

**CONFORMED COPY**

**CREDIT NUMBER 4192-TA**

# **Financing Agreement**

**Agricultural Sector Development Project**

**between**

**UNITED REPUBLIC OF TANZANIA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated August 30, 2006**

**CREDIT NUMBER 4192-TA**

**FINANCING AGREEMENT**

AGREEMENT dated August 30, 2006, between the UNITED REPUBLIC OF TANZANIA (“Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

**ARTICLE I – GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Financing Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II —FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to sixty-one million six hundred thousand Special Drawing Rights (SDR 61,600,000) (“Credit”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are May 15 and November 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is the Dollar.

**ARTICLE III —PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out Component 1 of the Project through the Prime Minister’s Office – Regional Administration and Local Government and Local Government Authorities, and Component 2 of the Project through the Ministry of Agriculture, Food Security, and Cooperatives; Ministry of Livestock Development; and Ministry of Industry, Trade and Marketing, in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Program or a significant part thereof will be carried out.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

**ARTICLE V – EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) The Recipient has adopted a PIP in form and substance satisfactory to the Association;
  - (b) The Recipient has signed the MOU with at least two other Development Partners;
  - (c) The Recipient has submitted to the Association, for the first year of Project implementation: (i) an Annual Work Plan and Budget; and (ii) a list of LGAs that have qualified for Subprogram A resources under the Annual Performance Assessment; and
  - (d) The Recipient has reassigned to the procurement management unit of MAFC two procurement officers with qualifications and experience and under terms of reference acceptable to the Association.

- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

**ARTICLE VI – REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient’s Representative is its Minister responsible for Finance.  
6.02. The Recipient’s Address is:

Minister of Finance  
Ministry of Finance  
P. O. Box 9111  
Dar es Salaam  
Tanzania

Cable:

Facsimile:

TREASURY  
Dar es Salaam

(255) 222 11 77 90

- 6.03. The Association’s Address is:

International Development Association  
  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable:

Telex:

Facsimile:

INDEVAS  
Washington, D.C.

248423 (MCI) or  
64145 (MCI)

1-202-477-6391

AGREED at Dar es Salaam, United Republic of Tanzania, as of the day and year first above written.

**UNITED REPUBLIC OF TANZANIA**

**By /s/ Gray S. Mgonja**

**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By /s/ Judy O'Connor**

**Authorized Representative**

## **SCHEDULE 1**

### **Project Description**

The objectives of the Project are to: (i) enable farmers to have better access to, and use of, agricultural knowledge, technologies, marketing systems and infrastructure, all of which contribute to higher productivity, profitability and farm incomes; and (ii) promote agricultural private investment based on an improved regulatory and policy environment.

The Project consists of the following components:

#### **Component 1. Local Level Support**

Carrying out of Subprogram A to support:

(a) Local agricultural investments.

- (i) Provision of District Agricultural Development Grants for local agricultural investments on a cost-sharing basis, in, among other things, small-scale irrigation schemes; environmental investments; food storage facilities; market infrastructure; reforestation of degraded areas; community nurseries; public infrastructure, such as rural roads; and productive community investments, such as risk-bearing innovative equipment, crops and livestock; and
- (ii) Provision of District Irrigation Development Fund Grants to pilot the competitive selection of local investments in small-scale irrigation schemes above the established budget ceiling for DADGs.

(b) Local agricultural services.

Provision of Extension Block Grants for contracting by farmer groups of local agricultural services through private agricultural service providers, such as for advice on agricultural production and marketing, and facilitation of farmer-to-farmer visits and learning.

(c) Local agricultural capacity building and reform.

- (i) Provision of Capacity Building Grants for local agricultural capacity building, among other things, to improve District agricultural planning and agricultural investment appraisal, and for reform of agricultural services;
- (ii) Provision of training to promote farmer empowerment for activities such as interacting with local government; procurement and management of

contracted services; and facilitation of farmer for a networking, leadership and technology testing; and

- (iii) Promotion of development of private sector agricultural service providers through awareness raising activities, and provision of training on operating modalities, and technical and business practices.

**Component 2. National Level Support**

Carrying out of Subprogram B to support:

- (a) Agricultural services.

Agricultural services' reform, primarily in the field of research and extension, by:

- (i) improvement of management and accountability of ZARDIs in accordance with CORDEMA Guidelines; and establishment, financing and expansion of ZARDEFs across all agro-ecological zones; and
- (ii) facilitation of policy and institutional reforms, such as preparation of a code of practice for extension and research, and finalization of a reform strategy for other related technical services.

- (b) National irrigation development.

Support to the National Irrigation Development Fund for carrying out of:

- (i) due diligence preparatory work for future small-, medium- and large-scale irrigation investments in National and International Water Basins, including:
  - (A) participatory development and operationalization of appropriate identification, screening and prioritization mechanisms;
  - (B) technical designs, studies and environmental impact assessments, including the SEA;
  - (C) capacity strengthening at the national, zonal and District levels, including in monitoring and evaluation; and
  - (D) activities to attract private investment, such as awareness raising and improvement of the policy environment for public-private partnerships; and
- (ii) physical infrastructure investments in irrigation at the national level in National Water Basins through public-private partnerships.

(c) Marketing and private sector development.

Scaling up of new approaches to private sector led agricultural market development, including support to smallholder marketing associations, linkages to external markets, and capacity building and investment along the entire marketing chain; empowerment of producer marketing groups at District level; improvement of formulation of agricultural regulations and laws and strengthening capacity for their implementation; support for agricultural policy formulation and analysis; carrying out of annual assessments of public expenditure in agriculture, at both national and District levels, and annual sector reviews.

(d) Food security.

Support for inclusion of vulnerable and food insecure groups in planning, preparation and implementation of DADPs through the provision of technical advisory services and training to LGAs, and carrying out of rural vulnerability assessments.

(e) Coordination, monitoring and evaluation.

Strengthening of national, regional and District level mechanisms for planning, implementation and reporting of agricultural investments and services, including quality control; overall Program coordination; and monitoring and evaluation.



## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation and Institutional Arrangements**

##### **1. Implementation Arrangements**

###### **A. Project Implementation Plan; Guidelines.**

- (i) The Recipient shall carry out the Project in accordance with the arrangements and procedures set out in the PIP; provided, however, that in case of any conflict between the arrangements and procedures set out in the PIP and the provisions of this Agreement, the provisions of this Agreement shall prevail, and, except as the Association shall otherwise agree, shall not amend, abrogate or waive any provision of the PIP, if such amendment, abrogation or waiver may, in the opinion of the Association, materially or adversely affect implementation of the Project.
- (ii) Without any limitation to sub-paragraph (i) above, the Recipient shall also carry out the Project in accordance with the DADP Guidelines, DIDF Guidelines, EBG Guidelines, CORDEMA Guidelines, ZARDEF Guidelines and NIDF Guidelines, as appropriate, throughout the period of Project implementation.

