

**Agreement between the Norwegian Ministry of
Foreign Affairs and the Government of the Republic of Tanzania
regarding development cooperation concerning “*Enhancing Pro-
poor Innovations in Natural Resources and Agricultural Value-
chains (EPINAV)*”**

The Government of the Kingdom of Norway (Norway) and the Government of the United Republic of Tanzania (Tanzania) have entered into an agreement regarding “Cooperation for Promotion of Economic and Social Development of the United Republic of Tanzania”, dated 13 June 1988 and prolonged by Addenda of which the latest is dated 1st of November 2007 (the Main Agreement).

WHEREAS Tanzania in letter dated 18 January 2010 has requested Norway for support to “*Enhancing Pro-poor Innovations in Natural Resources and Agricultural Value-chains (EPINAV)*”, and

WHEREAS the Norwegian Ministry of Foreign Affairs (MFA) has decided to comply with the request,

NOW THEREFORE MFA and Tanzania (the Parties) have reached the following understanding which shall constitute an Agreement between the Parties:

**Article I
Scope and objectives**

1. This Agreement sets forth the terms and procedures for MFA’s support to “*Enhancing Pro-poor Innovations in Natural Resources and Agricultural Value-chains (EPINAV)*”, (the Programme) as outlined in the Agreed Programme Summary in Annex I and further described in the Programme Document “*Enhancing Pro-poor Innovations in Natural Resources and Agricultural Value-chains (EPINAV)*”, dated 24 September 2010.
2. The Goal of the Programme is “*Increased contribution of Sokoine University of Agriculture (SUA) to the national goal of poverty reduction and improved social well being through promotion of innovation in the Agricultural and Natural resources sectors*”.

The Purpose of the Programme is “*Enhanced productivity, livelihood security and human capacity of target groups to utilise pro-poor and climate change adapted innovations in agricultural and natural resources value chains*”.

3. The Parties may agree on extending existing or including new Programme elements within the Programme, as well as on re-allocating funds within the Programme. Any such agreement shall be in writing, e.g. recorded in the Agreed Minutes from the consultations mentioned in Article VI.

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Article II Cooperation – Representation

1. The Parties shall communicate and cooperate fully with the aim to ensure that the Goal and Purpose are successfully achieved. The Parties further agree to cooperate on preventing corruption within and through the Programme, and undertake to take rapid legal action to stop, investigate and prosecute in accordance with applicable law any person suspected of misuse of resources or corruption. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to the Programme.
2. In matters pertaining to the implementation of the Programme the Norwegian Embassy in Dar es Salaam (the Embassy) and the Tanzanian Ministry of Finance (MoF) shall be competent to represent MFA and Tanzania respectively. All communication the Agreement shall be directed to the Embassy.
3. The Ministry of Education and Vocational Training (MoEVT) in Tanzania shall through SUA be responsible for day-to day implementation of the Programme

Article III Contribution of MFA

1. MFA shall, subject to Parliamentary appropriations, make available to Tanzania a financial grant not exceeding **NOK 72,273,044** (Norwegian kroner seventy-two million two-hundred seventy-three thousand forty four) (the Grant) to be used exclusively to finance the Programme in the planned period 1 November 2010-31 October 2014.
2. Any accrued interests on the Grant may be used for the benefit of the Programme if agreed on by the Parties in writing.
3. Any unspent disbursed funds and accrued interests shall be returned to MFA upon completion of the Programme.

Article IV Contributions and obligations of Tanzania

Tanzania shall be responsible for implementing the Programme, and shall hereunder:

1. Have the overall responsibility for the planning, implementation, reporting and monitoring of the Programme.
2. Provide the financial and other resources required in addition to the Grant.
3. Ensure that the Grant is used according to approved work plans and budgets.
4. Ensure that Programme funds, which shall include any accrued interests, are properly accounted for, and that the Grant is reflected in the plans, budgets and accounting of Tanzania.
5. Promptly inform MFA of any circumstances that interfere or threaten to interfere with the successful implementation of the Programme.
6. Undertake the obligations set out in Main Agreement with regard to technical assistance personnel and contractors provided by Norway.

