

## Ex-Ante Evaluation Report (for Japanese ODA Loan )

Africa Division 2, Africa Department  
Japan International Cooperation Agency

### 1. Name of the Project

1. Country: United Republic of Tanzania
2. Project: Tanzania Agricultural Inputs Support Project (TAISP)
3. Project Site/Target Area: Arusha, Manyara, Kilimanjaro, Dodoma, Singida, Morogoro, Tabora, Songwe, Mbeya, Njombe, Shinyanga, Mwanza, Geita, Simiyu, Katavi (15 target regions, with a total population of about 33 million) \*Tanzania has 31 regions and a total population of 59 million.

Loan Agreement: April 27, 2023

### 2. Background and Necessity of the Project

1. Current state and Issues of the Agricultural Sector and the Priority of the Project in Tanzania

In the United Republic of Tanzania (hereinafter “the country”), the agricultural sector accounts for 61.5% of the working population and 26% of GDP, and agricultural products account for 30% of all exports, making it a key industry (African Development Bank, 2022). On the other hand, about 80% of the country’s agricultural output is produced by small-scale farmers who practice rain-fed cultivation that is easily impacted by the weather, and because quality seeds that are resistant to fertilizer, climate change and pests and disease are rarely used the average crop yields remain at about one-third of optimal levels.

Since February 2022, the Ukraine conflict has had a significant impact on the country’s agricultural sector. The country relies on imports for more than 90% of domestic wheat demand, and 67% of this is imported from Russia and Ukraine. 47% of sunflowers, the raw material used for cooking oil, are also imported from these two countries. Between January and April 2022 wheat trade prices rose 24%, and rice, which is consumed second only to maize saw the sale price for 1 kg rise by 41% compared to the previous June (2022, Famine Early Warning Systems Network). Also, imports are relied on for more than 90% of fertilizer, 25% of which is imported from Russia, and the domestic fertilizer price rose by 27% in a single week in early March 2022. Given such price increases, small-scale farmers are expected to further restrain the use of fertilizer, which is anticipated to result in a further fall in grain harvests (Global Crisis Response Group on Food, Energy and Finance (GCRG), 2022).

Under such circumstances, the government of the country is taking emergency measures such as implementing tax incentives for fertilizer from the new fiscal year in July 2022, and in addition to improving access for small scale farmers to soaring agricultural inputs (seeds, fertilizers) to increase food production and maintain the food production foundation, the government of the country has also requested that Japan co-finance with the AfDB an “Agricultural Input Support Project” (hereinafter “this project”) which is seen as essential for

enhancing the domestic production system for the expansion of scale.

This project will provide emergency assistance for the government of the country to address the short-term supply need for quality seeds and fertilizer in the agricultural sector, and to improve systems to provide sustainable access to quality agricultural inputs for farmers.

This project promotes the Agriculture Sector Development Programme II formulated by the government of the country, and is positioned as a high priority project that contributes to the enhancement of capacity to respond to the food security crisis brought about by the Ukraine conflict, the building of a resilient agricultural foundation, and the improvement of food and nutrition security.

2. Japan's and JICA's Policy Cooperation Policy and Operations in the Agricultural Sector  
"The Country Development Assistance Policy for the United Republic of Tanzania" (September 2017) and "JICA Country Analysis Paper for the United Republic of Tanzania" (March 2018) establish the development of sectors that drive economic growth as a priority area, and this project is in line with this policy and analysis in its efforts to maintain rural economies and to establish stable food security. Under the ASDP II framework which is the policy guideline for the development of this sector that has been promoted by the government of the country, Japan has supported rice production, irrigated agriculture, and the construction of a food value chain. Japan has also dispatched experts to the Tanzania Agricultural Development Bank and is supporting the improvement of financial access and the bank's operational management capabilities. The target farmers in this project are also target farmers of the project supported by Japan, so a synergistic effect is expected.

In addition, JICA's issue-specific project strategies for the agricultural and rural development (sustainable food system) sectors aims to ensure food security by improving farm income with the promotion of agriculture and related industries, and through the stable supply of food. This project also contributes to the "JICA Initiative for Food and Nutrition Security in Africa", including the "Coalition for African Rice Development (CARD) Phase 2" with a focus on promoting rice cultivation in 32 countries, including Tanzania. This project also contributes to the promotion of CARD since it targets rice farmers.

