensive road map identifying priority areas for public and

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<sup>2</sup> Tanzania's Five Year Development Plan II.

private investments to promote growth, rural development, food security and nutrition<sup>3</sup>. TAFSIP reflects the African Union Comprehensive Africa Agriculture Development Programme (CAADP) targets, namely to raise the annual agricultural productivity to a minimum of 6% and increase government investments in agriculture to at least 10% of the annual national budgets; TAFSIP also integrates the multi-sectoral commitments of the 2014 Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods<sup>4</sup>. The Tanzania Agricultural Sector Development Strategies (ASDS I and II) both provide for sector-wide frameworks. They are to be implemented through the Agricultural Sector Development Programme (ASDP).

The second phase of the ASDP is expected to cover the period 2017-2022 and is focused on four pillars: 1) sustainable water and land use management; 2) enhanced agricultural productivity and profitability; 3) rural commercialisation and value addition, and 4) strengthening sector enablers and coordination, in reverse order of prioritisation. Agri-Connect is fully aligned to the ASDP II objectives and priorities, its clustering approach prioritised commodities.

Additionally, Agri-Connect is also consistent with the Government's 2016 Food and Nutrition Policy, and contributes to the objectives of the National Multi-sectoral Nutrition Action Plan (NMNAP) 2016–2021, coordinated by the Prime Minister's Office, which aims to reduce stunting from 34% in 2015 to 28% by 2021 and improve nutritional status, especially for women and children.

Agri-Connect reflects principles of gender equality embedded in Tanzanian laws and policy frameworks. Inspired by the Constitution of the United Republic of Tanzania, the Women and Gender Development Policy (2000, currently under review) and the Strategy for Gender Development (2005), offer a comprehensive framework to mainstream gender in sectoral policies and programmes. Moreover, Tanzania has in place institutional mechanism for enhancing gender mainstreaming in the national planning and budgeting processes in Government Ministries and public institutions. The country pioneered Gender-Responsive budgeting.

The National Agricultural Policy (NAP) (2013) commits the Government to promote gender equitable land tenure governance and complements provisions of the Land Act of 1999 and the Village Land Act of 1999, which stipulate women's rights to own and dispose of land; the enforcement of such laws is not applied evenly across the country. Specific policies and provisions<sup>5</sup> aimed at improving women's rights (reform of property laws to establish equal rights to acquire, own and use land, National Strategy for Gender Development) and deliberate affirmative actions were undertaken to include women in decision-making positions. Despite efforts, participation and representation of women in leadership positions and decision making organs remains low and, in practice, gender equality remains unaccomplished<sup>6</sup>. Tanzania ranks 129 (out of 159 countries) in the 2015 UNDP Gender Inequality Index. Tanzania has ratified main international and regional women's rights protection instruments. In addition, Tanzania is inspired by the East African Community Treaty and the EAC Gender and Community Development Strategic Plan, recognising the participation of women in business, trade and

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<sup>3</sup> The Government launched several initiatives to foster private-sector led growth in agriculture, such as the 2009 Kilimo Kwanza ("Agriculture First"), the Southern Agriculture Growth Corridor of Tanzania (SAGCOT) and Big Results Now.

<sup>4</sup> For reference: <https://www.au.int/web/en/documents/31247/malabo-declaration-201411-26>

<sup>5</sup> The National Labour Policy, the Sexual offence Act, the 2014 Education, Science and Technology policy, etc.

<sup>6</sup> Challenges remain at various levels: institutional mandates are unfocused and poorly resources; Gender Responsive Budgeting initiatives are not fully implemented. Gaps exist between gender-sensitive policies and laws and their implementation; also, gender-based violence is a critical problem starting at the household level (TDHS 2010 reports).

investment as a priority for equitable socio economic development<sup>7</sup>. The SADC policy and the Protocol on Gender and Development also aim at empowerment of women and gender equality through development and implementation of gender responsive legislation, policies, programmes and projects<sup>8</sup>.

The Government has a wide range of policies designed to promote private sector development, including the Small and Medium Enterprise Development Policy of 2002, the Sustainable Industrial Development Policy (1996-2020), the Strategic Trade Policy (2002–2007) which is due to be revised, the 2000 National Micro-Finance Policy, and the National Employment Policy. Other government-led reform measures designed to improve the country's business and investment prospects include the Agricultural Sector Reform Programme, the Legal Sector Reform Programme and the revised Gas policy of 2015.

When it comes to rural roads, the President's Office Regional Administration and Local Government (PO-RALG), Directorate of Infrastructure Development (DID) oversee the management of 108,946 km of district, urban and feeder roads of which 52,241 km are gazetted. A newly established (since 1 July 2017) Tanzania Rural and Urban Roads Agency (TARURA) is now responsible for implementation of development and maintenance programmes for the urban and rural roads. DID will remain responsible for monitoring all the infrastructure works from identification, prioritisation and approving the projects to be implemented by TARURA. Chief Executive for TARURA will sign performance agreements with PS PO-RALG for implementation of development projects. Currently the local government system employs about 1,000 Municipal, Town and District engineers and technicians, an average of about 6 per Local Government Authority (LGA) to manage a typical road network of up to 300-400 km of gazetted roads. Despite improvement in recent years, the LGAs remain heavily understaffed. Besides roads, LGA engineers and technicians are also responsible for other civil engineering works in their administrative jurisdictions. With effect from 1 July 2017, all District Engineers (DEs) from all 186 LGAs and all Regional Secretariat (RS) Engineers from all 26 regions have been transferred to TARURA and are now known as Council Engineers and Regional Coordinators respectively. The DID which used to be a unit of 15-20 engineers now remains with about 7 engineers, with the rest also transferred to TARURA headquarters. Concerning rural road financing, all funding for rural roads maintenance and development is sourced from the Road Fund (RF). The Road Fund Board (RFB) is responsible for collection, distribution and monitoring the appropriate use of Road Fund revenues for the purpose of road maintenance: fuel levies, transit fees and vehicle overloading fines. RF budgets are allocated to Ministry of Works, Transport and Communications (MWTC) (TANROADS) and PO-RALG (LGAs). A maximum of 10% of the total RF budget is earmarked for road development works.

Agri-Connect integrates key elements of the 2011 EU Agenda for Change<sup>9</sup>, the 2030 Agenda for Sustainable Development, and the New European Consensus on Development, including a focus on: i) inclusive and sustainable economic growth (Prosperity); ii) women's empowerment and youth engagement (People); iii) technology transfer for climate adaptation and mitigating strategies (Planet); iv) focus on smallholder farmers, producer groups, marketing and supply chains, and government initiatives to promote private sector environment; v) innovative finance mechanisms; and vi), improved food and nutrition security. In addition, it clearly reflects policy orientations of the 2014 Communication on "A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing

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<sup>7</sup> <http://www.eac.int/sectors/gender-community-development-and-civil-society/gender-and-women>

<sup>8</sup> <http://www.sadc.int/issues/gender/>

<sup>9</sup> COM(2011)637 final of 13.10.2011.

Countries<sup>10</sup> including on empowering women as entrepreneurs and workers. It is in line with the EU Plan of Action on gender equality and women's empowerment in development and the EU Gender Action Plan II<sup>11</sup> (2016-2020); it also reflects principles of the 2013 Communication "Enhancing Maternal and Child Nutrition in External Assistance"<sup>12</sup>.

### ***1.1.2 Stakeholder Analysis***

During the formulation of Agri-Connect, commodity reviews and value chain analysis (VCA) were carried out. This section details issues commonly identified among stakeholders of the three prioritised value chains. In addition, section 1.1.3 provides specific analysis on value chain actors detailed by crop/value chain.

- a) The primary target group is composed of smallholder farmers, including women and youth. Although Agri-Connect will catalyse increased income and employment throughout the targeted value chains, it will focus especially on improved livelihoods and nutrition of small-scale farmers. Small-scale farmers represent 80% of agricultural producers in Tanzania, of whom 75% are women<sup>13</sup>. Women have limited and unequal access to education and production factors as finance and land, constraining their role in value chain development and entrepreneurship. Youth are less active in agriculture, with over 64% of farmers being above the age of 40, although horticulture increasingly attracts young generations as it offers on -farm and off-farm jobs and income opportunities, and quicker returns over investments. Agri-Connect specifically targets women and the youth as agents of change and key actors for business development.
- b) Private sector value chain actors have the potential to significantly increase smallholder agricultural productivity, sales volumes, and incomes. These include input suppliers, service providers, aggregators and warehouse operators, processors and exporters. Unfavorable tax policies, limited access to affordable capital, and an uncertain macro-economic environment are key constraints to increased investment in agriculture by the Tanzanian private sector.
- c) Tanzanian banks and other financial institutions can address critical access to finance constraints faced by smallholder farmers and processors. There is limited availability of financial products for private sector investments in the three value chains. Women are particularly affected by limited access to credit, also due to insecurity of land tenure affecting loan collaterals; Savings and Credit Co-operative Societies (SACCOs) supervised under the Co-operative Societies Act, and Village Cooperative Banks (VICOBA) are considered effective micro-finance formulas. Improved risk assessment capacity, access to lower cost capital, expanded loan guarantee schemes, and innovative insurance products have the potential to greatly increase the flow of finance to target value chain stakeholders.
- d) Tanzanian public sector institutions such as the Ministry of Agriculture, Livestock and Fisheries (MALF) and the national sector Institutions, the Ministry of Finance and Planning (MoFP), the Ministry of Industry, Trade and Investment, and their equivalent in Zanzibar, are key partners. The programme partners will work closely with public institutions such as:

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<sup>10</sup> COM (2014) 263 final of 13.5.2014.

<sup>11</sup> SWD(2015)182 final of 21.9.2015.

<sup>12</sup> COM(2013)141 final of 12.3.2013.

<sup>13</sup> The Economic Lives of Smallholders, FAO, 2015 and "The Real Farmers of Tanzania", Foreign Policy, Oct. 2015.