55

7. Bear or exempt any customs duties, taxes and fees on all equipment, materials and supplies financed by the Grant and imported into Tanzania for the benefit of the Programme"
8. Ensure that all permits, import licenses and foreign exchange permissions that may be required are granted.
9. Ensure that representatives of Norway are permitted to visit any part of Tanzania and examine any relevant records, goods and documents for purposes related to the Agreement.
10. Ensure that SUA enters into contracts with cooperating institutions

Article V Disbursements

1. The Grant will be disbursed upon semi-annual written requests from Tanzania based on the financial needs of the Programme and, except the first request, on approved work plans and budgets. The first disbursement, amounting to NOK 8,450,797 will be made upon signing of this Agreement and approval by MFA of a disbursement request from Tanzania.
2. When determining the amount to request, Tanzania shall take into account unspent disbursed amounts and income from all sources as well as any accrued interests which the Parties have agreed on using for the benefit of the Programme according to Article III, Clause 2.

Along with the requests, except the first request, Tanzania shall submit statements of cash and bank balances from the Programme's accounting records.

3. Funds will be transferred to the Exchequer Development Account upon MFA's approval of the requests. From that account funds will be released through the Ministry of Education and Vocational Training to a separate and convertible bank account. The funds shall thereafter be available to the Programme immediately through SUA.

Tanzania shall immediately, in writing, acknowledge receipt of the funds. The date of receipt shall be stated as well as the exchange rate applied.

SUA shall accordingly open and operate a separate and convertible bank account for the Programme funds.

4. All disbursements to suppliers of goods or services shall be made by Tanzania.

Article VI Annual Meeting

1. Representatives of the Parties shall have an Annual Meeting during second quarter of each fiscal year in order to:
 - Discuss the progress of the Programme, including results and fulfillment of agreed obligations.
 - Discuss and, if feasible, approve annual work plans and budgets for the following year.
 - Discuss issues of special concern for the implementation of the Programme, such as the major risk factors set out in the Agreed Programme Summary in

8

Annex 1, and how to manage such risks/issues.

2. The documentation specified in Articles VII and IX shall form the basis for the consultations.
3. The Annual Meeting shall be called by SUA and chaired by Ministry of Education and Vocational Training in Tanzania.
4. Main issues discussed and points of view expressed as well as any decisions shall be recorded in Agreed Minutes. The Agreed Minutes shall be drafted by SUA and be submitted to MFA for comments no later than two weeks after the Annual Meeting. The final Agreed Minutes shall be signed by both the MFA and MoEVT no later than one month after the Annual Meeting.

Each of the Parties may include others to participate as observers or as advisors to their delegations.

Article VII Reports

1. Tanzania shall submit to MFA the reports and documentation specified below. MFA shall respond within two weeks upon reception of the reports and documentation.
2. An annual progress report shall be submitted to MFA four weeks before the Annual Meeting each year.

The progress report shall be prepared in an agreed format and shall include, but not be limited to, the following information:

- A description of actual outputs compared to planned outputs (as defined in the work plans),
 - a brief summary of the use of funds and inputs compared to budget,
 - an assessment of the efficiency of the Programme (how efficiently resources/inputs are converted into outputs),
 - an explanation of major deviations from plans,
 - an assessment of problems and risks (internal or external to the Programme) that may affect the success of the Programme,
 - an assessment of the need for adjustments to activity plans and/or inputs and outputs, including actions for risk mitigation,
 - a brief assessment of achievements in relation to Purpose,
3. An annual work plan shall be submitted four weeks before the Annual Meeting. The work plan shall specify planned outputs and time schedules for the next fiscal year.
 4. The following annual financial statements and budget shall be submitted four weeks before the Annual Meeting.
 - a) Annual financial statement consisting of:
 - A statement showing income and expenditures for the previous period structured as and compared to approved budgets for such previous period. The statement shall capture all sources of funding, with

8

sufficient segregation of data to permit identification of individual sources of funds and disbursements on major Programme activities or types of expenditure.

- A statement and a clear breakdown of cash and bank balances.
- Relevant notes to the above mentioned statements including a description of the accounting policies used and any other explanatory material necessary for transparent financial reporting of the Programme.

b) Budget for the Programme for the coming fiscal year showing estimated income from all sources and planned expenditures (in format comparable to the financial statements).