###### **B. Memorandum of Understanding.**

- (i) The Recipient shall implement the Project in accordance with the arrangements and procedures set out in the Memorandum of Understanding; provided, however, that in case of any conflict between the provisions of said memorandum and of this Agreement, the provisions of this Agreement shall prevail.
- (ii) Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Memorandum of Understanding, if such amendment, abrogation or waiver may, in the opinion of the Association, materially or adversely affect implementation of the Project.

###### **C. Annual Work Plan and Budget; Subprograms A and B.**

- (i) The Recipient shall prepare and furnish to the Association for its agreement with other Development Partners, not later than May 15 of each year during Project implementation, or such later date as the Association may agree in consultation with other Development Partners, an Annual Work Plan and Budget containing all proposed

activities to be carried out under Subprograms A and B in the following Fiscal Year, modified in a manner satisfactory to the Association, taking into account the Association's comments and views on the matter, as expressed in the course of consultations during the annual public expenditure review process.

- (ii) Without limitation to the provisions of subparagraph (i) above, the Association shall, not later than September 15 of each year during Project implementation, jointly confirm with other Development Partners the Annual Work Plan and Budget in view of any changes that may have been made to approved ceilings.
- (iii) The Recipient shall implement, monitor and evaluate each Subprogram in accordance with the provisions set forth in this Agreement and in more detail in the PIP, and shall not make or allow to be made any material change to any Subprogram included in the approved Annual Work Plan and Budget without the consultation and approval of the Association.

D. Line ministries, departments and agencies.

The Recipient shall: (i) cause PMO-RALG and LGAs to be responsible for overall technical implementation of Subprogram A; (ii) cause MAFC, MLD and MITM to be jointly responsible for technical implementation of Subprogram B; and (iii) ensure that the line ministries, departments and agencies collaborate, among other things, for purposes of implementation of Project activities that fall within their respective sectors.

**2. Institutional and Other Arrangements**

**A. Basket Fund Steering Committee**

(i) Composition.

The Recipient shall maintain, throughout the period of Project implementation, a Basket Fund Steering Committee in form and substance and with resources and functions acceptable to the Association. Unless the Association shall otherwise agree, the BFSC shall be chaired by the permanent secretary of MAFC and shall include: permanent secretaries of ASLMs, representatives from key ministries such as finance; planning, economy and empowerment; and other stakeholders, such as representatives of Development Partners, including the Association. The DPP-MAFC shall serve as secretary of the BFSC.

(ii) Role.

The BFSC shall meet quarterly and be responsible for the provision of overall policy guidance, coordination of Project implementation, and monitoring of performance to ensure that the objectives of the Project are being achieved. Without limitation to the generality of the foregoing, the BSFC shall oversee the national and local elements of the ASDP Basket Fund and be responsible for:

- (a) making recommendations on contributions by Development Partners to the ASDP Basket Fund and counterpart financing by the Recipient prior to the respective FY, including the overall financial envelopes for DADP funding within a three-year MTEF framework;
- (b) making decisions on quarterly allocation of resources from the Basket Fund to implementing entities based on acceptable IFRs and annual audits;
- (c) monitoring progress of all aspects of Project implementation through IFRs and Project Reports, making recommendations based on audit reports, and deciding on possible funding implications for entities implementing the Project;
- (d) making decisions on *ad hoc* technical and administrative studies, as needed (for e.g., on sample procurement audits);
- (e) issuing policy directives governing the ASDP Basket Fund;
- (f) making decisions on the modalities of accepting financing from new Development Partners, including any changes to the Memorandum of Understanding governing the ASDP Basket Fund; and
- (g) making recommendations to the LGCDG SC through an ASLM representative on the LGCDG TC regarding, among other things: (i) changes to LGA Annual Performance Assessment criteria and allocation formulae; (ii) identification of LGAs qualifying for Subprogram A resources; and (iii) rules for eligible investments and cost-sharing arrangements.

**B. Subprogram A**

**1. Local Government Capital Development Grant Steering Committee**

(i) Composition.

The Recipient shall maintain the LGCDG Steering Committee in form and substance and with resources and functions satisfactory to the Association throughout Project implementation. Unless the Association shall otherwise agree, the LGCDG SC shall be chaired by the permanent secretary of PMO-RALG and comprise, among others, at least one representative permanent secretary of the ASLMs.

(ii) Role.

The LGCDG SC shall integrate support to LGAs under Subprogram A and meet quarterly to make decisions, among other things, on:

- (a) changes to the Assessment Manual, such as LGA Annual Performance Assessment criteria;
- (b) changes to LGA resource allocation procedures, formulae and ceilings;
- (c) qualification of Districts for resources based on approved LGA annual assessment reports; and
- (d) final administrations of appeal.

**2. Local Government Capital Development Grant Technical Committee**

(i) Composition.

The Recipient shall maintain the LGCDG Technical Committee in form and substance and with resources and functions satisfactory to the Association throughout Project implementation. Unless the Association shall otherwise agree, the LGCDG TC shall be chaired by the deputy permanent secretary of PMO-RALG, and comprise, among others, a director of at least one ASLM and representatives of Development Partners, including the Association.

(ii) Role.

The LGCDG TC shall meet quarterly, among other things, to:

- (a) review work plans, budgets and progress reports relating to Subprojects;
- (b) review annual assessment reports and make recommendations to the LGCDG SC on allocation formulae and assessment procedures on the basis of benchmarks defined for the system; and
- (c) review and recommend any changes in the Assessment Manual to the LGCDG SC.

**3. LGAs; Regional Secretariats**

(i) General.

Unless the Association shall otherwise agree, the Recipient shall maintain LGAs and Regional Secretariats in form and substance and with resources and functions acceptable to the Association. At the local level, LGAs shall implement Subprogram A under the guidance and oversight of Council Directors. The District Agricultural and Livestock Development Officer and the District Agricultural Team shall be responsible for day-to-day Project facilitation, support and implementation.

(ii) Role of Council Director.

Each Council Director shall, among other things:

- (a) formulate and implement DADPs based on the DADP Guidelines;
- (b) mobilize resources for, and undertake monitoring and reporting of, DADP activities; and
- (c) supervise and coordinate delivery of support services such as extension, cooperatives' inspectorate, agricultural information and animal health services.