- ✓ Prime Minister's Office (Scaling-Up Nutrition Focal Point) and Tanzania Food and Nutrition Centre, on the National Multi-sectoral Nutrition Action Plan implementation;
  - ✓ Ministry of Industry, Trade and Investment (MITI), responsible for providing a conducive environment for growth and trade through private sector development;
  - ✓ Vice President's Office Division on Environment;
  - ✓ Local government authorities (LGAs) responsible for the design and implementation of economic development initiatives (DADPs). They were also managing rural roads network before the establishment of Tanzania Rural and Urban Roads Agency (TARURA). LGA's are the key implementers of both the activities at local level with regards to agriculture results 1, 2 and 4 and the "rural roads" component result 3;
  - ✓ Ministry of Works, Transport and Communication (MWTC), responsible for development of policies, strategies, plans and budgets of the road transport sector;
  - ✓ Road Fund Board: main financial partner, receiving and managing the funds of the "rural roads" project's component 3. Their institutional and financial management capacity is high thus ensuring a smooth implementation of financial flows;
  - ✓ The President's Office – Regional Administration and Local Government (PO-RALG): the main interlocutor of the "rural roads" component (DID) and of activities related to agriculture at local level, ensuring definition of project priorities and identification of priority areas of intervention, as well as coordination with central level;
  - ✓ TANROADS: agency in charge of national roads management, including weighbridges stations; it is key to provide data on agricultural products quantities transported along the national trunk roads;
  - ✓ TARURA: newly established agency (since 1<sup>st</sup> July 2017) in charge of urban and rural roads management.
- e) Academia: education institutions play a key role in the agricultural sector. In particular, the University of Sokoine has well-established outreach programmes to train farmers and agricultural extension officers, particularly in horticulture. Few other centres (Tengeru centre and the Asian Vegetable Research and Development Centre) are specialised on trainings in horticulture production, processing and marketing. Limited research is developed on horticultural crops as seeds and planting materials are usually imported; no specific university level courses exist on coffee and tea value chains. There are well established Research Centres for tea (TRIT) and coffee (TaCRI). Operating also as service providers, they support farmers and rural communities with research products, extension and training, adapted technology and planting materials.
- f) Civil Society Organisations play essential roles in supporting small-scale farmers, both through advocacy and service provision. They are leading grass-root approaches to nutrition-sensitive agriculture, financial inclusion and women empowerment in rural Tanzania. National CSOs and Community Based Organisations are active but poorly resourced to unleash their potential, both their policy role for improved accountability and to support small holder farmers' development, women empowerment and tackling malnutrition. International NGOs (AKF, Helvetas, VSO, World Vision, CEFA, FarmAfrica, CARE International, Neumann Foundation, SNV among others) have tested successful innovative approaches with great potential for replication and scaling-up<sup>14</sup>.

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<sup>14</sup> The formulation mission assessed positively the capacities of large INGOs, and pointed to their potential role as implementing partners for Agri-connect.

**Stakeholder Consultations:** in November 2016, the EU Delegation launched the identification and formulation process for the design of Agri-Connect. A team of independent experts<sup>15</sup> was recruited to conduct sector reviews based on value chain analysis, studies on access to agricultural credit, and field visits in selected regions in mainland and Zanzibar, corresponding to different agro-ecological zones of the country. During eight months, multiple consultations and validation workshops were held with Government counterparts from mainland Tanzania and Zanzibar<sup>16</sup>. EU Member States, Development Partners, international organisations and UN have been closely associated in the formulation process, also through the Nutrition and Agriculture Working Groups. CSOs, farmers and women farmer groups, cooperatives and private sector companies were interviewed during field visits. Value Chain organisations (including TAHA, the Coffee and Tea Boards) and the University of Sokoine among others, were also consulted.

### ***1.1.3 Priority Areas for Support/Problem Analysis***

Agriculture remains the mainstay of the Tanzanian economy, employing almost 66% of the population (2014). The sector contributes with roughly 30% of the country's GDP and 20% of export earnings.

Two key factors have been driving the design of this Action: 1) agriculture is characterised by low levels of production, productivity and access to local, regional and international markets, which constrain competitiveness and limit income opportunities for smallholder farmers, and 2) persistent levels of stunting, wasting and micronutrient deficiencies in Tanzania constitute a silent emergency.

Despite the availability of abundant productive land and rich soils well suited for agriculture, low adoption of good agronomic practices and under-investment in inputs and technologies constrains agricultural productivity and farmer incomes. Weak market linkages and inefficient processing technologies constrain demand for agricultural outputs, and limits value addition that could increase incomes throughout the sector. Climate change and unsustainable cultivation practices also cause deforestation and land degradation, affecting the environment and increasing vulnerability, particularly since livelihoods opportunities depend on rain-fed agricultural systems. Last but not least, low income and limited diversification of production, combined with poor nutritional behavior results in high rates of malnutrition throughout the country. Stunting rates of children reach on average 34% and in some regions is above 40%.

Against this background, the EU Delegation has identified priority areas of intervention based on technical recommendations of the Government of Tanzania, commodity reviews, Value Chain Analysis, and broader stakeholders' consultations (as described in section 1.1.2).

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<sup>15</sup> Two teams of experts specialised in agronomy (including on specific crops), nutrition, gender, private sector development, agricultural finance and EU blending operations.

<sup>16</sup> Several consultation and validation workshops took place in Dar es Salaam between December 2016 and June 2017 with NAO/ Ministry of Finance and Planning, Alternate NAO from Zanzibar, Ministry of Agriculture from mainland and Zanzibar, Ministerial Gender Working Group, Prime Minister's Office and PO RALG; LGAs were consulted during field visits.

Priority is given to the development of the **coffee, tea and horticulture value-chains**, offering the highest potential for smallholders' increased income and nutrition based on, inter alia:

- Agro-ecological conditions for potential increased productivity, production and quality;
- Potential for local value addition, local industrial development and opportunities for commercialisation (domestically, regionally and on international markets);
- Opportunities for reaching premium markets and prices (ex. certified organic);
- Trade impact (in 2012-2016 coffee, tea and horticulture represented the highest share of agricultural food export to the EU<sup>17</sup>);
- Opportunities for on-farm and off-farm job creation, income opportunities and entrepreneurship (and specifically for women and youth, particularly in the expanding horticulture sector) and multiplier effect on value chain actors;
- Production characteristics, potential for diversification and intercropping, and impact on household income;
- Direct impact on nutrition of horticulture products (for micro-nutrients, vitamins, minerals in vegetables and fruits); opportunity to improve high stunting rates in tea and coffee regions through promotion of diversified production and consumption;
- Opportunity to capitalise on the decade-long support to Agricultural Research (24 new pest and drought resistant coffee varieties and tea clonal varieties developed through EU support<sup>18</sup> and available on the market for multiplication and adoption);
- Complementarities with the 11<sup>th</sup> EDF EAC Regional Programme MARK-UP, targeting the same value chains. MARK-UP Tanzania focuses on market research and incentives for adoption of voluntary certifications (such as Fair Trade, Rainforest Alliance, Organic certifications, etc.).

**Coffee** is Tanzania's third largest export crop contributing 14.1% of total export value. The country is the fourth largest coffee producer in Africa, for both Arabica and Robusta. Tanzania is endowed with abundant land with appropriate altitude, temperature, rainfall and soil suitable for high quality coffee production. More than 450,000 farm families and 110 estates derive their livelihoods from growing coffee with 2,000,000 additional people employed directly or indirectly in the industry<sup>19</sup>. Women are traditionally active in weeding, harvesting and processing. Youth are less interest in farming but are increasingly active in coffee processing. Coffee is semi-processed locally (it is not roasted for minimising aroma contamination); domestic consumption is on the rise; this niche is captured by an increasing number of local brands adopting small coffee processing units.

Coffee growers associations and cooperatives are structured and well represented in the established Tanzania Coffee Board along with processors and coffee traders; for inputs, the supply scheme is similar to the tea sector; the well-established Tanzania Coffee Research Institute (previously supported by the EU under the Stabex Funds, the 9<sup>th</sup> and 10<sup>th</sup> EDF) provides for drought and pest resistant varieties (for both Arabica and Robusta qualities), multiplied in nurseries. Despite the Coffee Industry Development Strategy goal of reaching 100,000 metric tons (MT) by 2021, production in 2016 totalled 59,502 MT, worth USD 173.6 million (55% Arabica and 45% Robusta).

<sup>17</sup> Semi-processed unroasted coffee, tea in bulk and tropical fruit and vegetables (along with tobacco). Data is available online at: [https://ec.europa.eu/agriculture/sites/agriculture/files/trade-analysis/statistics/outside-eu/countries/agrifood-tanzania\\_en.pdf](https://ec.europa.eu/agriculture/sites/agriculture/files/trade-analysis/statistics/outside-eu/countries/agrifood-tanzania_en.pdf)

<sup>18</sup> See section on lessons learnt (TASP I and TASP II Programmes).

<sup>19</sup> Tanzania Coffee Research Institute (TaCRI).



The Tanzanian coffee sector faces several challenges, including extremely low productivity due to aging trees and inadequate access to inputs, including improved-variety planting material; poor adoption of good agricultural and climate-smart practices (ex. Arabica production is likely to be impacted significantly by climate change, especially under 1500 masl; therefore, climate resilient practices need to be promoted and integrated into production); lack of on-farm and community level processing and value addition; low profits and profitability for coffee farmers; lack of competitive marketing channels due to auctions system and export licensing requirements; limited sector integration and shared-value business models between large exporters and farmers; high prevalence of cross-border smuggling (20% of total production) especially for Robusta coffee; aging producers; high producer taxation; limited adoption of voluntary certifications.

**Tea** is the fifth largest Tanzanian export crop, and Tanzania is the fourth major tea producer in Africa after Kenya, Uganda and Malawi. Tea contributes 1% of the country's GDP while accounting for 3.8% of the annual revenue in the agricultural sector. The tea industry is an important employer with a direct labour force of around 30,000 farmers of which women represent about 50%, with important roles in crop management and harvesting. Youth in the sector are particularly interested in mechanised picking (vs hand picking) through innovative technologies now available on the market. Tea employment is year-round, unlike other crops. The sector is equally divided between large estates and smallholders, whereby large estates operate through out-grower schemes and are usually also processors. The Tanzania Smallholder Tea Development Agency is mandated to support smallholder tea growers. Associations of tea growers exist and are represented within the Tea Board of Tanzania. Inputs are usually provided for on a commercial basis. Input credit is not always available, and when available is usually provided through factory-sponsored input contracts (repaid in 'green leaf' production). The Tea Research Institute (also previously supported by the EU under the Stabex Funds, the 9<sup>th</sup> and 10<sup>th</sup> EDF) is equipped to provide tea planting material (drought and pest resistant clonal varieties), propagated in nurseries. Also private nurseries exist. Tea from Tanzania fetches low average prices compared to tea from other East African Countries.

The low profitability of smallholder tea farmers can be attributed to (i) low quality of the tea produced (ii) low productivity – due to limited investment in planting materials (i.e. seedling vs. clonal varieties), research, extension, limited access to inputs (iii) high production and processing costs – caused by high input costs, tax structure, poor infrastructure, use of poor processing technology and high labour costs and (iv) market failures caused by the asymmetric market information and low bargaining power of smallholder farmers.

The tea value chain is highly taxed (VAT, turnover tax, land rent, property Tax on Plantation, Produce cess), in addition to costs incurred to comply with standards, health and safety requirements, weight and measurement inspections and verifications, etc. Processing, packaging, storage, distribution and marketing costs are incurred by the processing firms and/or tea buyers. Triggering inclusive development of the sector will require increasing smallholders' share of the processed tea price, also through smallholder-owned processing facilities. Marketing of processed tea is mainly done by the tea processing factories through the auction market in Kenya (Mombasa), domestic sales to domestic blenders and direct sales to foreign blending companies.

In the tea value chain, **transportation** forms a large part of the costs of production of made tea. Poor road infrastructure in tea growing areas leads to substantial physical and quality loss due to green leaves not reaching the processing factory on time: green leaves have to be processed within 4-6 hours from picking.