### 3. Other Donors' Activities

In May 2022, the World Bank announced plans to invest more than USD 30 billion over the next 15 months for food security, as financial and balance of payments support to African countries, including the country, given the impact of the food security crisis. Also, in May 2022, in response to complex crises including the conflict in Ukraine, the AfDB announced their advocacy for the African Emergency Food Production Facility (AEFPF) and an emergency food production plan including development partners such as Japan on a total scale of about USD 1.5 billion (about JPY 200 billion), with the AfDB expected to lend USD 73 million (about JPY 9.4 billion) of this to Tanzania.

### 3. Project Description

#### 1. Project Description

##### (1) Project Objective

The objective of this project is to improve the productivity and production volumes of priority crops (rice, wheat, and sunflowers) by expanding the supply capacity of high quality agricultural inputs (quality seeds and fertilizers) to small-scale farmers, and to contribute to the building of a strong agricultural foundation and increased food and nutrition security.

##### (2) Project Components

This project is co-financed (jointly) with the AfDB based on the AfDB's response framework of the AEFPPF, as a sector loan format, and the sub-project details are scheduled to be determined in discussion with the Ministry of Agriculture and the AfDB. The selection criteria for sub-projects are contributing to the building of a strong agricultural foundation and increasing food and nutrition security in Tanzania. The candidate sub-projects are currently expected to be as follows.

Sub-project ①: Improved access to quality seeds and increased local production of quality seeds

- The procurement through market routes of quality seeds (about 16,000 tons of rice, about 7,200 tons of wheat, and about 5,600 tons of sunflowers) adapted to climate change and the distribution to target farmers selected by the Ministry of Agriculture through an e-voucher system.
- Sourcing for the Tanzania Agricultural Research Institute, Agricultural Seed Organization and Tanzania Official Seed Certification Body of equipment for expanding the capacity of quality seed production in the country.
- Conduct a project to expand of new and existing fields in target areas to improve the production of priority crops.

Sub-project ②: Facilitation of financing for fertilizer supply and improved access to fertilizer

- Distribution of subsidies to fertilizer importers and domestic fertilizer producers according to their sales volumes, to support the domestic supply of fertilizer in Tanzania. This subsidy system commenced from August 2022, and the total budget of the subsidy is about JPY 8.37 billion. Specific fertilizer supply methods are as below.

Sub-project ③: Implementation of enhanced policy and institutional improvements

- Technical support as needed for the Ministry of Agriculture to carry out institutional reforms domestically for the credit guarantee and e-voucher system etc. to promote projects ① and ② above.

##### (3) Beneficiaries of the Project (Target groups)

1.2 million farm households in the target area (equivalent to 4.8 million people)

## 2. Estimated Project Cost

Estimated Project Cost: JPY 20.771 billion (including JPY 10 billion in ODA loan)

## 3. Schedule

April 2023 to June 2025 (total of 27 months)

Completion of all sub-projects is considered as the completion of the Project.

## 4. Project Implementation Structure

(1) Borrower: The Government of the United Republic of Tanzania

(2) Executing Agency: The Government of the United Republic of Tanzania, Ministry of Agriculture

## 5. Collaboration and Sharing of Roles with Other Donors

### (1) Japan's Activity

Implemented the "Project for Capacity Development on Data Collection, Analysis and Data-based Reporting under ASDP" (2015-2019), a technical cooperation project targeting the executing agency of this project, the Ministry of Agriculture, and the building of an Agricultural Routine Data System (ARDS) for the collection of agricultural data from across Tanzania, and supported the formulation of agricultural policy based on agricultural statistics. ARDS can also be used to monitor the results of this project.

Through the "Project for Supporting Rice Industry Development in Tanzania" (2012-2019) technical cooperation project, supported the dissemination of rice cultivation techniques throughout Tanzania and the building of a rice production value chain to contribute to the expansion of rice production. In addition, a successor project is scheduled to start from June 2023 in all regions of Tanzania, which plans to provide guidance on various techniques related to rice cultivation and is expected to contribute to the effective use and establishment of the quality seeds and fertilizer provided by this project.

### (2) Other Donor's Activity

This project is co-financed with the AfDB and implemented under the framework of the Accelerated Co-Financing Facility for Africa (ACFA) developed in 2005 under the partnership between the AfDB and the Japanese government, and the AfDB will be responsible for the supervision of this project. The Food and Agriculture Organization of the United Nations (FAO) and UN Capital Development Fund (UNCDF) support for the implementation of activities related to the e-voucher system.