(iii) Role of Councils.

Each Council shall, among other things:

- (a) review and approve DADPs and budgets, and associated reforms of District extension services; and
- (b) review quarterly physical and financial reports prior to their submission to the concerned Regional Secretariat.

(iv) Role of Regional Secretariats.

Each Regional Secretariat shall, among other things:

- (a) assist Councils in the preparation of DADPs, IFRs and Project Reports;
- (b) evaluate compliance of DADPs and IFRs with DADP Guidelines;
- (c) collate LGA Annual Work Plans and Budgets and IFRs from Councils and forward the same to PMO-RALG with recommendations as to the eligibility of LGAs for receiving resources under Subprogram A;
- (d) undertake regular visits to monitor quality of supported investments and services and advise LGAs on required improvements; and
- (e) support LGAs in implementing agricultural service reform measures.

**4. DIDF Committee**

(i) Composition.

The Recipient shall establish no later than January 1, 2007 and maintain throughout Project implementation a DIDF Committee in form and substance and with resources and functions acceptable to the Association. Unless the Association shall otherwise agree, the DIDF Committee shall be co-chaired by PMO-RALG and MAFC, and comprise, among others, representatives of Basin Water Authorities and ASLMs.

(ii) Role.

The DIDF Committee shall be responsible for appraisal and selection on a pilot basis of proposals from Districts for additional resources for small-scale irrigation investments. Each proposal for a DIDF Grant shall be appraised and selected in accordance with procedures set forth in DIDF Guidelines to be adopted by the Recipient in form and substance acceptable to the Association no later than January 1, 2007, and the PIP, as appropriate, and upon the fulfillment of criteria for environmental, social, technical and economic soundness set forth in the said Guidelines and Plan.

**5. DADG, DIDF and EBG Subprojects**

(i) General

The Recipient shall cause each Subproject under Subprogram A to be appraised in accordance with the PIP. The eligibility criteria, terms and conditions, monitoring and evaluation, and reporting requirements of such Subprojects shall be as set forth in the PIP. In addition, each Subproject shall be screened in accordance with the procedures described in Section I (2) (D) of this Schedule, as more fully elaborated in the ESMF and RPF.

(ii) Eligibility Criteria for Subprojects

No proposed Subproject shall be eligible for financing under Subprogram A unless the DALDO or DIDF Committee, as appropriate, shall have determined, on the basis of an appraisal conducted in accordance with the provisions set forth in the PIP, that the proposed Subproject satisfies the eligibility criteria set forth in the PIP, including, but not limited to, the following:

- (a) the Subproject shall be for purposes set forth in Schedule 1 to this Agreement;
- (b) the Subproject shall be initiated by a Beneficiary who will enter into a Subgrant Agreement with the DALDO or DIDF Committee, as appropriate, and into contracts with private sector operators, as required;
- (c) the Subproject shall be economically, financially and technically viable in accordance with the standards specified in the PIP;

- (d) the Beneficiary shall contribute, as appropriate, a proportion of the amount of the Subgrant in the form of cash, materials or labor, in accordance with the PIP;
- (e) the Subproject shall be in compliance with the standards set forth in the applicable laws and regulations of the Recipient relating to health, safety and environmental protection;
- (f) without any limitation to paragraph (e) above, integrated pest management approaches shall be used by Beneficiaries when pesticides are financed under any Subproject; and
- (g) without any limitation to paragraph (e) above, or to the provisions of Section I (2) (D) of this Schedule, the Beneficiary shall, in accordance with the provisions of the ESMF, and supported by service providers, prepare an ESMP, and, as necessary, a comprehensive Subproject ESIA, and/or RAP, and/or Dam Safety Measures Report. The Recipient shall cause: (i) each ESMP to be reviewed and approved by the NEMC or a regional environmental specialist or engineer, as appropriate; (ii) each RAP to be reviewed and approved by zonal land officers; and (iii) each Dam Safety Measures Report to be reviewed and approved by a panel of experts or independent dam specialist, as appropriate; all prior to submission to the concerned Council for final review and approval of such Subgrant.

(iii) Terms and Conditions of Subgrant Agreements

- (A) A Subproject shall be carried out pursuant to a Subgrant Agreement, to be concluded between the DALDO or DIDF Committee, as appropriate, and a Beneficiary, under terms and conditions satisfactory to the Association, and described in further detail in the PIP. The Subgrant Agreement shall, among other things, include the following terms:
  - (a) the Subgrant shall be provided on a non-reimbursable grant basis;
  - (b) the Beneficiary shall contribute, as appropriate, a proportion of the amount



of the Subgrant in the form of cash, materials or labor, in accordance with the PIP;

- (c) the obligation to carry out the Subproject in accordance with the PIP, with due diligence and efficiency, and in accordance with sound technical, financial, managerial, social and environmental standards, as more fully described in Section I (2) (D) of this Schedule;
- (d) the obligation to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Subproject;
- (e) the requirement that: (i) goods, works and services to be financed from the proceeds of the Subgrant shall be procured in accordance with the Procurement Guidelines and Consultant Guidelines or, as may be applicable, the Recipient's Public Procurement Act, and as further specified in the PIP, and (ii) such goods, works and services shall be used exclusively in the carrying out of the Subproject;
- (f) the right of the Recipient to inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites, plants and construction included in the Subproject, the operations thereof, and any relevant records and documents;
- (g) the right of the Recipient to obtain all information as the Recipient or Association shall reasonably request regarding the administration, operation and financial conditions of the Subproject; and

(h) the right of the Recipient to suspend or terminate the right of the Beneficiary to use proceeds of the Subgrant for the Subproject upon failure by the Beneficiary to perform any of its obligations under the Subgrant Agreement.

(B) The Recipient shall exercise its rights under the Subgrant Agreement in such manner as to protect its interests and the interests of the Association and to achieve the Project objectives, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subgrant Agreement or any substantive provision thereof.

**6. MAFC**

The Recipient shall maintain the directorate responsible for research and training in MAFC in form and substance and with resources and functions acceptable to the Association. The Recipient shall cause said directorate to be responsible for carrying out Component 1 (c) of the Project, including:

- (a) support to LGAs in the preparation of capacity building plans for strengthening performance in Annual Performance Assessments so as to qualify for CBGs under Subprogram A;
- (b) empowerment of farmers through contracting of service providers to support the formation of farmer fora at ward and District levels; and
- (c) provision of training to boost the development of private sector agricultural service providers.

**C. Subprogram B**

**1. Agricultural Sector Lead Ministries**

(i) General.