The **horticulture** industry is the fastest growing sub-sector (8-10% per annum), encompassing the production, processing and marketing of fruits, vegetables, seeds, spices and herbs in general. Opportunities to be gained from expansion of the horticultural sector include i) employment (the fruit and vegetable industry employs a significant number of young people and women) and ii) the potential of fresh fruits and vegetables to combat the chronic under-nutrition of children under-five prevalent in most regions in Tanzania. It is estimated that the sector employs 450,000 small scale farmers. Most production, at least of fruit and vegetables, is carried out by farmers with plot sizes of 0.1-2.0 hectares; 65 to 70% are women and progressively also youth. The majority of jobs are in production since it is more labour intensive than staple crops and generates considerable employment for planting, weeding and harvesting. Although production is countrywide, expansion flourishes particularly in semi-urban areas with favouring access to markets. Farmers are mainly individuals (hardly federated in production groups) but associations such as the Tanzania Horticultural Association (TAHA) which is articulated nationwide, including in Zanzibar); Mtandao wa Vikundi vya Wakulima Tanzania (MVIWATA), a national farmers advocacy network; also crop-based associations (such as the Mango Growers AMAGRO, etc), or geographically-based associations (e.g. FAIDA Market Link Company, etc.) are functioning. Existing private agro dealers companies are i) seed and fertilisers providers; ii) producers of vegetables, seeds and fruits, mainly with out-grower schemes; iii) agro processors (producing juices, canned products, etc); iv) distributors and packaging companies; v) exporters. Many off-farm jobs are created, as well as skilled high-paying jobs in processing, in addition to low-paying and casual daily work such as carriers at wholesale and retail markets and handcart drivers at the markets. The growth of the horticulture sector is hampered by: lack of appropriate technologies in production, small scale production, highly vulnerability to climate change, with large proportion of farming relying on rain-fed agriculture, poor harvesting and postharvest handling, poor adherence to grading and quality standards, lack of improved cultivars, lack of knowledge and skills on good agricultural practices, weak agro-processing capacity, and poor access to finance and markets.

Major challenges associated with export markets are sanitary and phytosanitary measures, health, safety and environmental requirements, quality requirements, insufficient large-scale exporters to drive the sector forward, lack of professional export and packing operations capable of meeting international market standards, low and inconsistent supply of agricultural produce, foreign exchange factors and competition. There is also a disconnect between supply and demand due to asymmetric access to information, which, combined with constraints at each stage of the value chain, continue to undermine the potential for the horticulture sector.

Against this background, major challenges to be addressed by Agri-Connect are those that directly hinder the development of the selected value chains, and in particular:

1. A weak enabling environment constrains development and growth, particularly hampering private sector investments in the three value chains. This includes excessive and complex tax policies and their uneven application, burdensome licensing and export procedures, inefficient and market-distorting pricing mechanisms, constrained access to finance also due to a lack of de-risking mechanisms, and opaque land titling policies. Furthermore, it includes poor dialogue and coordination among and between public and private stakeholders, weak governance of producer groups, and limited local government capacity to contribute to agricultural development.
2. Low productivity and production are constraining smallholder incomes. Low production volumes in tea are driving low capacity utilisation rates and higher unit costs of processing which in turn are driving down green leaf prices to farmers. Key factors contributing to low productivity include: limited access to finance, limited access to inputs such as fertilizer, planting material, and crop-protection products, low knowledge and adoption

of climate-smart, good agricultural practices, limited reach and effectiveness of public and private extension services, poor harvesting and post-harvest handling techniques and technologies and limited use of water-conserving small-scale irrigation schemes and greenhouse technologies.

3. Inefficient and inadequate processing capacity limits value addition and demand for agricultural outputs. Processing of horticulture is greatly underdeveloped and the quantity and quality of processing (jams, juices, etc) is low. Coffee farmers fail to capture value-addition opportunities presented by small-scale coffee processing units (e.g. wet milling for Arabica). Most tea processors are using outdated, inefficient equipment. Existing technologies for agricultural processing can be environmentally polluting and consume large amounts of (often scarce) water. Environmental sustainability of processing should be addressed (e.g. water cleaning/recycling technologies).

4. Weak market linkages and marketing constrain value-addition at several stages of the target value chains including weak aggregation networks and collective marketing, limited sorting and grading of product, weak out-grower networks including high-incidence of side selling, poor rural infrastructure, limited producer marketing skills, low rates of penetration of export markets, and poor knowledge and adoption of product quality standards, especially for export markets. Women enjoy lower mobility, less access to training and market information making it harder to maintain a profitable market niche thereby reducing their market effectiveness.

5. Poor rural road and transportation networks result in increased spoilage (horticulture and tea), increased time and cost to transport goods to market, and inconsistent and inadequate supply volumes for viable processing.

6. Limited knowledge, availability, access to, and utilisation of nutritious food are responsible for high rates of malnutrition, especially among women and children. Six Districts have stunting rates above 40% (four of which are targeted by Agri-Connect) and twelve Districts with stunting rates between 30-39%. Rates of stunting and wasting do not decrease markedly as household incomes increase, indicating either poor knowledge of optimal nutrition practices or poor adoption of optimal nutrition practices, or both.

7. Limited access of women to production assets and business development opportunities. Girls and women face limited access to specialised know-how. The application of multiple statutory, customary and religious laws constrains women even further in term of accessing their legal rights including land ownership. This has also repercussions on financial credit opportunities due to lack of collaterals. Women suffer from a marginal representation in management and decision-making positions in farmers associations and cooperatives.

## **1.2 Other areas of assessment**

### ***1.2.1 Fundamental values***

The EU Delegation provided a full analysis of fundamental values in April 2014 which concluded that the political environment in Tanzania has not been a constraining factor to key universal Human Rights priorities. Since this assessment, the Risk Management Framework (RMF) has been regularly monitored and its last assessment was examined by the Budget Support Steering Committee in March 2017. It concluded at the time that the political risk (including dimensions on Human Rights, Democracy, and Rule of Law) remained moderate. The EU Delegation will continue to monitor the risks identified and reported through the Risk Management Framework.

It is concluded that while pre-conditions for a budget support operation continues to be considered as met, careful monitoring and close follow-up is required. In March 2017, the Risk Management Framework (RMF) was adopted by the Budget Support Steering Committee and developments on fundamental values will continue to be reported to this Committee as well as through the revision of the RMF.

### ***1.2.2 Macroeconomic policy***

Tanzania's macro-fiscal framework continues to be on course and economic growth is still strong: the GDP growth rate averaged 7% over the past 5 years. However the agriculture sector has underperformed, growing at less than 4%. The Government seeks to transform the macroeconomic structure from a low productivity agricultural sector into a semi-industrialised one by 2025, led by modernised and highly productive agriculture sector. The agriculture sector provides 30% of exports of goods, 65% of inputs to the industrial sector and employs 67% of the population. Women account for 75% of the agriculture labour force.

The macroeconomic risk is assessed as low in the Risk Management Framework (RMF). This assessment is supported by the IMF's positive appraisal under the sixth Policy Support Instrument (PSI) review, which was approved by the Board on 26 June 2017 based on a staff mission in April 2017. The IMF confirmed that the macro fiscal framework remains overall in line with the targets set in the PSI programme. A new PSI agreement is under preparation, due to start after January 2018.

The IMF reports "notable progress" in stepping up domestic revenue collection. According to MoFP figures, in fiscal year 2015/16, domestic revenue collection amounted to TZS 14.139 trillion against a budget target of TZS 13.998 trillion, a 101% domestic revenue mobilisation outturn. Revenue collections during the 2016/17 fiscal year have continued to surpass those of the previous year, although they are likely to have fallen short of the ambitious targets, according to Government and IMF figures (final data not yet available).

In terms of public expenditure, the 2015/16 budget saw significant overruns in recurrent spending and significant shortfalls in development spending. In 2016/17, the level of government spending is likely to fall well short of budgeted levels because of tightly controlled recurrent spending and delays in securing external financing.

Overall, the fiscal deficit in 2015/16 was lower than budgeted and largely financed by domestic borrowing. The fiscal deficit in 2015/16 stood at 3.5% of GDP, slightly higher than the figure of 3.3% recorded in 2014/15, but significantly lower than the budget target of 4.2%. The Government achieved this fiscal deficit through increased domestic revenue collection, postponing some development spending and controlling recurrent expenditure and corruption, especially during the second half of the fiscal year. Moderate over the past two years, the inflation rate has been in line with the authorities' medium-term inflation plan. Data from Bank of Tanzania (BoT)<sup>20</sup> shows that year-on-year headline inflation was 6.1% in May 2017; in the past year it has evolved moderately around the medium-term target of 5.0% - and below the EAC convergence criteria of not more than 8.0% - and has just risen in the recent months due to food price inflation. Good rains in Tanzania's southern region should relieve pressures on food prices.

The current account deficit narrowed substantially to USD 1 508.9 million by May 2017<sup>21</sup>, almost half of the deficit recorded in previous year. The value of exports of goods and services

<sup>20</sup> BoT Monthly Economic Review (available online).

<sup>21</sup> Ibid.

narrowed to USD 8 775 million in the year ending May 2017 compared with USD 9 357 million in the year ending May 2016. The decline was reportedly on account of lower export value of manufactured goods exports, which outweighed the improvement in earnings from exports of traditional goods, gold, and travel (which is mainly tourism). Over the same period, imports of goods and payment for services declined by about 6.6%, with much of the decrease being noted in oil and capital goods, due to lower oil prices and the completion of some major projects. Gross foreign official reserves stood at USD 4 388.3 million at the end of May 2017 from USD 3 894.1 million at end May 2016, sufficient to cover about 4.3 months of projected imports of goods and services, excluding those financed by foreign direct investment.

While central government debt has increased to about 37% of GDP, public debt vulnerabilities remain limited, according to regular Debt Sustainability Analysis. The IMF found that Tanzania has room to borrow externally on concessional and non-concessional terms to meet its financing needs, although it has expressed concern about the very considerable level of arrears. Nonetheless, the IMF reported that the verification exercise completed in early 2017 resulted in a substantial decline in the stock of arrears by 1.8% of GDP to 2.9% of GDP, and work on settling arrears to pension funds is ongoing.

The medium term outlook remains favourable, though the economy continues to adjust to Government policies including tighter fiscal controls. The current administration has embarked upon a policy direction of improving public administration and clamping down on corruption. **Government prioritisation of agriculture needs to be fully matched with increasing public investment in the sector, deepening private-sector led agro-industrial growth as a way of transforming the macroeconomic structure.**

Based on this assessment, it is concluded that Tanzania has a credible stability-oriented macro-economic policy.

### **1.2.3 Public Financial Management (PFM)**

The PFM environment in Tanzania has continued to improve, although the pace of progress has been slower than expected. The fourth phase of the PFM reform strategy (PFMRP IV) is under closure (2012/2013 to 2016/2017), and the new five-year medium-term PFM Reform strategy (PFMRP V: 2017/18 to 2021/22) is just starting since July 2017, in line with the Five Year Development Plan (FYDP). The last PEFA (September 2013) concluded positively as to the improvements of the PFM systems, and the next PEFA is currently underway (expected September 2017), with good government engagement in the process.