## 6. Environmental and Social Considerations

### (1) Environmental and social considerations

1) Category : FI

2) Reason for Categorization : Sub-projects can not be specified prior to JICA's approval for financing, and they may have environmental impacts under the JICA guidelines for environmental and social considerations (January 2022) (herein after referred as JICA Guidelines).

3) Other/Monitoring : Under the Tanzania domestic legal system, AfDB "Integrated Safeguards System" and "JICA Guidelines," sub-projects for this project will be

categorized by PIT together with the AfDB and Environmental Impact Assessment (EIA) Reports will be prepared for the applicable category, and all necessary mitigation measures and monitoring plans shall be developed. In addition, JICA will confirm the prepared EIA reports before they are finalized. Activities falling under Category A projects will not be included within the scope of Japanese ODA loans.

#### 7. Cross-Sectional Issues

This project may contribute to adaptation to climate change, as it will introduce quality seeds that are adapted to climate change, making agriculture possible amidst rising temperatures and increased/decreased rainfall due to climate change. There are no special considerations for poverty measures/considerations, measures against infectious diseases such as AIDS/HIV, participatory development, or people with disabilities.

#### 8. Gender Category: ■GI (S) Gender Informed (Significant)

<Details of activities/reasons for classification>

In the distribution of quality seeds and fertilizer in this project, the “Number of beneficiary farm households receiving certified seeds and fertilizers using e-vouchers” will be used as the indicator, and it is planned that 40% of beneficiaries will be female farmers.

#### 9. Other Important Issues: N/A

### 4. Targeted Outcomes

#### 1. Quantitative Effects

##### (1) Outcomes (Operation and Effect Indicators)

Indicator	Baseline (Actual value in 2021)	Target (2025) [Assumed at completion of loan]
Improved productivity (tons/ha)	Rice: 2.0 Wheat: 1.5 Sunflowers: 1.0	Rice: 3.0 Wheat: 3.0 Sunflowers: 2.0
Increased production (tons/year)	Rice: 2,700,000 Wheat: 70,000 Sunflowers: 650,000	Rice: 4,000,000 Wheat: 500,000 Sunflowers: 700,000
Quantity of quality seeds distributed using e- vouchers (tons)*	Rice: 0 Wheat: 0 Sunflowers: 0	Rice: 16,000 Wheat: 7,200 Sunflowers: 5,600
Beneficiary farms (persons) receiving quality seeds and fertilizers using e- vouchers*	Male: 0 Female: 0	Male: 720,000 Female: 480,000

No. of farmers (households) registered in electronic database*	0	1,200,000
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\*Cumulative values during the project implementation period

## (2) Qualitative Effects

Building a strong agricultural foundation and enhancing food and nutrition security (determined comprehensively based on quantitative and effect indicators, domestic food crop productivity, and production indicators)

## (3) Internal Rate of Return

Based on the assumption listed below, the economic internal rate of return (EIRR) for the Project is 27.26%, and the financial Internal rate of return (FIRR) is 26.08%.

### 【EIRR】

Cost: Cost of purchasing priority crops and fertilizers, cost of transporting input materials, etc.

Benefit: Benefit obtained from the increased productivity of priority crops through the supply of quality seeds to target farmers

Project Life: 15 years

### 【FIRR】

Cost: Cost of purchasing quality crops and fertilizers, cost of transporting input materials, etc.

Benefit: Profits from revenue from the sale of quality crops

Project Life: 15 years

## 5. External Factors and Risk Control

### 1. Preconditions

N/A

### 2. External Factors

Maintain measures against global food and fertilizer supply shortages and soaring prices and avoid the sudden worsening of the global situation.

## 6. Lessons Learned from Past Projects and Application to this Project

Given that the AfDB and the World Bank have implemented similar projects in Tanzania and other African countries in the past, it has been learned that it is very important to select targets that are in line with the goal of increasing project efficiency, and that project management and implementation systems be strengthened.

For this project, to maximize the use of distributed inputs, target farmers who are transitioning to market-oriented production with an emphasis on productivity and technology utilization for the distribution of agricultural inputs. There have also been reports in similar projects in the past of vouchers being issued at inopportune times after planting season due

to delays in procuring quality seeds and fertilizers. Therefore, for this project, involving the private sector can increase the speed of procuring quality seeds and fertilizers, and launching a PIT under the direct control of the Ministry of Agriculture will clarify responsibility and strengthen the project implementation system.