The Recipient shall cause MAFC, MLD and MITM to be responsible for implementation of associated sub-elements of Subprogram B. Without limitation to the foregoing, ASLMs shall be responsible for:

- (a) provision of technical guidance to, and evaluation of the performance of, LGAs;
- (b) revision of DADP Guidelines, DIDF Guidelines, EBG Guidelines, CORDEMA Guidelines, ZARDEF Guidelines and NIDF Guidelines;
- (c) making of recommendations to PMO-RALG relating to LGA access and performance criteria;
- (d) collection of data for monitoring of performance during Project implementation;
- (e) development of laws, rules and policy regulations concerning agricultural investment, and provision of extension and other agricultural services;
- (f) support to Regional Secretariats on agricultural issues; and
- (g) carrying out of analytical studies on agricultural and trade policy, and annual agricultural public expenditure and sector reviews under Component 2 (c) of the Project, and linking of these reviews with monitoring and evaluation of sector performance.

(ii) Role of DPP-MAFC.

- (a) Technical functions: The DPP-MAFC shall chair a committee of directors consisting of the heads of division of each ASLM. This committee shall act as a central coordinating and supervising body for all technical aspects of Project implementation and make recommendations to the BFSC on compliance of proposed activities with policies and strategies; AWPB; and funding amounts to be recommended to the BFSC for release for Project implementation. In particular, the director responsible for food security shall, under the guidance of DPP-MAFC, ensure that food security issues are integrated into the preparation and implementation of DADPs.
- (b) Administrative functions: The DPP-MAFC working in coordination with the DPPs of other ASLMs and PMO-RALG shall also be responsible for administrative aspects of Project implementation, including review and consolidation of AWPB, IFRs, audited Financial Statements, Project Reports and requests for funds on behalf of the various implementing agencies, before their submission to the BFSC.

## **2. ASDP Secretariat**

### **(i) Composition.**

Unless the Association shall otherwise agree, the Recipient shall maintain an ASDP Secretariat in form and substance and with resources and functions acceptable to the Association. The ASDP Secretariat shall be composed of, among others, one coordinator, a monitoring and evaluation officer, and an information and communications officer.

### **(ii) Role.**

The ASDP Secretariat shall have both a coordination and facilitation role to ensure that support to the sector is well-coordinated and harmonized. Without limitation to the generality of the foregoing, the ASDP Secretariat shall carry out the following functions:

- (a) collection of data for monitoring Project implementation, analysis and comment on the monitoring results, and submission of regular monitoring reports to BFSC for discussion; and
- (b) support for development of monitoring and evaluation systems for LGAs and ASLMs and their alignment with those under the MKUKUTA.

## **3. Agricultural Services Facilitation Team**

### **(i) Composition.**

The Recipient shall maintain the ASFT in form and substance and with resources and functions satisfactory to the Association at least until the end of the first year of Project implementation. The ASFT shall comprise, among others, technical specialists from ASLMs.

### **(ii) Role.**

The ASFT shall be responsible, among other things, for carrying out the following functions:

- (a) finalization of implementation plans and guidelines for agricultural services, including the preparation and updating of a code of practice for agricultural services;
- (b) sensitization of LGAs, Regional Secretariats and other stakeholders to prepare for annual assessments to qualify for

Subprogram A resources, including by adoption of Council resolutions on extension reforms;

- (c) provision of national level guidance on research and extension services reforms and support to LGAs in preparing and implementing extension reform plans;
- (d) assistance to LGAs and ZARDIs in preparing for contracting, with oversight for execution of certain contracts for initial capacity building and farmer empowerment;
- (e) preparation of progress reports and bi-annual reviews on Project implementation and submission to DPP-MAFC; and
- (f) support to ASLMs in monitoring and evaluation of activities and quality control of services provided by public and private sector service providers.

**4. Zonal Agricultural Research**

(a) ZARDI.

(i) Composition.

The Recipient shall establish, no later than one (1) month after the Effective Date, and maintain in each ZARDI, throughout the period of Project implementation, a ZIELU in form and substance and with resources and functions acceptable to the Association. Unless the Association shall otherwise agree, each ZIELU shall be composed of a zonal information and extension liaison officer, supported, among others, by two staff with experience in research, two staff with experience in extension, and a communications and information expert, all with qualifications and experience and under terms of reference satisfactory to the Association.

(ii) Role.

Each ZIELU's core function shall be to link with LGAs, farmer groups and networks on the one hand and ASLMs on the other hand to collect and disseminate important agricultural research findings to villages, wards and Districts in a user-friendly manner, supporting research and extension linkages.

(b) ZARDEF.

(i) Composition.

The Recipient shall establish and maintain: (A) no later than June 30, 2009, ZARDEFs, in form and substance satisfactory to the Association across all agro-ecological zones of the Recipient; and (B) no later than six (6) months after the Effective Date, a ZSC for each ZARDEF in form and substance and with resources and functions acceptable to the Association. Unless the Association shall otherwise agree, each ZSC shall comprise no more than ten members. The director of the concerned ZARDI shall also act as secretary of the respective ZSC.

(ii) Role.

Each ZSC shall be responsible for evaluating and approving research proposals from its respective zone on a competitive basis.

**5. NIDF Committee**

(i) Composition.

The Recipient shall establish no later than January 1, 2007 and maintain throughout Project implementation an NIDF Committee in form and substance and with resources and functions acceptable to the Association. Unless the Association shall otherwise agree, the NIDF Committee shall be headed by the director for irrigation and technical services, MAFC, and comprise, among others, representatives from the Recipient's ministries responsible for water; lands, housing and human settlements development; natural resources and tourism; energy and minerals; MLD and NEMC.

(ii) Role.

- (a) The Recipient shall cause the NIDF Committee to be responsible for the carrying out of due diligence preparatory work for future small-, medium- and large-scale irrigation investments in National and International Water Basins under Component 2 (b) (i) of the Project as described in Schedule 1 to this Agreement.
- (b) The Recipient shall adopt, no later than six (6) months after the Effective Date, NIDF Guidelines in form and substance satisfactory to the Association. Without limitation to the foregoing, the NIDF Guidelines shall

set forth the criteria and procedures for appraisal, selection and monitoring of physical infrastructure investments in irrigation at the national level in National Water Basins through public-private partnerships.

- (c) The Recipient shall make investment planning decisions for such physical infrastructure investments under Component 2 (b) (ii) of the Project upon the completion of preparatory activities under Component 2 (b) (i) of the Project in a manner acceptable to the Association, and, among other things, on the basis of commendations contained in the SEA. Such irrigation investments shall be carried out in accordance with the provisions of the ESMF, including, as necessary, the RPF, IPMP and Dam Safety Measures.