A revision of the Public Procurement Act was undertaken in 2015/2016, with the adoption of amendments that will significantly reduce procurement duration and improve value-for-money purchases. A debt management policy was finalised and submitted to Cabinet Secretariat for approval, and the Government Loans, Guarantees and Grants Act (GLGGA) has been signed by the President. In addition, proposals for establishing a Debt Management Office were approved, though the operationalisation of the office is currently pending. The Ministry of Finance and Planning (MoFP) has developed internal capacity to undertake Debt Sustainability Analysis (DSA) on an on-going basis, with limited outside assistance; the latest analysis was carried out in November 2016 and it is published online. There has been also good progress in the consolidation process of recording and managing public assets, which is linked to the migration to IPSAS accruals accounting.

Budget Control and Oversight is also another PFM area that has experienced progress. The internal audit function has been institutionalised in the Internal Auditor General's department (IAGD) Office and across Ministries, Departments, Agencies (MDA), and LGAs. A number of capacity building programmes by IAGD for internal auditors and Audit committees from all MDAs, Regional Secretariats (RSs) and LGAs, were conducted to enhance quality of internal audit functions. In external audit area, the National Audit Office of Tanzania (NAOT) has continued prioritising the implementation of AFROSAI-E recommendations, in order to advance to level four. To enhance public access to information the Annual General Audit Reports were simplified and translated into Swahili, with 7 500 copies shared among the public. The Treasury Registrar (TR) office has continued to strengthen its oversight of parastatals, which has led to a significant increase in non-tax revenue collection from parastatals in FY 2015/16. The average compliance to the Public Procurement Act has also improved with overall compliance up from 69% in 2014/15 to 71% in 2015/16, according to the PPRA annual performance evaluation report.

With regard to transport sector, violation of PFM principles resulted in accumulation of outstanding payments (arrears) to contractors and consultants in the road development sub-sector. Tanzania National Roads Agency (TANROADS) has been experiencing severe financial constraints to settle these outstanding payments because the amount of long-term financial obligations (contractual commitments) exceeded significantly the approved budget managed by the agency. By the end of the FY 2015/16 the outstanding payments to contractors and consultants was TZS 929.57 billion. Since it came into power in October 2015, the 5th phase government has put clearance of arrears as one of its top agenda. The Government has put in place short and medium term strategies for clearance of arrears in the roads sub-sector. Among the elements of the strategy include first, the Government to verify all the outstanding payments for development projects in roads sub-sector and submit to Ministry of Finance and Planning (MoFP) for payment. The Government has also decided not to sign new roads development contracts which are 100% financed by the Government. During the FY 2015/16 the Government has paid TZS 730.38 billion to contractors and consultants as part of the outstanding payments. It has to be noted that the approved development budget (government-consolidated budget) for FY 2015/16 was only TZS 191.62 billion. The road subsector consolidated development budget approved for the FY 2016/2017 was TZS 1 220.72 billion and TZS 503.31 billion were paid by March 2017. The outstanding payments (arrears) by end of March 2017 were TZS 881.19 billion, which is slightly less than TZS 929.57 reported in June 2016.

EU through the on-going transport SBS is making a close follow up of this issue. Revised FA of the on-going Transport SBS has included performance indicator with a specific target that assesses the amount expended by TANROADS from the consolidated budget to pay for roads development works (without including new contracts). There was already good progress registered in FY 2015/16 as the target set of TZS 500 billion was exceeded as TANROADS managed to expend TZS 730.38 billion for outstanding payments only.

At the local level, two years after the sub-programme for Strengthening PFM at the Local Government was started, the overall implementation performance has been deemed satisfactory. The rollout of a revenue management system (LGRCIS) has been completed and is operational for all LGAs. Quality of oversight and technical support to LGAs has been significantly strengthened in various PFM areas: monitoring of fund flows, financial benchmarking, preparation of financial statements, monitoring of audit compliance and follow-up, training on fraud prevention etc. The template for tracking funds from central government to LGAs and LLG has been developed and is operational. The new PFM reform phase, PFMRP V, will focus more heavily on local government finances.

Taking into account the critical role of local government authorities (LGAs) in the design and implementation of economic development initiatives, including in the agriculture sector, and the management of rural roads network, those positive developments in the PFM area will improve the allocation of funds to the sector and their execution at local level. However, there are still important challenges remaining for the PFM systems to reach the intended impacts of strategic allocation of resources and efficient service delivery. Within the Agri-Connect programme, the policy dialogue with Ministries of Finance, Agriculture and Transport will seek to improve the allocation of funds, efficient service delivery and the investment in rural infrastructures.

Given the commitment of the government in the PFM reform and the progress observed in recent years evidenced by the PEFA exercise and several assessments on the reform programme, it can be concluded that the PFM reform programme is relevant and credible.

#### ***1.2.4 Transparency and oversight of the budget***

The Budget process has been steadily improving in recent years in Tanzania and is fairly well established at present. Budget Guidelines are published each year around November, and budget discussions take place in Parliament between April and June. The Budget Speech is usually the second Thursday of the month of June, followed by the publication of the draft Finance Bill (including on the Parliament website), which usually allows for appropriation of the Budget through the Finance Act (also published on the Parliament website) before the start of the financial year on 1 July. The more detailed Budget Books are subsequently published in four volumes on the Ministry of Finance website, and although the first book (Volume I: Revenue) is often published very late in the year, the planned expenditure Volumes II-IV are published quite rapidly. The Budget Act of 2015 lays out the most recent rules for the process. There is also usually a Citizen's Guide to the Budget published by the Ministry of Finance together with The Policy Forum.<sup>22</sup> Budget Execution Reports are supposed to be published quarterly on the Ministry of Finance website, and though this has been variable in the past two fiscal years (with no reports being published in the 2015/16 election year and serious delays in publishing the 2016/17 quarterly reports), the Ministry of Finance has committed to improving the situation again.<sup>23</sup> The Minister of Finance gives two major updates on budget execution to Parliament: one during the end December "State of the Economy" speech and one during the June economic update speech which just precedes the Budget Speech. The Parliamentary Budget Committee is supported in its work by a recently-created Parliamentary Budget Office, and the Public Accounts Committee and Local Authorities Accounts Committee analyse expenditure based on external audit reports from the Controller Auditor General at the National Audit Office of Tanzania.

At least since 2009-2010, the audit reports performed by the National Audit Office of Tanzania (NAOT) have been submitted on time to the National Assembly and are considered to be of high quality. Four regular audit reports are generally produced for: i) Central Government (MDAs, Regional Secretariats and Embassies), ii) Local Government Authorities, iii) Public Authorities & Other Bodies (PA&OB), iv) Donor-funded projects. Overall, the audit reports are making gains every year in terms of credibility and maturity. The NAOT Audits are compliant with International Standards on Auditing (ISA) and INTOSAI (International

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<sup>22</sup> However, in 2016/17 the publication came very late (December online and January in hard copy) and it is not confirmed when publication is foreseen this year.

<sup>23</sup> Note: new legislation changes from July 2017 mean that the Ministry of Finance will from now on be obliged to report on budget execution only every 6 months instead of 3 months; this is due to the administrative costs of reporting so frequently.

Organisation of Supreme Audit Institutions)/AFROSAI (African Organisation of Supreme Audit Institutions) standards, and the NAOT has received AFROSAI level-3 accreditation following the 2012 peer review.

According to the last Open Budget Survey (2015), Tanzania scores 46 (i.e. limited information provided to the public), which is a more or less similar score as in the two previous surveys and similar to global average. As of the International Budget Partnership's updated assessment on 31 December 2016, the Government of Tanzania makes five of the eight key budget documents available to the public in a timeframe consistent with international standards. Publication of essential macroeconomic data through the National Summary Data Page (NSDP) will provide national policy makers, and a broad range of national and international stakeholders, including investors and rating agencies, with access to information that the IMF has identified as critical for monitoring economic conditions and policies.

Based on the above, the EU Delegation concludes that the General Condition related to Budget Transparency is met. There were delays in the publication of 2015/16 budget execution reports but the Government of Tanzania has committed to address these and has already improved the transparency of budgetary information for FY 2016/17.

## 2 RISKS AND MITIGATING MEASURES

Risks	Risk level	Mitigating measures
Lack of political will to implement institutional and policy reforms to strengthen sector context	M	A continued and, where possible, intensified policy dialogue at different levels of Government
Domestic barriers to internal and external trade stifle agriculture and agribusiness	M	- Identification of potential bottlenecks and engagement in policy dialogue - Capacity building of stakeholders and policy dialogue with responsible authorities
Unwillingness of farmers (including youth and women) and private sector to meet additional risks and costs related to value chain development, and to establish alliances	M	Demonstrations/training in quality enhancement and profitability cost/benefit appraisal Trainings on youth-friendly and gender approaches Facilitation of dialogue, trainings
Private sector investments do not materialise due to a non-conducive business environment and constrained access to finance	M	A continued policy dialogue at different levels of Government (including public-private dialogue) Technical Assistance to research on business environment Partnerships with financial sector stakeholders
Low interest of financial intermediaries to develop banking products for agriculture and mitigation measure	L	Provision of technical assistance to guide and assist local financial institutions
Targeted families reluctant to change dietary behaviour within programme lifetime	M	Adequately funded multi-level sensitisation and promotional campaigns supported by high-level coordination among Ministries and local authorities
Nutrition programmes lack support from community level structures and end-users due to cultural and socioeconomic causes	L	Dialogue, demonstrations, capacity building and reinforced efforts for awareness raising
Targeting women could affect their time for child care and breastfeeding resulting into nutritional imbalances	M	Careful planning and participatory approach with households, defining the appropriate balance for women involvement in agricultural value chain activities



Lack of gender transformative approach, (which addresses unequal access to and control over resources, assets, land, water, finance, technological training, energy, marketing, decision making, etc) will lead to consolidation and increase of gender inequalities	M	<ul style="list-style-type: none"> <li>- Implement a joint gender analysis with Government in the initial stage in line with GAP-II objective 4;</li> <li>- Set gender equality targets aligned with GAP-II;</li> <li>- Support Government in capacity building for implementing Gender Responsive Budgeting;</li> <li>- Liaise with the national gender coordination mechanism, engage the National Women's Machinery, and Tanzanian key partner organisations, active in promoting gender equality and women's empowerment in the agro-sector;</li> <li>- Include the "business case of investing in women" in the dialogue with the government and private sectors</li> </ul>
Poor governance of farmer cooperatives lowers quality of service delivery to farmers	L	Careful identification of capacity development needs
Road component: Budget support will not directly benefit the identified LGAs	L	Precise definition of indicators; Formal agreement between the Ministry of Finance and PO-RALG; Close follow-up by Steering Committee and EU Delegation in the framework of its public finance sector dialogue
Low implementation capacities of the LGAs to commit funds and ensure smooth implementation of local tenders and contracts	H	LGA capacity building and support to ownership (including through local development planning) Technical Assistance deployed Frequent monitoring missions
Lack of effective synergies and complementarities across different components/contracts/implementation modalities due to a compartmentalised approach	H	Technical Assistance will be responsible for reinforcing complementarities; EU Delegation and National Authorities will monitor interactions across components and internal coherence; Monitoring system will follow up interactions between action grants, blending and budget support
TARURA established and centralisation of "contracting authority powers"	L	If created, the Agency will be an implementing agency for urban and rural roads. DID will remain with the responsibility of identification, prioritisation and monitoring of roads development programmes. Development Partners Group policy dialogue insists on the role of LGAs as contracting authority.