The financial statements and budget(s) shall give complete and detailed information on the financing of the Programme.

5. In addition to the annual progress report, Tanzania shall submit to MFA information material including policy briefs and other popular reports produced within the Programme.
6. A final report shall be submitted within six months after the completion of the Programme. If the Programme is not completed by the agreed date, a status report shall be submitted to MFA by the said date.

The final report shall include, but not be limited to:

- The topics listed in clause 2 above for the whole Agreement period,
- an assessment of the effectiveness of the Programme, i.e. the extent to which the Purpose has been achieved,
- an assessment of impact, i.e. the changes and effects positive or negative, planned and unforeseen of the Programme seen in relation to target groups and others who are affected,
- an assessment of sustainability of the Programme, i.e. an assessment of the extent to which the positive effects of the Programme will still continue after the external assistance has been concluded,
- a summary of main "lessons learned".

Article VIII Procurement

1. Tanzania undertakes to effect all procurements of goods and services necessary for the implementation of the Programme.
2. The procurements shall be performed in accordance with generally accepted procurement principles, good procurement practices, the procurement laws and regulations of Tanzania. Norwegian suppliers shall be given the same opportunities as other suppliers to compete for deliveries.

Tanzania shall observe the highest ethic standards during the procurement and execution of contracts, and shall ensure in its national legislation adequate and effective means to punish and prevent illegal or corrupt practices.

83

No offer, gift, payment or benefit of any kind, which would or could, either directly or indirectly, be construed as an illegal or corrupt practice, e.g. as an inducement or reward for the award or execution of procurement contracts, shall be accepted. Invitations to make offers as well as the procurement contracts shall, respectively, include a clause stating that the offer will be rejected and/or the contract cancelled in case any illegal or corrupt practices have taken place in connection with the award or the execution of the contract.

3. Tanzania shall upon request furnish MFA with all relevant information on its procurement practices and actions taken, and provide access to all related records and documents. MFA may require access to information even during the stage in the procurement procedure when it is restricted to the officers performing the procurement. Restrictions on such information shall be respected until the information can be made public without any risk of detriment to the result of the procurement.

Article IX Audit

1. The annual financial statements of the Programme shall be audited by the Controller and Auditor General or an equivalent governmental audit body or an independent professional accountant/accountancy firm in public practice (external auditor/ audit firm) engaged by the Controller and Auditor General.

The cost of the audit shall be covered by the Grant.

2. The audit shall be carried out in accordance with international auditing standards. The auditor shall state in the report which auditing standards that have been applied.
3. The audit report shall state the auditor's opinion/findings as to:
 - Whether the financial statements present fairly, in all material respects, the Programme's cash receipts/income and expenditures as well as the cash/bank/financial position in accordance with an acceptable financial reporting framework,
 - Whether the audit has uncovered any material weaknesses in relevant internal control(s),
 - Whether the audit has uncovered any illegal or corrupt practices,
 - Whether cash receipts/income and expenditures are properly accounted for.
4. Tanzania shall submit to MFA the audit report and any other report from the auditor significant to the implementation of the Programme before 1st March following the end of the Tanzanian fiscal year. Tanzania shall comment upon the auditor's findings. MFA shall respond within four weeks upon reception of the report.

Article X Reviews – Evaluation

1. A mid-term review focusing on progress to date and the effectiveness of the Programme, i.e. the extent to which the Purpose is being/has been achieved, shall be carried out by second quarter of fiscal year 2012. An assessment of the Programme's impact may also be included in the review.

8

2. An end review shall be done shortly after the completion of the activities of the Programme. The purpose should be to assess to what extent the Programme has reached its objectives, as well as document the experience gained and learning elements.
3. The cost of the reviews shall be covered by MFA.
4. Norway reserves the right to carry out independent reviews or evaluations of the Programme as and when MFA deems it necessary. The cost for such reviews will be covered by funds over and above the Grant.