#### **D. Environmental and Social Safeguards**

##### **1. General**

- (a) The Recipient shall at all times carry out the Project in accordance with the ESMF, including the RPF, IPMP and Dam Safety Measures, as applicable.
- (b) The Recipient shall ensure that all environmental and social issues associated with the Project are adequately analyzed and understood, and that all associated adverse impacts are captured through screening, effectively mitigated and monitored, and that the institutional capacity to ensure this happens is maintained and supported throughout implementation. Without limitation to the generality of the foregoing, the Recipient shall ensure that an environmental and social impact assessment or other environmental and social analysis is carried out in a form that is satisfactory to the Association prior to the implementation of Subprojects under Component 1 (a) and irrigation investments under Component 2 (b) based on the environmental and social screening process set forth in the ESMF.
- (c) In the event that the screening process in the ESMF, or the environmental and social impact assessment or other environmental and social analysis carried out under sub-paragraph (b) above determines that a proposed Subproject under Component 1 (a) or irrigation investment under Component 2 (b) would have a potential negative environmental or social impact, the Recipient shall ensure that an ESMP that is satisfactory to the Association is prepared and implemented to mitigate against such negative impacts in accordance with the guidelines in the ESMF.

2. Involuntary resettlement

Without any limitation to sub-paragraph (1) (c) above, if it is determined that a Subproject under Component 1 (a) or irrigation investment under Component 2 (b) would involve involuntary resettlement of persons and/or loss of means of livelihood of the affected persons as a result of the involuntary acquisition of land, the Recipient shall ensure that a RAP satisfactory to the Association is prepared in accordance with the principles and procedures specified in the RPF and implemented for the benefit of the affected persons.

Each RAP prepared as part of a proposed Subproject under Component 1 (a) shall be reviewed and approved by zonal land officials and attached to the DADP before submission to the concerned Council for approval. The first RAP produced in each qualifying District shall be subject to the Association's prior review. Thereafter, each subsequent RAP produced in that District shall be subject to post review by the Association. Each RAP prepared as part of a proposed irrigation investment under Component 2 (b) shall be reviewed and approved by zonal land officers and/or the Recipient's ministry responsible for lands, housing and human settlements development, as appropriate, before such investment is approved by the NIDF Committee.

3. Dam safety

- (a) Without limitation to the generality of sub-paragraph (1) (c) above, if it is determined that a proposed Subproject under Component 1 (a) or irrigation investment under Component 2 (b) would involve:
  - (i) construction of a new dam, the Recipient shall adopt and implement dam safety measures acceptable to the Association for the design, bid tendering, construction, operation and maintenance of such dam and associated works; or
  - (ii) reliance on the performance of an existing dam or dam under construction, the Recipient shall commission an independent inspection and evaluation of the safety status of such existing dam or dam under construction, its appurtenances, and performance history, and implement any remedial action to upgrade the safety of such existing dam or dam under construction to a standard acceptable to the Association.
- (b) If the Association shall determine that a large dam is involved, the Recipient shall appoint an independent panel of experts acceptable to the Association with expertise in technical fields relevant to the safety aspects of the proposed dam. The panel shall advise the Recipient on, among other things, critical aspects of the dam, its appurtenant structures, the catchment area, the area surrounding the reservoir and



downstream areas. The Recipient shall ensure that: (i) panel meetings are convened regularly during Project implementation; (ii) the Association is informed in advance of such meetings and allowed to observe them through a representative; (iii) the Association receives a copy of the panel's report including its conclusions and recommendations as to design, construction and start of operations; and (iv) the panel is retained through the start-up of such new dam.

- (c) The Recipient shall ensure that any required plans, such as for dam construction supervision and quality assurance, operation and maintenance, instrumentation and emergency preparedness, are duly implemented, and any plans that have not been adequately developed are raised to the required standard.
- (d) After filling and start-up of any new dam, the Recipient shall ensure that periodic dam safety inspections are carried out by independent qualified professionals who have not been involved in the investigation, design, construction or operation of such dam. The Recipient shall also undertake to modify technical criteria for evaluating dam safety and apply such revised criteria to the Project dam or existing dams if the advent of new technology or information relating to floods, seismic events, or geological features so necessitates.

#### 4. Pest management

The Recipient shall ensure that the Project is implemented in accordance with the provisions of the IPMP. Without limitation to the generality of the foregoing, the Recipient shall promote and cause to be promoted farmer-driven, ecologically-based pest control practices, and reduce reliance on synthetic chemical pesticides.

#### 5. Strategic Environmental Assessment

The Recipient shall carry out a Strategic Environmental Assessment of its National Irrigation Policy and Master Plan in form and substance satisfactory to the Association. The recommendations of the SEA with regard to water quality and other impacts, cumulative and otherwise, shall inform subsequent planning decisions for the location and scale of irrigation investments, alternatives, mitigation measures and monitoring activities.

### **Section II. Project Monitoring, Reporting, Evaluation**

#### **A. Project Reports**

- 1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of

Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one financial year, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.

- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:
    - (i) The number of LGAs meeting the minimum conditions for access to Subprogram A resources to deliver agricultural services and investments increases from a baseline of zero (0) to ninety (90) by the year 2010-11.
    - (ii) The number of LGAs that increase their level of access to agricultural Subprogram A resources based on successful performance assessments increases from a baseline of zero (0) to forty-five (45) by the year 2010-11.
  - (c) Without limitation to the generality of sub-paragraph (a) above, the Recipient shall carry out jointly with the Association, on or about the date thirty (30) months after the Effective Date, a comprehensive midterm review to assess the status of Project implementation. The Recipient shall, not later than one (1) month before such review, prepare and furnish to the Association a report, in scope and detail satisfactory to the Association, needed to undertake the review. To this end, the report shall, among other things, monitor and evaluate the progress of the Project in accordance with the following performance indicators:
    - (i) There is at least a five percent (5%) per annum rise in productivity and profitability among Beneficiaries.
    - (ii) The percentage of farmers accessing improved crop extension increases from a baseline of thirty-five percent (35%) to forty-five percent (45%) by the year 2010-11.
    - (iii) The percentage of farmers accessing improved livestock advice increases from a baseline of sixteen percent (16%) to twenty-one percent (21%) by the year 2010-11.
    - (iv) The number of new commercial agro-enterprises increases at the rate of five percent (5%) per annum.
2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall

be furnished to the Association not later than six (6) months after the Closing Date.