### 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING

#### 3.1 Lessons learnt

Programmes	Lessons and complementarities
10 <sup>th</sup> EDF Trade and Agriculture Support Programme –"TASP II" (EUR 15 million)	<ul style="list-style-type: none"> <li>• Over ambitious targets and lack of well-defined focus may hinder significantly the capacity to achieve impacts;</li> <li>• Among the value chains targeted, tea, coffee and horticulture value chains offer best opportunities for development;</li> <li>• Tea and Coffee pest and drought resistant varieties developed and available on the market for adoption;</li> <li>• Complementary actions addressing enabling factors and finance could impact positively the selected value chains;</li> <li>• Fragmentation of actions hampered overall coherence (Programme Estimates, Supply, Works, Grants, Services);</li> <li>• Unaligned start of components hindered synergies among implementing partners (particularly for the cross-cutting);</li> <li>• Lack of overall coordination mechanism among the various components and M&amp;E system at programme level;</li> <li>• Visibility and communication strategy to be improved.</li> </ul>

10 <sup>th</sup> EDF Southern Agriculture Growth Corridor Initiative (SAGCOT) (EUR 78.5 million)	<ul style="list-style-type: none"> <li>• Multi-sector approach to agriculture may improve impact opportunities (environment, energy, infrastructure and agriculture sectors supported under the EU contribution to the initiative);</li> <li>• Geographical clustering approach adopted by the SAGCOT Initiative proves effective and has potential to be replicated;</li> <li>• Tea and horticulture are commodity prioritised by SAGCOT thanks to comparative advantages in the southern corridor for value addition.</li> </ul>
Small scale farmers investments supported by Donors grants (several projects visited during the formulation phase)	<ul style="list-style-type: none"> <li>• Several large INGOs achieved effective results and impact through nutrition sensitive approaches, farmer aggregation, support to inclusive finance through savings and loans groups and linking farmers to markets. Diversified farming systems supported by education on nutrition techniques at household level have proven effective. Projects adopting innovative mobile technologies prove very successful;</li> <li>• GIZ/CARI matching grant schemes for rice had encouraging results when directly linking applicant consortia to markets;</li> <li>• Support to women's role in value chain development requires the design of specific actions to improve access to education, finance and land.</li> </ul>
10 <sup>th</sup> EDF Improvement of Rural Roads programme (EUR 22 million)	<ul style="list-style-type: none"> <li>• Weaknesses of local contractors capacities;</li> <li>• Difficulties to recruit supervision in remote areas;</li> <li>• Limited monitoring capacities of NAO and EU Delegation;</li> <li>• Availability and quality of technical studies, in particular in case of upgrading works;</li> <li>• Technical assistance in support of local governments is essential.</li> </ul>
10 <sup>th</sup> EDF on-going Road Sector Budget Support	The on-going Road Sector Budget Support is providing encouraging results. An agreement between the Ministry of Finance and Ministry of Works ensures that funds released by the EU are actually transferred to the Road Fund.
DFID supports the rural road sector through its GBP 35.4 million "Improving rural access in Tanzania (IRAT)" programme	The example of DFID funding, fully aligned with the national procedures (Road Fund financing, LGAs implementing, DID coordinating) has proven effective.
USAID programme supporting policy dialogue and reform	<ul style="list-style-type: none"> <li>• Technical Assistance programmes with technical staff embedded within MALF DPP is proving effective in supporting dialogue and reform processes;</li> <li>• Common policy positions and coordination across development partners is essential.</li> </ul>
JICA support to District Councils	Positive experience in supporting local agricultural development through capacity building for District Development Plans.
SWITCH Africa Green call for proposals	Encourage submission of joint proposals from European and African entities.
Mwanzo Bora (USAID), HANO (Irish Aid), World Vision, Care programmes supporting nutrition and nutrition sensitive agriculture	Behavioural change is a key element for nutrition objectives; both men and women need to be involved, through a household approach.

### 3.2 Complementarity, synergy and donor coordination

- Complementarities will be built with the 11<sup>th</sup> EDF Regional Indicative Programme for the East Africa Community (EAC), and specifically the newly identified MARK-UP project, which purposefully targets the same value chains (coffee, tea and horticulture), focusing on quality and standards compliance for sustainable trade, including support for voluntary certification such as Fair Trade, Organic, UTZ, etc, as well as market research.
- Coordination will be ensured with the 11<sup>th</sup> EDF SADC Trade Related Facility and other regional programmes.
- For the blending component, opportunities will be explored for synergies with Financial Institutions, including AFD, the European Investment Bank [ex. credit lines, Technical Assistance to local Financial Institutions (ex. financed under the ACP Smallholder Facility)], etc.
- The design of Agri-Connect supports an EU co-leading role in the Agricultural Sector and in the Nutrition Working Groups, including the policy dialogue; on agricultural finance, Agri-Connect will establish a sound coordination with other inclusive finance projects and programmes, promoting a harmonised development of specific financial products for the agricultural sector. Synergies will be ensured with 11<sup>th</sup> EDF support to the Rural Energy Agency (REA). EUR 50 million is expected to provide an important impetus for agriculture development such as for post-harvest storage facilities and processing plants.
- Result 1, and to some extent result 2, will build synergies with the upcoming Investing in Business Enabling Environment (iBEE) project financed under the 11<sup>th</sup> EDF NIP, which looks at tackling business climate constraints in key sectors of the economy.
- Results 1 and 2 will be closely coordinated with the Rural Micro, Small and Medium Enterprise Support Programme<sup>24</sup>. Complementarities, including in terms of geographical targeting, will be sought with SAGCOT (Southern Agricultural Growth Corridor of Tanzania), whose goal is to expand investment in agribusiness in the Southern Corridor<sup>25</sup>.
- The East Africa Agricultural Productivity Programme, supporting the regional centres of excellence to contribute to increased agricultural productivity and growth (interactions particularly with Result 2.2).
- Agri-Connect will ensure complementarities with USAID programmes such as Feed the Future programme (USD 70 million annual off-budget contribution, 80% in SAGCOT).
- Results 2.2 and 4 will be coordinated with a range of nutrition specific interventions, including the national nutrition plan, ongoing EU/WFP efforts, UNICEF, nutritional sensitive approaches by World Vision and Care International.
- TMEA<sup>26</sup> is supporting long-term Technical Assistance to the Tanzania Bureau of Standards (TBS) to develop a training programme on standards for SMEs, a national quality policy and framework, and a standards harmonisation and accreditation programme. This programme will build on substantial support provided by the EU to TBS under the TASP II programme, which came to an end in 2017.
- For the rural roads component (Result 3) coordination will be established with:
  - The Marketing Infrastructure, Value Addition and Rural Finance Support Programme (MIVARF)<sup>27</sup> implemented in 26 regions of Tanzania, and Zanzibar, supporting the rehabilitation of feeder roads connecting markets to production areas. Implementation, including design and supervision is done by the District Councils.

<sup>24</sup> Funded by IFAD, Irish and the Government of Tanzania, it is implemented through the Ministry of Industry, Trade and Investment

<sup>25</sup> Currently supported by DFID, the World Bank, USAID, and the EU.

<sup>26</sup> Funded by DFID, Netherlands, Denmark, Canada, Sweden and USAID - USD 40 million.

<sup>27</sup> Co-financed by IFAD and AfDB, coordinated by the Prime Minister's Office.

- For the road component, effective coordination has been established with DFID and USAID whom have similar on-going projects. DFID's GBP 35.4 million "Improving rural access in Tanzania (IRAT)" nation-wide programme is designed to remove road bottlenecks and allow year-round access. Technical assistance is provided to the PO-RALG Division of Infrastructure Development. USAID's USD 40 million intervention assists the government institutions to upgrade 1 500 km of rural roads in similar target areas as this Action i.e. Mbeya, Iringa and Njombe regions. USAID is assisting the Districts in the selection of roads and preparation of technical studies. Funding is disbursed to the Road Fund Board which transfers funds to LGAs. USAID and EU will sign a MoU where USAID supports the districts in the preparation of the technical studies and supervision of works, while the EU, through this Action will fund the rehabilitation/upgrading works.

### 3.3 Cross-cutting issues

Good governance - Result 1 is addressing improved sector governance and the enabling business environment aligned to priority area 4 of ASDP II, through improved policy and regulatory framework, institutional capacity building and coordinated, participatory sector governance. Inter-institutional coordination will be supported, as will transparent procedures supporting increased production and business development, and coordination at local levels.

Opportunities for women and gender equality – Women represent around 75% of farmers in Tanzania. It is expected that the primary beneficiaries of the action will be youth and women (over 50%). Opportunities for empowerment through relevant training, market linkages, job creation and income generation for women are central to the action design. The focus on nutrition is a key driver for change, related to breast feeding, nutrition, care giving and health practices. While women and children will be main beneficiaries of awareness campaigns related to nutrition, men will, through the appropriate household approach, also be included in the nutrition awareness raising campaigns. Business development support (results 2.1 and 2.2) will specifically promote women entrepreneurship. Calls for proposals will support women groups' initiatives with matching grants. The monitoring framework will capture disaggregated gender data, while ensuring baseline information is also provided.

Environment and climate change adaptation - In response to variable climatic conditions (drought and flooding) and heavy reliance on rain-fed production, Agri-connect will promote sustainable farming practices including climate smart agriculture, soil fertility, watershed management and climate-friendly techniques. For investment projects, environmental screenings and impact studies, as well as climate proofing analysis to examine options to incorporate climate change adaptation measures into road infrastructure projects, will be carried out when relevant, in compliance with legal requirements and best practices. Moreover, Agri-connect, will promote environmental standards and certification, to improve exports and access to EU markets, with focus on markets for green(er) products, in synergy with the regional MARKUP project.

## 4 DESCRIPTION OF THE ACTION

### 4.1 Objectives and results

The **Overall Objective** is to contribute to inclusive economic growth, promote private sector development and job creation in the agricultural sector, and to increase food and nutrition security in Tanzania.

This programme is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDGs 2 *"End hunger, achieve food security and improved nutrition and sustainable agriculture"* and 8 *"Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all"*, but also promotes progress towards Goals 1 *"End poverty in all its forms everywhere"*, 5 *"Achieve gender equality and empower all women and girls"* and 13 *"Take urgent action to combat climate change and its impacts"*. This does not imply a commitment by the United Republic of Tanzania benefiting from this programme.

This action is fully in line with the National Agricultural Strategy, the new Agriculture Sector Development Programme (ASDP II) and Tanzania Five Years Development Plan II. Agri-Connect reflects priorities set by the 11<sup>th</sup> EDF National Indicative Programme for the cooperation of the Government of Tanzania and the EU in the agricultural focal sector. The action will contribute to Sustainable Development Goals and supports the priorities set by the new EU Consensus for Development.

The **Action specific objective** is to promote the productivity, commercialisation and competitiveness of the tea, coffee and horticulture sectors.