## **7. Evaluation Results**

This project is consistent with the development issues and policies of Tanzania and the cooperation policy and analysis of JICA and Japan, to contribute to securing food and nutrition security with the enhancement of food production, increase of small-scale farm income, and expansion of access to high-yield agricultural inputs in Tanzania, and given that this project is expected to contribute to SDGs Goal 1 (no poverty), Goal 2 (zero hunger), Goal 5 (gender equality), and Goal 13 (climate action), there is a strong need for supporting this project.

## **8. Plan for Future Evaluation**

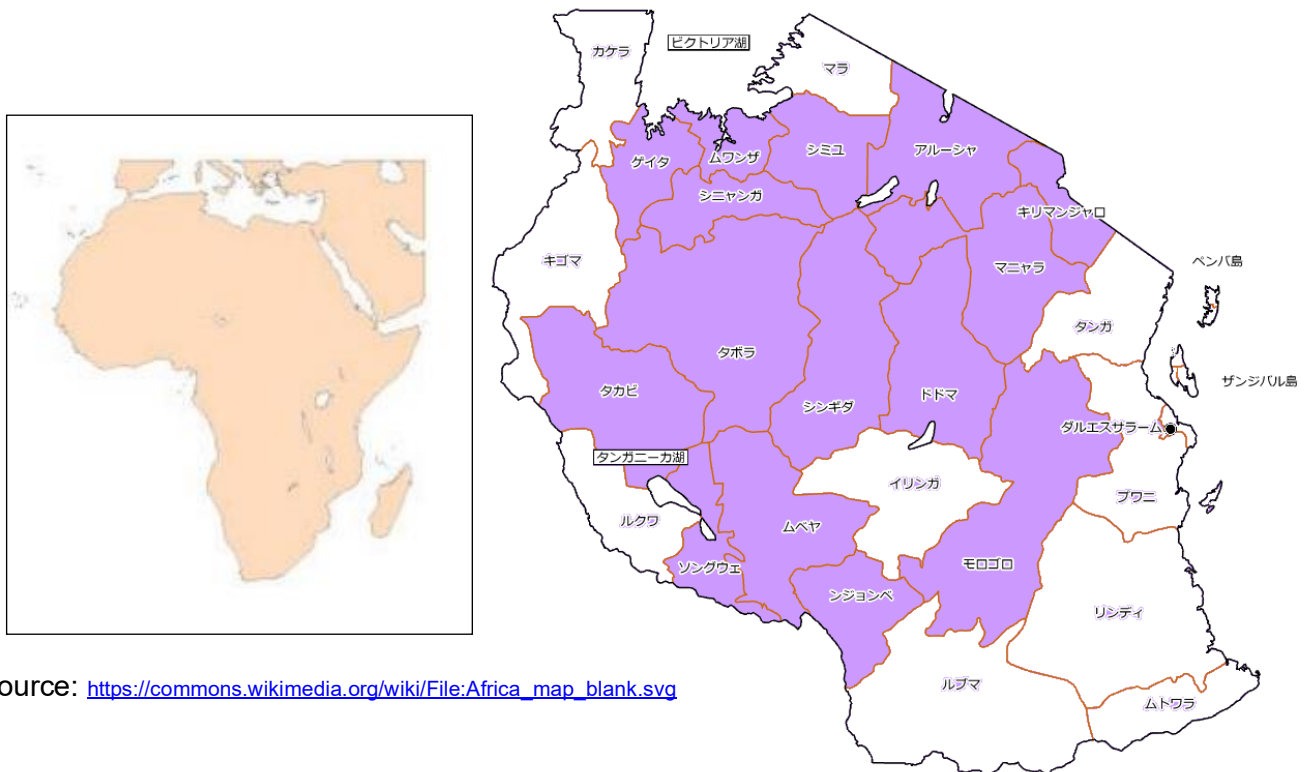
1. Indicators to be Used:  
As indicated in Section 4.
2. Future Evaluation Schedule  
Ex-post evaluation at loan completion.

END

Attachment: Map of the target areas for the Tanzania Agricultural Inputs Support Project

## Map of the target areas for the Tanzania Agricultural Inputs Support Project

Project sites/target areas (highlighted area): Arusha, Manyara, Kilimanjaro, Dodoma, Singida, Morogoro, Tabora, Songwe, Mbeya, Njombe, Shinyanga, Mwanza, Geita, Simiyu, Katavi (15 target regions, with a total population of about 33 million) \*Tanzania has 31 regions and a total population of 59 million.



Source: [https://commons.wikimedia.org/wiki/File:Africa\\_map\\_blank.svg](https://commons.wikimedia.org/wiki/File:Africa_map_blank.svg)

Source: Map processed from MOFA website