**B. Financial Management, Financial Reports and Audits.**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, an IFR for the Project covering such quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one financial year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period. In addition to certifying the Project Financial Statements, the external auditors shall provide: (i) an opinion on the operation of the ASDP Basket Fund Designated Account; and (ii) detailed management letters containing an assessment of the internal controls and accounting system, and recommendations for improvement.

**Section III. Procurement**

**A. General**

1. **Goods and Works.** All goods, works and services (other than consultants' services) required for the Project shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.
2. **Consultants' Services.** All consultants' services required for the Project shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Schedule.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and services (other than consultants' services) shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and services (other than consultants' services). The Procurement Plan shall specify the circumstances under which such methods may be used:

<b><u>Procurement Method</u></b>
(a) Limited International Bidding
(b) National Competitive Bidding
(c) Shopping
(d) Direct Contracting

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b><u>Procurement Method</u></b>
(a) Selection based on Consultants' Qualifications
(b) Quality Based Selection
(c) Fixed Budget Selection
(d) Least Cost Selection
e) Single Source Selection

**D. Review by the Association of Procurement Decisions**

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods estimated to cost the equivalent of \$200,000 or more per contract; (b) each contract for works estimated to cost the equivalent of \$500,000 or more per contract; (c) all contracts selected on the basis of Direct Contracting; (d) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more per contract; (e) each contract for consultants' services provided by an individual consultant estimated to cost the equivalent of \$50,000 or more per contract; and (f) all contracts selected on Single Source basis. All other contracts shall be subject to Post Review by the Association.

**Section IV. Withdrawal of the Proceeds of the Financing**

**A. General.**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient, to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed</b>
(1) Subprogram A	34,900,000	Such percentage of Eligible Expenditures as the Association may determine for each FY
(2) Subprogram B	20,100,000	Such percentage of Eligible Expenditures as the Association may determine for each FY
(3) Unallocated	6,600,000	
<b>TOTAL AMOUNT</b>	<u>61,600,000</u>	

**B. Withdrawal Conditions; Withdrawal Period.**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:
  - (a) for payments made prior to the date of this Agreement; or
  - (b) under Categories (1) and (2) unless:
    - (i) for the second and each subsequent year of Project implementation, the Recipient submits to the Association and other Development Partners an AWPB;
    - (ii) by the end of FY 06/07, the Recipient has ensured that staff in internal audit units in ASLMs and qualifying LGAs have been trained on the application of the relevant internal audit manuals;  
or
  - (c) under Category (1), unless for the second and each subsequent year of Project implementation, the Recipient provides to the Association a list of LGAs that have qualified for Subprogram A resources under the Annual Performance Assessment; or
  - (d) under Category (2), unless by the end of the third quarter of the first year of Project implementation, the Recipient has established an acceptable procurement filing and record keeping system for ASLMs in accordance with the PIP. To this end, the audit of such system shall be carried out by the Recipient's Public Procurement Regulatory Authority.
2. The Closing Date is December 31, 2011.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each May 15 and November 15:	
commencing November 15, 2016 to and including May 15, 2026	<b>1%</b>
commencing November 15, 2026 to and including May 15, 2046	<b>2%</b>

\*The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

## APPENDIX

### Definitions

1. “Agricultural Sector Lead Ministries” or “ASLMs” means the Recipient’s Ministry of Agriculture, Food Security and Cooperatives; Ministry of Livestock Development; Ministry of Industry, Trade and Marketing; and the Prime Minister’s Office – Regional Administration and Local Government.
2. “Agricultural Services Facilitation Team” or “ASFT” means the team with a composition and role described in Section I (2) (C) (3) of Schedule 2 to this Agreement.
3. “Annual Performance Assessment” means the performance assessment carried out annually under the LGCDG system to determine the eligibility of each LGA to access, or, as the case may be, receive increased or decreased resources, under Subprogram A, and which includes compliance with rules and procedures on accountability, and the existence of satisfactory accounting and procurement capacity.
4. “Annual Work Plan and Budget” or “AWPB” means the work plan and budget prepared annually in accordance with Section I (1) (C) of Schedule 2 to this Agreement.
5. “ASDP Basket Fund” or “Basket Fund Designated Account” means the account to be operated by the Accountant General and maintained in Dollars in the Bank of Tanzania to finance activities relating to Subprogram A and B, and into which the Development Partners’ funds will be deposited.
6. “ASDP Secretariat” means the secretariat with a composition and role described in Section I (2) (C) (2) of Schedule 2 to this Agreement.
7. “Assessment Manual” means the manual dated November 2004, and consisting of a set of minimum conditions and annual performance criteria, including those related to agriculture, used to assess each LGA for determining its qualification to access, or, as the case may be, receive increased or decreased resources, under Subprogram A, as such manual may be amended from time to time with the agreement of the Association.
8. “Basin Water Authorities” means the authorities established under the Water Utilization, Control and Regulation Act No. 42 of 1974 of the laws of the Recipient, as amended by Act No. 10 of 1981.
9. “Basket Fund Steering Committee” or “BFSC” means the committee with a composition and role described in Section I (2) (A) of Schedule 2 to this Agreement.



10. "Beneficiary" means a farmer, livestock keeper, farmer group, livestock keeper group, or other District level farmer organization or livestock keeper organization, who or which has met the eligibility criteria set out in Section I (2) (B) (5) (ii) of Schedule 2 to this Agreement and in the PIP, and to whom or which a Subgrant is made or proposed to be made.
11. "Capacity Building Grant" means a Subgrant made or to be made under Component 1 (c) (i) of the Project as described in Schedule 1 to this Agreement.
12. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
13. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in May 2004.
14. "CORDEMA Guidelines" means the guidelines included in the PIP and to be applied by ZARDIs to strengthen client oriented research and development management.
15. "Council" means either a city council, municipal council, urban council, or District council established under the Local Government (District Authorities) Act No. 7 of 1982 and the Local Government (Urban Authorities) Act No. 8 of 1982 of the laws of the Recipient, as amended.
16. "Council Director" means the head of an LGA exercising functions under this Project as specified in Section I (2) (B) (3) (ii) of Schedule 2 to this Agreement.
17. "Dam Safety Measures" means the measures included in the ESMF to ensure the safe construction, operation and maintenance of any new or existing dam, or dam under construction.
18. "Dam Safety Measures Report" means a report to be prepared in respect of a proposed Subproject under Component 1 (a) or irrigation investment under Component 2 (b), as applicable, when construction of a new dam or reliance upon the performance of an existing dam or dam under construction is involved.
19. "Development Partners" means collectively, the Association and any other international development agencies or governments that are pooling their funds for the Project into the Basket Fund Designated Account, and who will be a party to the MOU.
20. "District" means an administrative area established pursuant to Section 6 of the Regions and Districts (Establishment Procedures) Act No. 12 of 1994 of the laws of the Recipient, representing a designated area and population within the territory of the Recipient.