Agri-Connect focuses on the horticulture, coffee, and tea value chains as these commodities have significant potential to equitably increase smallholder incomes and nutrition through increased productivity and production, value addition, and improved market linkages. These commodities also present significant opportunities for increased export volumes and revenues, including premium markets. All three commodities offer entrepreneurship opportunities that will drive on-farm and off-farm job creation. Women producers and vendors stand to greatly benefit from Agri-Connect; this is also valid for youth who are particularly attracted by the dynamism and quick returns of the horticultural sector. The programme will contribute to strengthen sustainable farming practices and sustainable trade.

**Expected results:** Agri-Connect is articulated around four main results, in line with the ASDP II components prioritisation:

**Result 1: Sector enablers and business environment are improved (indirect management with the Partner Country)**

The first result addresses key enabling environment weaknesses currently constraining growth for the selected value chains. It will support improved coherence of relevant policy and regulatory frameworks to favour agricultural business development and investment and small scale farmers' incentives to increase production and market orientation, while strengthening governance mechanisms and sector coordination, including at local level.

The Action will accomplish this by achieving four sub-results, including: i) improved policy, legislative and regulatory framework; ii) increased trade promotion services; iii) improved sector governance, coordination and dialogue; and iv) increased capacity of District Authorities to support sector growth and improved nutritional outcomes. Throughout this component, focus will be on youth and women as to enhance their roles as economic actors in value chain development.

Activities carried out under this result will feed policy dialogue between the EU Delegation and the national counterparts on such issues.

## **Result 2: Tea, Coffee and Horticulture Value Chains are developed**

This result is articulated in two main sub results:

- *Result 2.1(Blending Facility): a focus on private sector agro-businesses production, productivity, resource-efficiency, processing, marketing, quality control and environmental certification of coffee, tea and horticultural products increased through improved access to finance.* The EU contribution will facilitate the leveraging of additional private sector investment and will be rolled out nationwide in Tanzania as part of the EU External Investment Plan (EIP). This component will specifically support small and medium enterprises along the selected value chains for sustainable agro-business investments (improved productivity and resource-efficiency, adherence to quality and environmental standards, bulking, processing and value addition<sup>28</sup>, working capital for services) with proven capacity to positively impact smallholder farmers (through out-grower schemes, contract farming, etc), and in particular youth and women. Such operations will generate jobs along the value chain and improve socio-economic conditions of farmers and rural population.

Financial resources will be provided by local finance institutions participating in the action, which will receive support (e.g. Technical Assistance and financial instruments) to develop their capacities for on-lending to the agriculture sector, develop new products, and manage the loan portfolio. The local finance institutions will receive support from financial institutions eligible under AfIF. The Lead Financial Institution(s) will submit an application form with the proposed financial scheme (including the details of financial instruments to be used) and the proposed use of the EU contribution (TA, Guarantees, Risk Capital, Investment Grants) to enable access to finance through the local finance institutions. Specific banking products will target women and young entrepreneurs.

- *Result 2.2 (indirect management with the Partner Country): a focus on small-scale farmer production, resource-efficiency, productivity, diversity, value addition, marketing and quality/environmental certification increased through nutrition sensitive climate smart agriculture in selected areas.* Targeted support will tackle issues of: low agricultural production and productivity; low uptake of sustainable farming practices; weak capacities of farmers and associations; limited access to inclusive financial services; limited market linkages and low capacity of small-scale farmers to respond to market requirements and ultimately transform into commercial farmers. Emphasis will also be given to diversification of production to boost availability and accessibility of nutritious food (particularly important for stunting prevention). It will identify opportunities for job creation and skills development, improved access to inputs and assets, including financial resources, particularly for youth and women. As an example, women will be empowered to lead small enterprises in value addition and marketing for coffee, tea and horticultural products. All activities will be implemented in close coordination with all relevant stakeholders, including local authorities.

This sub-result is expected to bring direct benefits (increased and sustainable climate resilient and environmentally friendly production and income, new jobs, improved socio-economic conditions in rural areas, improved access to nutritious food) to

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<sup>28</sup> E.g. agro-processing to reduce post-harvest losses and for local value addition; improvement on packaging, handling, cold chain and transporting agricultural products; adoption of environmentally friendly technology and hygiene measures.

100 000 small-scale farmers and their households of which 30 000 for horticulture in mainland, 20 000 in Zanzibar, 30 000 coffee farmers and 10 000 tea farmers. It is expected that over 50% of beneficiaries will be youth and women.

**Result 3: The conditions of rural roads are improved** (Budget and Complementary Support)

This result will aim at improving rural roads and their connection to the main road network and economic corridors, as this is a significant bottleneck in the value chain. Effort will concentrate on ensuring development, maintenance, and climate proofing of the road network; supporting local government authorities to upgrade and rehabilitate critical rural roads. This component will be implemented in selected districts in mainland Tanzania within the geographic area targeted by R2.2.

**Result 4: Levels of knowledge and adoption of good nutrition practices are increased (indirect management with the Partner Country)**

The aim is to support behavioural changes in order to achieve better nutritional outcomes. A specific nutrition awareness raising campaign will be launched at national level. This will be complemented by activities mainstreamed in other components too. For instance, component 2.2 will integrate nutrition sensitive activities with a household approach. Women will be key drivers of change at household level; the activities will also target men in order to address imbalances of decision making (use of income and dietary decisions) in the family and overcome beliefs and norms preventing women's access to nutritious food, particularly when pregnant and/or breast-feeding.

**Geographic location of the action:**

Agri-Connect will be implemented in Tanzania mainland and Zanzibar, with a national and geographically targeted approach.

The Action will have a nation-wide impact; Result 1, Result 2.1, and Result 4 will cover both mainland and Zanzibar. Following extensive consultations, lessons learnt and market research, in consideration of resource availability, it is recommended to geographically target Result 2.2 and Result 3, which look at specific field level operations to support small scale farmers. Such operations need a targeted approach for best results to avoid fragmentation and strengthen impact opportunities. Priority regions have been identified based on, inter alia, agro-ecological conditions and potentialities; estimated production patterns; presence and dynamism of value chains operators including for local value addition; market opportunities (ongoing expansion of the sector from family farming to small commercial scale); potential for diversification of production including for nutrition purposes and intercropping; stunting levels (in selected regions from 34 to 41 % of children below age 5); availability of major infrastructure (connectors, trunk roads, airports facilities); synergies with government initiatives and prioritisation; and complementarity with other Development Partners initiatives. For Result 2.2 geographic targeting is recommended for selected southern regions (Iringa, Njombe, Mbeya, Songwe, Katavi, Ruvuma, potentially Mtwara Region and Lindi Town) and Zanzibar. Result 3 is going to be implemented in selected Districts in mainland Tanzania.

**4.2 Main activities**

**Result 1** is going to be implemented through Technical Assistance which will benefit primarily sector institutional partners (the Ministry of Agriculture, Livestock and Fisheries in mainland and the Ministry of Agriculture, Natural resources, Livestock and Fisheries in Zanzibar and

other relevant institutions) for enhanced policy dialogue, and actors along the value chain. This component will be complementary to the EAC Regional Programme MARKUP. Activities will include:

- i) Policy, legislative and regulatory framework issues that affect the sector and the commodities, including agricultural finance; activities will include research and analysis for policy reforms options, including strategies, plans and legislation to enhance youth and women opportunities and Gender Responsive budgeting.
- ii) Services for private sector and small scale farmer development; youth and women-headed value chain operators are to be prioritised. Activities along the value chain will include capacity building for increased competitiveness (local value addition, certification/adoption of quality and environmental standards, including for export towards the EU).
- iii) Governance, coordination and dialogue; with activities such as sector coordination, institutional horizontal and vertical dialogue mechanisms, capacities of cooperatives and associations strengthened, nutrition coordination mechanisms supported and improved at National level. This component will ensure necessary linkages with the ASDP II coordination mechanism.
- iv) Strengthening of District Authorities capacities; to support local level agriculture development and nutritional outcomes. Activities will involve capacity building and support to District Authorities for the preparation /strengthening of Agriculture Development Plans (DADP), support to development and coordination of district nutrition strategies and plans, strengthening the implementation of the NMNAP, local coordination and improved governance.

**Result 2** will promote value chain development for tea, coffee and horticulture. It will be implemented with two different modalities. On the one hand, it will support private sector to expand investments in agriculture; on the other hand, it will support small scale farmers to increase their production and meet market demands; both will positively impact small holders farmers' livelihood, income and business opportunities. The first will be implemented by a blending mechanism (through a contribution to the Regional Blending Facility AfIF) which is expected to leverage additional private resources (expected ratio 1:7); the latter will be implemented by action grants projects resulting from a call for proposals.

More specifically:

- **Result 2.1** will support private sector agro-businesses projects on the three value chains at national level. Projects will be selected according to business quality, environmental and socio-economic impacts. Activities will be carried out through blending arrangements with eligible financial institutions<sup>29</sup> and national financial institutions and will comprise a selection of support services, including screening of business plans, award of loans, monitoring of business development with Technical Assistance support and service facilitation to new businesses. Women and youth will be amongst priority intended beneficiaries. Investments on green technologies will also be encouraged.
- **Result 2.2** will directly target small scale farmers in selected Southern Highland and Southern regions (Iringa, Njombe, Mbeya, Songwe, Katavi, Ruvuma, potentially Mtwara Region and Lindi Town) and Zanzibar. Projects will be selected as a result of a call for proposals articulated in specific lots for each commodity: i) tea ii) coffee iii) horticulture

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<sup>29</sup> Local consultations pre-identified AFD, AFDB, KfW and EIB as potential eligible IFI candidates. Several national Financial Institutions have expressed interest in the mechanisms. A specific study has been carried out by independent financial experts to identify agricultural finance bottleneck for private sectors operators in the selected value chains.



iv) horticulture in Zanzibar. In order to achieve greater impact, only projects of a size between EUR 5 and 10 million will be considered. The maximum possible rate of co-financing for such grants will be 90%. The call for proposals will be open to CSOs' and LGAs' applicants (individually or in consortia) in partnership with local organisations. Partnerships with private sector will also be encouraged, particularly to ensure service provision for smallholder farmers and expand market opportunities. The essential selection criteria are financial, management and operational capacities of the applicants. These criteria will be further spelled out in the guidelines for applicants.

The projects will aim at improving small-scale farmers' income and nutrition through targeted interventions on productivity and production, resource-efficiency, diversity, small scale local value addition and marketing, and nutrition sensitive climate smart agriculture through:

- Capacity development: trainings in sustainable agriculture practices (Climate Smart Agriculture and GAP), in nutrition sensitive agriculture, postharvest, storage and handling, quality enhancements (including through input service provision).
- Financial inclusion and literacy: development and support of Savings and Loans schemes; financial assistance to third parties (matched by at least 50% farmers' own contributions); trainings on financial literacy and business development. Women business proposals will be privileged.
- Establish market information systems and market linkages (partnerships with processors to meet demand for local sourcing of production, distribution, exporters).
- Improve market knowledge also through farmer field schools and other platforms, also to support diversification of production for income and nutrition purposes.
- Facilitate dialogue among local actors (LGAs, farmers associations, associations along the value chain) and encourage their aggregation.
- Improve nutrition knowledge<sup>30</sup>: train households on home gardening, access to food rich in proteins, vitamins and minerals (including pulses, vegetables with high iron content, poultry, fruits and seeds with high nutritional value). Activities will also include support to breast-feeding programmes, infant and young child nutrition programmes, capacity building of local actors (institutional service delivery, nutrition M&E, hygiene and nutrition, training of District level staff) and the development of care groups.