Article XI Reservations

1. MFA reserves the right to withhold disbursements at any time in case e.g.:
 - The Programme develops unfavorably in relation to the Goal and Purpose,
 - Substantial deviations from agreed plans or budgets occur,
 - Resources to be allocated Tanzania are not provided as agreed,
 - The documentation specified in Articles VII and IX has not been submitted as agreed,
 - The financial management of the Programme has not been satisfactory,
2. MFA reserves the right to reclaim all or parts of the Grant and cancel the Agreement if Programme funds are found not to have been used in accordance with the Agreement or are found not to be satisfactorily accounted for.
3. MFA has the right to cancel the Agreement or portion of the Agreement, and has the right to demand the cancellation of any contract financed under the Agreement, with immediate effect if it determines that corrupt or fraudulent practices were engaged in by representatives of Tanzania or by a beneficiary of Programme funds during procurement or execution of the contract without Tanzania having taken timely and appropriate action satisfactory to MFA to remedy the situation.
4. Before MFA withholds disbursements, reclaims funds or cancels the Agreement, the Parties shall consult with a view to reaching a solution in the matter.

Annex XII Distribution of the Agreement

The Parties shall distribute copies of the Agreement to the respective ministries, authorities and other institutions involved in the Programme or otherwise in need of information on its content.

Article XIII Entry into force – Termination – Disputes

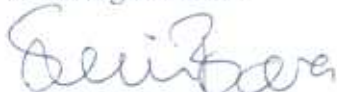
85

1. The Agreement shall enter into force on the date of its signature, and shall remain in force until the Parties have fulfilled all obligations arising from it. Whether the obligations are fulfilled, shall be determined in consultations by the Parties.
2. Notwithstanding the previous clause each Party may terminate the Agreement upon three months written notice.
3. If any dispute arises relating to the implementation or interpretation of the Agreement, the Parties shall consult with a view to reaching a solution.

IN WITNESS WHEREOF the undersigned, acting on behalf of their respective Governments, have signed the Agreement in two originals in the English language.

Done in Dar es Salaam, the sixth day of December of 2010.

For the Norwegian Ministry
of Foreign Affairs



Svein Bæra
Chargé d' Affaires a.i

For the Government of
the Republic of Tanzania



Ramadhani M. Khijjah
The Permanent Secretary
Ministry of Finance

Annex:

1. Agreed Programme Summary

Annex I

Agreed Programme Summary

Identification of the Programme:

- **Programme Title:** "Enhancing Pro-poor Innovations in Natural Resources and Agricultural Value-chains (EPINAV)".
- **Implementing institution:** Sokoine University of Agriculture, Tanzania.
- **Norwegian and/or other Partner institution:** Norwegian University of Life Sciences and Norwegian School of Veterinary Sciences.

Description of the Programme:

Goal: "Increased contribution of SUA to the national goal of poverty reduction and improved social well being through promotion of innovation in the Agricultural and Natural resources sectors".

Purpose: "Enhanced productivity, livelihood security and human capacity of target groups to utilise pro-poor and climate change adapted innovations in agricultural and natural resources value chains".

Main **outputs** and **indicators** are shown below:

OUTPUTS	Objectively verifiable indicators
1. Innovation Systems Research in Agriculture and Natural Resources undertaken.	• At least five innovation clusters for five commodity chains established in five regions producing innovations answering value chain actors' needs by 2014 • At least five of the demand driven and gender sensitive strategic/applied research produce results responsive to value chain actors' problems and conditions by 2014 • Basic research produce at least one new knowledge relevant to agriculture and natural resources challenges and opportunities each year starting 2012 • All research projects publish at least three papers in recognized journals by 2014 • At least three innovations patented by 2014 • At least 5 learning centres for technologies of five value-chain-products are established in five regions by 2014 • At least 5 functioning Units demonstrating best practices are established at SUA by 2014