21. “District Agricultural Development Grant” or “DADG” means a Subgrant made or to be made under Component 1 (a) (i) of the Project as described in Schedule 1 to this Agreement.
22. “District Agricultural Development Plan” or “DADP” means the three-year rolling agricultural development plan developed by each LGA and updated annually in accordance with the DADP Guidelines.
23. “District Agricultural Development Plan Guidelines” or “DADP Guidelines” means the guidelines amended as of March 2006, adopted by the Recipient and forming part of the PIP, which set out the District level process for developing DADPs, including their linkage with District development plans, and detailing the relevant implementation arrangements, as the same may be amended from time to time with the prior agreement of the Association.
24. “District Agricultural Team” or “DAT” means a team of technical specialists working under the DALDO at District, ward and village levels.
25. “District Agriculture and Livestock Development Officer” or “DALDO” means the head of the office for agriculture and livestock development at District level.
26. “District Irrigation Development Fund Committee” or “DIDF Committee” means the committee to be established by the Recipient with a composition and role as described in Section I (2) (B) (4) of Schedule 2 to this Agreement.
27. “District Irrigation Development Fund Grant” or “DIDF Grant” means a Subgrant made or to be made under Component 1 (a) (ii) of the Project as described in Schedule 1 to this Agreement.
28. “District Irrigation Development Fund Guidelines” or “DIDF Guidelines” means the guidelines to be adopted by the Basket Fund Steering Committee setting out the eligibility criteria for Subprojects to be financed under Component 1 (a) (ii) of the Project, cost-sharing ratios, ceilings, environmental and social screening procedures, and other implementation arrangements, including for procurement, financial management and reporting, as the same may be amended from time to time with the prior agreement of the Association. Such guidelines will be included in the PIP after their adoption by the date specified in Section I (2) (B) (4) (ii) of Schedule 2 to this Agreement.
29. “DPP-MAFC” means the director in charge of policy and planning in MAFC, having certain technical and administrative responsibilities under the Project as described in Section I (2) (C) (1) (ii) of Schedule 2 to this Agreement.
30. “Environmental and Social Impact Assessment” or “ESIA” means an instrument to identify and assess the potential environmental and social impacts of a

proposed project, evaluate alternatives, and design appropriate mitigation, management, and monitoring measures.

31. “Environmental and Social Management Framework” or “ESMF” means the framework prepared by the Recipient and approved by the Association, setting forth an environmental and social screening process that will enable Project implementers to identify and assess potential adverse environmental and social impacts, and offset and reduce them to acceptable levels, or enhance positive impacts, and in accordance with which environmental management plans will be prepared and submitted to the Association for its approval, and such framework includes the Integrated Pest Management Plan and Dam Safety Measures, as the same may be amended from time to time with the concurrence of the Association.
32. “Extension Block Grant” or “EBG” means a Subgrant made or to be made under Component 1 (b) of the Project as described in Schedule 1 to this Agreement.
33. “Extension Block Grant Guidelines” or “EBG Guidelines” means the guidelines included in the PIP and setting out the eligibility criteria for Subprojects to be financed under Component 1 (b) of the Project, cost-sharing ratios, ceilings, and other implementation arrangements, including for procurement, financial management and reporting, as the same may be amended from time to time with the prior agreement of the Association.
34. “Fiscal Year” or “FY” means the Recipient’s fiscal year which commences on July 1 of each calendar year and ends on June 30 of the following calendar year.
35. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.
36. “Integrated Pest Management Plan” or “IPMP” means a comprehensive plan included in the ESMF to address significant pest management issues such as: (a) new land-use development or changed cultivation practices in an area; (b) significant expansion into new areas; (c) diversification into new crops in agriculture; (d) intensification of existing low-technology systems; (e) proposed procurement of relatively hazardous pest control products or methods; or (f) specific environmental or health concerns (e.g., proximity of protected areas or important aquatic resources, worker safety), and designed to minimize potential adverse impacts on human health and the environment and to advance ecologically-based integrated pest management.
37. “Interim un-audited Financial Report” or “IFR” means the report on the basis of which disbursements will take place, as referred to in Section II (B) (2) of Schedule 2 to this Agreement, and which: (i) sets forth the sources and uses of funds for the Project, both cumulatively and for the period covered by said

report, showing funds provided under the Basket Fund Designated Account, and explains variances between the actual and planned uses of such funds; (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report; and (iv) contains forecasts of projected expenditures for the ensuing two quarters.

38. “International Water Basin” or “International Basin” means a water basin of: (a) any river, canal, lake or similar body of water that forms a boundary between, or any river or body of surface water that flows through, the Recipient’s territory and any other state; (b) any tributary or other body of surface water that is a component of any waterway described in (a) above; and (c) any bay, gulf, strait or channel bounded by the Recipient’s territory and any other state, or, if within the Recipient’s territory, recognized as a necessary channel of communication between the open sea and other states, and any river flowing into such waters.
39. “LG Act” means the Recipient’s Local Government (District Authorities) Act No. 7 of 1982, as amended, or the Local Government (Urban Authorities) Act No. 8 of 1982, as amended, either individually or collectively, as the case may be.
40. “Local Government Authority” or “LGA” means a District authority or an urban authority established pursuant to the respective LG Act, and referred to in Section I (2) (B) (3) of Schedule 2 to this Agreement.
41. “Local Government Capital Development Grant Steering Committee” or “LGCDG SC” means the committee established by the Recipient with a composition and role as described in Section I (2) (B) (1) of Schedule 2 to this Agreement.
42. “Local Government Capital Development Grant Technical Committee” or “LGCDG TC” means the committee established by the Recipient with a composition and role as described under Section I (2) (B) (2) of Schedule 2 to this Agreement.
43. “Medium Term Expenditure Framework” or “MTEF” means a rolling three-year expenditure framework developed annually at national and local levels.
44. “Memorandum of Understanding” or “MOU” means the memorandum of understanding between the Recipient, the Association and other Development Partners, as the same may be amended from time to time, providing for common arrangements and procedures on procurement, disbursement, accounting,

monitoring, reporting, auditing, coordination and exchange of information required for implementation of the Project.