Activities under result 2 will promote an active participation of youth in farming and value addition through grants, targeted capacity building and support to associations. Youth-friendly approaches and communication techniques will be used. A gender sensitive approach will support improved access to inputs, knowledge and financial resources for women and promote joint decision-making at household level by involving men. Women will be encouraged to lead enterprises, supporting value addition and marketing.

**Result 3 Budget Support** will ensure the improvement of rural roads in selected Districts within the targeted geographic in mainland area under Result 2.2, in order to improve market access for tea, coffee and horticulture products. In addition, it will consist of engaging in a problem-solving oriented policy dialogue with the Government of Tanzania around the financing and implementation of rural roads maintenance, development and climate proofing.

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<sup>30</sup> In targeted areas combined efforts of health centers, schools, local authorities, community facilitators and farmers' field schools will aim to develop an increased awareness at household and community level as well as along the whole value chain. The nutrition component will be adapted in function of the commodity. The result will have a strong gender orientation in all its activities although both men and women will be involved in household level decision making for improved nutrition.

Each year, a few districts will be selected within the targeted geographic areas of the project. Selection will be done in consultation with the PO-RALG; priority will be given to those districts where technical assistance has been provided by USAID or DFID in prioritising the road intervention (on the basis of a market access analysis) and in preparing technical design. Complementary support and capacity building will be provided to the Road Fund in monitoring and evaluating the road maintenance programmes; to the PO-RALG DID Department and the newly established TARURA to oversee Districts road maintenance and development programming cycle; to the follow up of the implementation of over-load control measures.

### **Result 3 Complementary Support to Budget Support**

A Technical Assistance is indicatively foreseen to:

- Support the RF in monitoring and evaluating the road maintenance programmes.
- Support the PO-RALG DID Department (or TARURA once created and operational) to oversee the Districts road maintenance and development programming cycle.
- Follow up the implementation of over-load control measures.

**Result 4** aims to support behavioral changes in order to achieve better nutritional outcomes. It will be coordinated by Government entities mandated to oversee nutrition issues in the country with support of Technical Assistance specifically in developing a national communication strategy and campaign to foster behavioral change for improved nutrition in mainland and in Zanzibar. Such efforts will be complemented by mainstreaming nutrition in other components (ex. in 2.2).

### **4.3 Intervention logic**

Agri-Connect aims to overcome key constraints that limit production, value addition and marketing and access to an export market for horticulture, coffee and tea farmers and their households. The logic underlying the Agri-Connect design intends to shift small scale-farmers' focus from subsistence production to a market-oriented approach, converting farmers into entrepreneurs. The intervention will promote activities that would allow small-scale farmers to increase productivity and production, partly by enhancing their climate resilience. Moreover, by increasing financial literacy and access to financial services through Savings and Loans Groups and matching grants, business opportunities will be increased. In parallel, the Action will improve market information and link farmers to markets. In addition, the Action will offer incentives for private sector investments in agriculture (through the blending mechanisms) to expand markets for domestic consumption and local value addition (also for exports). Under the nutrition component, a nutrition awareness raising campaign will target a national audience, while activities embracing communities and households will be embedded in other results in the Action.

The cause-effect relationship builds on addressing constraints both at macro (result 1), meso (result 2.1, partially 4) and local (results 2, 3 and 4) levels. The action logic sees increased private sector investment as an effective way to achieve economic and social improvements for small-scale farmers. The success intervention logic builds on assumptions related to a) the market (demand of three commodities, offer of inputs, offer and demand of financial services), b) a favorable political and policy environment, c) effective, capable and client oriented institutions. The logic to work depends as well on the important assumption that changes promoted by Agri-Connect will be fully supported by intended beneficiaries and their social and cultural context. Support to enabling factors through Results 1 and 2 will i) stimulate and increase the supply and value addition related to the three commodities and ii) as an outcome of stimulation of supply, new jobs will be created and households' socio-economic conditions

will be improved. The targeting of all activities will accrue benefits to women and youth, and will promote the transition to an inclusive green economy.

## **5. IMPLEMENTATION**

### **5.1 Financing Agreement**

In order to implement this action, it will be necessary to conclude a financing agreement with the partner country referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 78 months from signing the Financing Agreement.

Extensions of the implementation period may be agreed by the Commission's authorizing officer responsible, by amending this decision and the relevant contracts and agreements to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) 2015/322.

### **5.3 Implementation of the budget support component**

#### ***5.3.1 Rationale for the amounts allocated to budget support***

The amount allocated for budget support for rural roads is EUR 46 000 000 and EUR 2 000 000 for complementary support. The choice of budget support modality is proposed to ensure the maximum alignment with the national road financing and management system. Dialogue with the Ministry of Finance and Planning, the PO-RALG, the Ministry of Works, Transport and Communication and the Road Fund will ensure that EU budget support will contribute to the Road Fund and principally used to rehabilitate/upgrade rural roads in selected districts within the area in mainland defined by Agri-Connect, in view of increasing access to the market for tea, coffee and horticulture products. The indicative amount of budget support is based on extensive dialogue with the authorities and the selection of priority districts and the specific roads to be rehabilitated/ upgraded is already ongoing by the Districts' authorities, with the support of USAID and under the supervision of the PO-RALG DID. This system allows EU funds to be fully integrated with the national system (respect of the financial flow of funds through the Road Fund to the Districts and use of the Performance Agreement to measure the achievements of the Districts in the implementation of the road maintenance and development programmes) and ensure the full appropriation by the national authorities, Road Fund, PO-RALG and the Districts.

The complementary support part of the action will be implemented through partial decentralised management and will entail the signature of a service contract. The commission controls ex ante all the procurement and grant procedures. All payments are executed by the commission. The change of management mode constitutes a substantial change except where the commission "re-centralises" or reduces the level of tasks previously delegated to the beneficiary country, international organisation or delegate body under, respectively, decentralised, joint or indirect centralised management.

### **5.3.2 Criteria for disbursement of budget support**

- a) The general conditions for disbursement of all tranches are as follows:
- Satisfactory progress in the implementation of the rural roads sub-sector policy and strategies as specified in LGTP II and continued credibility and relevance thereof;
  - Satisfactory implementation of a credible stability-oriented macroeconomic policy;
  - Satisfactory progress in the implementation of Public Financial Management (PFM) reform programme;
  - Satisfactory progress with regard to the public availability of timely; comprehensive and sound budgetary information.
- b) The specific conditions for disbursement that may be used for variable tranches are:
- Percentage of funds<sup>31</sup> collected by Tanzania Revenue Authority (under the Road and Fuels Tolls Act) that goes to the Road Fund for each FY (%);
  - Annual average monthly delay<sup>32</sup> (in days) for transfer of Road Fund revenues (fuel levy and transit charges) to Road Fund Board;
  - Percentage<sup>33</sup> of money committed for maintenance and development by selected LGAs (in the targeted geographic area) compared to annual Road Fund budget (%)
  - Km of roads upgraded or rehabilitated in selected Districts (in the targeted geographic area); this indicator will evaluate the level of implementation of the Performance Agreements between the Road Fund and the concerned LGAs.

The chosen performance targets and indicators to be used for disbursements will apply for the duration of the action. However, in duly justified circumstances, the National Authorising Officer may submit a request to the Commission for the targets and indicators to be changed. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties.

In case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended, temporarily suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

### **5.3.3 Budget support details**

Budget support is provided as direct untargeted budget support to the national Treasury. The crediting of the euro transfers disbursed into Tanzanian Shillings will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

## **5.4 Implementation modalities**

### **5.4.1 Indirect management with the United Republic of Tanzania**

A part of this action with the objective of contributing to inclusive economic growth, promoting private sector development and job creation in the agricultural sector, and increasing food and nutrition security in Tanzania, may be implemented in indirect management with the Government of the United Republic of Tanzania in accordance with Article 58(1)(c) of the

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<sup>31</sup> Section 4(2) of the Roads and Fuels Tolls Act requires that all monies collected as roads and fuel tolls shall be deposited in the account of the fund. This indicator will assure that percentage of monies collected by Tanzania Revenue Administration and other institutions, and as indicated in the law, all goes to Road Fund.

<sup>32</sup> Road Fund revenues collected by Tanzania Revenue Authority go to Road Fund budget through MoFP on monthly basis. This indicator will be calculated by averaging the annual monthly number of days the money collected for each month delays to reach Road Fund budget from MoFP. Timely disbursement will allow the proper implementation of the maintenance programmes.

<sup>33</sup> Absorption of the allocated maintenance fund by implementing agencies is important. This indicator will be measured as a total volume of works contracts (TZS) committed by the selected Districts for maintenance and development activities, measured as % of annual maintenance budget for the concerned LGAs.

Regulation (EU, Euratom) No 966/2012 EDF, applicable in accordance with Article 2(1) and Article 17 of Regulation (EU) 2015/323 according to the following modalities:

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement and grant procedures. Payments are executed by the Commission.

In accordance with Article 190(2)(b) of Regulation (EU, Euratom) No 966/2012 and Article 262(3) of Delegated Regulation (EU) No 1268/2012, applicable in accordance with Article 36 of Regulation (EU) 2015/323 and Article 19c(1) of Annex IV to the ACP-EU Partnership Agreement, the partner country shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012, applicable in accordance with Article 17 of Regulation (EU) 2015/323, will be laid down in the financing agreement concluded with the partner country.

#### **5.4.2 Contribution to the Africa Investment Facility (AfIF)**

The contribution related to result 2.1 may be implemented under indirect management with the entities, called Lead Financial Institutions, and for amounts identified in the appendix of this action document, in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 17 of the Annex to Regulation (EU) No 323/2015. The entrusted budget-implementation tasks consist in the implementation of procurement, grants, financial instruments and payments. The entrusted Member State agency shall also monitor and evaluate the project and report on it. The Lead Financial Institutions are not definitively known at the moment of adoption of this Action Document but are indicatively listed in its appendix. A complementary financing decision will be adopted under Article 84 (3) of Regulation (EU, Euratom) No 966/2012 to determine the Lead Financial Institutions definitively.

### **5.5 Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

### **5.6 Indicative budget**

	<b>EU contribution (EUR)</b>	<b>Indicative third party contribution (EUR)</b>
5.3 Budget support - Sector Reform Contract - Result 3	46 000 000	
5.4.1 Indirect Management with Tanzania		
Procurement of Service Contracts: Result 1, Result 4, Result 3 (complementary support BS)	7 000 000 2 000 000	
Grants (Call for Proposals) Result 2.2	32 000 000	3 500 000

5.4.2 Contribution to the Africa Investment Facility (AfIF) - Result 2.1	12 000 000	*
5.9 Evaluation, 5.10 Audit	400 000	
5.11 Communication and visibility	400 000	
Contingency	200 000	
<b>Total</b>	<b>100 000 000</b>	<b>3 500 000</b>

\* Expected leverage of additional EUR 84 000 000.

## 5.7 Organisational set up and responsibilities

The implementation of the Action involves the following stakeholders/organisational set up:

- The National Authorising Officer is the Ministry of Finance and Planning (MoFP) and will act as the Contracting Authority for procurements and grant procedures.
- The Delegation of the European Union will control ex ante procurement and grant procedures; it will oversee and execute payments.
- The Ministry of Agriculture, Livestock and Fisheries (MALF) and the Ministry of Agriculture, Natural resources, Livestock and Fisheries (MANLF) in Zanzibar will be the main beneficiary Institutions and counterpart for Results 1, 2 and 4.
- The President's Office – Regional Administration and Local Government (PO-RALG) will be the main beneficiary Institution and counterpart for Result 3 and also involved under Result 1, 2 and 4.

A **Steering Committee** shall be set up to oversee the overall direction and policy of the programme. It will meet every six months. It will be co-chaired by the EU, the Ministry of Agriculture, Livestock and Fisheries in mainland (MALF, Directorate of Policy and Planning and Directorate of Crop development) and the Ministry of Agriculture, Natural resources, Livestock and Fisheries (MANLF) in Zanzibar. The composition will also include:

- the Ministry of Finance and Planning (National Authorising Officer - NAO),
- the Ministry of Industry, Trade and Investment,
- the Prime Minister's Office (Nutrition Coordination Unit),
- the President's Office Regional Administration and Local Government (PO-RALG),
- Beneficiaries of the grant contracts signed.

The monitoring of the "rural roads" budget support component will be ensured by the already established (under the 10<sup>th</sup> EDF Road Budget Support programme) Technical Committee, composed by MoWTC, PO-RALG, RF, TANROADS, NAO and EU Delegation. This committee meets every month and will report to the Steering Committee about the progress on the achievements of the defined indicators.

The existing Coordination and Management Units within MALF and MANLF will be strengthened through support from Technical Assistance to i) ensure coordination and coherence of the different action components; ii) act as a secretariat of the Steering Committee; iii) establish an action level M&E system and draft reporting every 6 months; iv) consolidate dialogue mechanisms across institutions and other actors (private sector, farmers and civil society). For the case of Tanzania-Mainland, the Unit will ensure appropriate synergies with the ASDP II coordination structure and facilitate dialogue. The Unit will establish and maintain regular and continuous contact with the EU Delegation.

Specific policy dialogue mechanisms will be established with relevant stakeholders for the three commodities, such as the Tanzania Coffee and Tea Boards, associations of the three selected commodities producers such as TAHA, Farmers Associations, Cooperatives and the private sector at large, national financial institutions, women associations, amongst others.

## **5.8 Performance monitoring and reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partners' responsibilities. To this aim, the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (every six months) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

The Coordination and Management Unit mentioned in section 5.7 will be strengthened for the purpose. It will elaborate regular performance progress reports every six months and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the log frame matrix and the list of result indicators for budget support (see section 5.3). At the start of the action, relevant baseline data (which should be sex disaggregated) identified in the log frame should be collected through specific studies to be carried out by the Coordination and Management Unit; at the end of the action, and as needed during the implementation, a final survey study will be executed to gather data for monitoring purposes. Whenever possible, data collection will be disaggregated by gender and age.

The assessment of the indicators of the Rural Roads Budget Support will be based on the reports of the Road Fund, the reports of TANROADS, the reports of PO-RALG and in particular the reports on the Annual Performance Agreements signed between the RF and the implementing agencies.

## **5.9 Evaluation**

Having regard to the nature of the action, mid-term and final evaluations will be carried out for this action via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for learning and management purposes, in particular with respect to improve performance, effectiveness, impact and sustainability. Performance results will be compared to a baseline study to be carried out during the first three-months of the programme.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that a) the action

proposes an innovative approach in combining different implementation modalities, including service contracts, grants, blending and budget support operations; b) the potential for replication in different geographical areas.

The Commission shall inform the implementing partner at least 30 days in advance of the dates foreseen for the evaluation missions. The implementing partners shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, one contract for evaluation services shall be concluded under a framework contract in 2020.

### **5.10 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded under a framework contract in 2019.

### **5.11 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 Indicative Budget .

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

The EU will ensure that adequate communication and visibility is given to EU funding overall (not only linked to this project) by the Government of Tanzania through specific events like inauguration of the Project, press conferences, media reports, etc. Furthermore, the implementing partner will establish and maintain a web-site containing all relevant programme documents and information for the public. It will produce other communication material such as brochures, press releases, and if feasible, TV and radio spots to secure outreach and proper communication of the Project to the respective target audiences.



## APPENDIX 1 - INDICATIVE LOG FRAME MATRIX

	Intervention logic	Indicators	Baseline 2017	Targets 2022	Sources and means of verification	Assumptions
Overall objective: Impact	The overall objective of "Agri-Connect: Supporting value chains for shared prosperity" is to contribute to inclusive economic growth, promote private sector development and job creation in the agricultural sector, and to increase food and nutrition security in Tanzania	<ul style="list-style-type: none"> <li>National budget allocations supporting horticulture, coffee and tea crops (in EUR)</li> <li>Private investments in horticultural, coffee and tea sectors</li> <li>% of GDP from horticulture, coffee and tea</li> <li>Dietary diversity in children and women</li> <li>National stunting levels (%) **</li> <li>Stunting indicators in targeted areas**</li> </ul>	***	***	<ul style="list-style-type: none"> <li>- Macro-economic indicators</li> <li>- Central Statistics</li> <li>- Nutrition surveys. DHS</li> </ul>	
Specific objective Outcome	The action specific objective is to is to promote the productivity, commercialisation and competitiveness of the tea, coffee and horticulture sectors	<ul style="list-style-type: none"> <li>Level of production in the horticulture, tea and coffee crops sectors (volume)</li> <li>Processed production as a percentage of overall production</li> <li>Exports of selected crops as a percentage of total agricultural exports</li> <li>Number of jobs / self-employment in selected crops</li> <li>Income of small scale farmers working in the selected value chains</li> <li>Agricultural area labelled organic, with EU support</li> <li>Agricultural and pastoral ecosystems where sustainable land management practices have been introduced with EU support (number of hectares)**</li> <li>Number of people receiving rural advisory services with EU support**</li> </ul>	***	***	<ul style="list-style-type: none"> <li>- Agricultural Census Survey expected to be implemented in 2017/2018</li> <li>- Agricultural Routine Data System (ARDS)</li> <li>- Mid Term and End of Programme independent evaluation</li> <li>- M&amp;E system to be established within the programme (macro) by the Coordination and Management Unit and at projects level</li> </ul>	<p>Overall favorable macro-economic conditions support growth, employment and export</p> <p>Political commitment to improve export and business environment and incentives for small scale farmers</p> <p>Constructive political and policy dialogue between EU and Government of Tanzania</p>

Outcome	<p><b>Result 1:</b> Sector enablers and business environment are improved</p> <ul style="list-style-type: none"> <li>• Policy and regulatory framework improved</li> <li>• Enabling environment for finance improved</li> <li>• Access to trade promotion services increased</li> <li>• Governance, dialogue and coordination improved</li> <li>• Local Authorities capacities strengthened</li> </ul>	<ul style="list-style-type: none"> <li>• Status of policy, legislative and regulatory reforms (under revision, established, adopted)</li> <li>• Status of implementation and enforcement of individual reforms supported (ex. local taxation, board reforms, agricultural finance)</li> <li>• Status of implementation of national strategies and action plans for horticulture, tea and coffee</li> <li>• Number of District Agricultural and Nutrition Plans developed with support of this Action</li> </ul>	***	***	Ministry of Industry , Trade and Investments Annual Reports IMF reports WB Business Environment reports Bank of Tanzania business environment assessments	Government is committed to implement the ASDP II with adequate financial and human resources
Outcome	<p><b>Result 2: Tea, coffee and horticulture Value Chains are developed</b></p>	<ul style="list-style-type: none"> <li>• Number of farmers supported by this Action (disaggregated by sex)</li> <li>• Number of investments financed through matching grant mechanisms</li> <li>• Number of business plans applications financed by local Financial Institutions under the blending mechanism (Indicators selected under the Blending Facility Application Form)</li> <li>• Percentage of the rural labour force employed in the selected value chains as a result of this Action</li> <li>• Number of new processing units for horticulture coffee and tea established with this Action</li> <li>• Prevalence of underweight children under five years of age in rural areas</li> <li>• Investments in green technologies, with EU support</li> <li>• Input consumption (Fertilizers grams per hectares, use of improved seedlings)</li> <li>• Percentage of farmers that have knowledge, and use advice disseminated by extension system</li> <li>• Percentage of farmers aware of key market information.</li> </ul>	***	***	Baseline survey (2018, 2022) Agri-connect monitoring Assessment of supported businesses (MTR and end of programme) IFI and banks data Beneficiaries assessment Reports on the implementation of the Blending project. Farmers income and nutrition surveys Agri-Connect monitoring systems TAHA, Coffee board and tea board data	Effective logistics for inputs availability, adequate technical and business development services are available at commercial terms for the producers/processors

Outcome	<b>Result 3 – The conditions of rural roads are improved</b>	<ul style="list-style-type: none"> <li>• Number of districts that identified local priorities in rural roads</li> <li>• Number of districts that have access to road funds</li> <li>• Number of km of roads upgraded</li> <li>• Number of km of roads rehabilitated</li> <li>• Number of km of rural roads maintained (on an annual basis)</li> <li>• Number of LGAs using DROMAS</li> <li>• Change (percentage) of unit cost for transportation of agricultural products (including vehicle operational cost and travel time)</li> </ul>	***	***	District Councils data  Road transport  Beneficiaries assessment	Ministry of Transport is monitoring the traffic flows in the region
Outcome	<b>Result 4: Levels of knowledge and adoption of good nutrition practices are increased</b>	<ul style="list-style-type: none"> <li>• % of population (national, local) reached by nutrition campaigns</li> <li>• Level of nutrition knowledge</li> <li>• Dietary diversity in children and women</li> <li>• Number of women breast feeding and aware of infant nutrition practices</li> <li>• Number of women of reproductive age and children under 5 benefiting from nutrition related programmes with EU support **</li> </ul>	***	***	National and local survey beneficiary assessment  Ministry of health nutrition, stunting and breast feeding data	Demand for nutritious food is limited due to non-availability Planting material is available for nutritious foods

\*\*\* To be determined at inception phase; data to be sex disaggregated

## APPENDIX 2 - INDICATIVE LIST OF PROJECTS/PLAN FOR FUNDING

Sub-region	Country	Lead Finance Institution	Operation's Title	Sector	Estimated total investment cost (M€)	AfIF estimated Request (M€)
East Africa	Tanzania	AFD	Agri-Connect: Supporting value chains for shared prosperity	Agriculture	84	12