45. “Ministry of Agriculture, Food Security and Cooperatives” or “MAFC” means the Recipient’s ministry responsible for agriculture, food security and cooperatives.
46. “Ministry of Finance” means the Recipient’s ministry responsible for finance.
47. “Ministry of Industry, Trade and Marketing” or “MITM” means the Recipient’s ministry responsible for industry, trade and marketing.
48. “Ministry of Livestock Development” or “MLD” means the Recipient’s ministry responsible for livestock development.
49. “MKUKUTA” means the Recipient’s National Strategy for Growth and Poverty Reduction dated June 2005 and covering the period from 2005-06 to 2010-11.
50. “National Environment Management Council” or “NEMC” means the council established by the Recipient in the office of the vice president pursuant to the Environment Management Act No. 20 of 2004, with responsibility for review, monitoring and enforcement of environmental impact assessments, facilitation of public participation in environmental decision making, and exercise of general supervision and coordination over all matters in relation to the environment.
51. “National Irrigation Development Fund” or “NIDF” means the Recipient’s national fund for irrigation development which will finance activities under Component 2 (b) of the Project as specified in Schedule 1 to this Agreement.
52. “National Irrigation Development Fund Committee” or “NIDF Committee” means the committee to be established by the Recipient with a composition and role as described in Section I (2) (C) (5) of Schedule 2 to this Agreement.
53. “National Irrigation Development Fund Guidelines” or “NIDF Guidelines” means the guidelines to be adopted by the BFSC setting out the eligibility criteria for physical investments in irrigation infrastructure to be financed under Component 2 (b) (ii) of the Project, environmental and social screening procedures, and other implementation arrangements, including for procurement, financial management and reporting, as the same may be amended from time to time with the prior agreement of the Association. Such guidelines will be included in the PIP after their adoption by the date specified in Section I (2) (C) (5) (ii) (b) of Schedule 2 to this Agreement.
54. “National Irrigation Master Plan” means the Recipient’s master plan dated November 2002 for sustainable development of irrigation in its territory, and

having as its objective the attainment of increased agricultural productivity and profitability.

55. “National Irrigation Policy” means the policy document setting out the Recipient’s vision for development of irrigation in its territory.
56. “National Water Basin” or “National Basin” means any water basin that is not an International Water Basin as hereinabove defined.
57. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
58. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 4, 2006 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
59. “Program” means the Recipient’s strategic plan for development of the agricultural sector as set forth in the Agricultural Sector Development Program dated May 2006 and covering the period from 2006-07 to 2012-13.
60. “Project Implementation Plan” or “PIP” means the Project plan specifying, among other things, the procedures, timetables, procurement, disbursement, financial management, accounting, reporting, monitoring, evaluation, environmental and social management, and other implementation arrangements agreed upon by the Recipient and Association, and including the DADP Guidelines, DIDF Guidelines, EBG Guidelines, CORDEMA Guidelines, ZARDEF Guidelines and NIDF Guidelines, as the same may be amended from time to time with the approval of the Association, and such term includes any annexes to the Project Implementation Plan.
61. “Prime Minister’s Office – Regional Administration and Local Government” or “PMO-RALG” means the office of the Recipient’s Prime Minister responsible for regional administration and local government.
62. “Public Procurement Act” means the Public Procurement Act No. 21 of 2004 of the laws of the Recipient and referred to in Section I (2) (B) (5) (iii) (A) (e) of Schedule 2 to this Agreement.
63. “Public Procurement Regulatory Authority” means the authority established under the Public Procurement Act No. 21 of 2004 of the laws of the Recipient and referred to in Section IV (B) (1) (d) of Schedule 2 to this Agreement.
64. “Regional Secretariat” means the secretariat established under the Regional Administration Act No. 19 of 1997 of the laws of the Recipient and referred to in Section I (2) (B) (3) (iv) of Schedule 2 to this Agreement.

65. “Resettlement Policy Framework” or “RPF” means the governing framework prepared by the Recipient and approved by the Association for land acquisition, resettlement and compensation under the Project, and in accordance with which resettlement action plans will be prepared and submitted to the Association for its approval, as the same may be amended from time to time with the concurrence of the Association.
66. “Strategic Environmental Assessment” or “SEA” means an instrument that strategically examines environmental and social issues and impacts associated with implementing the Recipient’s National Irrigation Policy and Master Plan; evaluates and compares the impacts against those of alternative options; assesses legal and institutional aspects relevant to the issues and impacts; and recommends broad measures to strengthen environmental and social management in the agricultural sector.
67. "Subgrant" means a grant made or proposed to be made by the Recipient to a Beneficiary for the purpose of implementing a Subproject as described in Section I (2) (B) (5) of Schedule 2 to this Agreement, pursuant to the terms and conditions set forth in a Subgrant Agreement.
68. "Subgrant Agreement" means an agreement to be entered into between the Recipient and a Beneficiary, setting forth the terms and conditions upon which proceeds of a Subgrant shall be made available for the purpose of financing a Subproject, as referred to in Section I (2) (B) (5) (iii) of Schedule 2 to this Agreement and further specified in the PIP.
69. “Subprogram A” means an annual program of activities and associated budget for Component 1 of the Project to be financed from the ASDP Basket Fund.
70. “Subprogram B” means an annual program of activities and associated budget for Component 2 of the Project to be financed from the ASDP Basket Fund.
71. “Subproject” means: (i) an investment in agricultural infrastructure financed or to be financed through a DADG or a DIDF Grant under Component 1 (a) of the Project; and/or (ii) an extension activity financed or to be financed through an EBG under Component 1 (b) of the Project.
72. “Zonal Agricultural Research and Development Fund” or “ZARDEF” means a fund for agricultural research to be established under an administrative arrangement in each of the Recipient’s seven agro-ecological zones as specified in Section I (2) (C) (4) (b) of Schedule 2 to this Agreement.
73. “Zonal Agricultural Research and Development Fund Guidelines” or “ZARDEF Guidelines” means the guidelines included in the PIP for the operationalization of the ZARDEFs.

74. “Zonal Agricultural Research and Development Institutes” or “ZARDI” means the institutes for promotion of agricultural research and development constituted in each of the Recipient’s seven agro-ecological zones by MAFC and MLD and referred to in Section I (2) (C) (4) (a) of Schedule 2 to this Agreement.
75. “Zonal Information and Extension Liaison Unit” or “ZIELU” means a unit to be set up in each ZARDI with a composition and role as described in Section I (2) (C) (4) (a) of Schedule 2 to this Agreement.
76. “Zonal Steering Committee” or “ZSC” means a committee established by MAFC for each ZARDEF with a composition and role as described in Section I (2) (C) (4) (b) of Schedule 2 to this Agreement.