48

2. Research on Climate Change Adaptation for Agriculture and Natural resources undertaken	• At least three demand driven research projects address problems responsive to gender specific adaptation mechanisms to climate change impacts by smallholder farmers in arid and semiarid areas of Tanzania by 2014. • Increase participation of women and men in climate change disaster preparedness and management in arid and semiarid areas of Tanzania by 2014
3. Research on Policy, Analysis and Good Governance undertaken	• At least three policy briefs produced each year starting 2012 • At least one policy research on emerging and cross cutting issues in agriculture, food and natural resources carried out each year starting 2011 • At least one policy forum on a topical issue held each year starting 2011 • At least one policy analysis paper on emerging and cross cutting issues in agriculture, food and natural resources for public debate produced each year starting from 2011 • At least one commissioned study on governance and power relations by gender within the value chain conducted by 2011 • At least two policy fora and dialogues on governance and institutional arrangement issues held by 2014 • At least two policy analysis and dialogue papers on governance and institutional arrangement issues published by 2014
4. Farmer empowerment, market and credit linkages Strengthened	• Number of Farmers' groups whose empowerment needs identified • At least five of the innovation clusters produce viable and democratic farmers' and other value chain actors' organizations or networks by 2014 • At least 10 research projects work with LGAs and other actors to strengthen farmers' and other value chain actors' organizations by 2014 • At least 25 (5 per innovation cluster) farmer field schools organized by 2013 • At least five value chains established for specific commodities • Number of Sustainable market outlets for different commodities identified and characterized by 2011 • At least five research projects work with LGAs to link producers with sustainable market outlets by 2014 • At least five research projects work with LGAs and other partner organizations to promote establishment of savings and credit organizations by 201

5. Innovative communication and knowledge dissemination pathways improved	• Number of Research on innovative communication tools for dissemination of technologies undertaken by 2014 • A communication strategy for the programme developed by 2010 • At least one university wide research workshop held each year from 2010 • All research teams present their results in nationwide conferences and publish a paper in annual proceedings each year starting from 2012 • Each research project publish at least two papers in recognized journals by 2014 • Each research project produces at least one audiovisuals on its programmes for dissemination to national level starting 2012 • All of demand driven research projects produce at least one extension material each year starting 2011 • At least five innovative communication tools developed by 2014. • SUA IR and OA are created and sustained by 2012
6. Impact assessment carried out	• Framework, guidelines and indicators for impact assessment developed by end of 2010 • Baseline data at project and programme levels collected by early 2011 • Midterm impact assessment study done by end of 2012 • End line impact assessment study undertaken by mid 2014
7. Human resources capacity Improved	• At least 30 undergraduates undertake special research projects within EPINAV programme involving uptake of technologies developed at SUA by 2014. • At least 15 masters scholarships (half of which are for female) offered at SUA by 2013 • 5 PhD students (at least 2 are female) trained in various disciplines • At least 3 SUA staff undertake exchange visits each year starting from 2011 • At least 15 Norwegian scientists participate in programme research activities • Number of capacity building short course modules and training manual in new EPINAV programme areas developed. • At least 150 SUA and other value chain actors trained in new EPINAV programme areas.
9. Selected infrastructure improved	• One basic science laboratory to support training of science teachers constructed by 2014 • Laboratories equipped by 2014

10. Institutional collaboration strengthened	• At least 2 female and 2 male scholars from UMB/NVH visit SUA annually. • At least 2 female and 2 male scholars from SUA visit UMB/NVH annually. • At least 3 SUA staff undertake exchange visits each year starting from 2011 • At least 15 Norwegian scientists participate in programme research activities
11. SUA's institutional capacity in management of cross cutting issues strengthened	• All programme activities are gender mainstreamed • At least 25 of postgraduate students supported by the programme are females by 2013 • At least 5 technologies/innovations that enhance productivity of women and vulnerable groups developed by 2015 • Number of staff aware of gender equity, equality and empowerment at all levels created by 2014 • Number of staff and students networking with gender-related professional groups by 2014 • % reduction in incapacitation and fatality of non-communicable diseases by 2014.
12. Community advisory and development services in agriculture and natural resources undertaken	• Guidelines and mechanisms for responding to advisory request put in place by 2010 • Number of requests responded to each year starting 2011 • Number of communities assisted advisory services (at least 3 communities per year from 2011)
13. Learning centres for transfer of best practices/technologies/innovations established	• At least 5 learning centres are established in 5 regions by 2014 • At least 5 functioning Units demonstrating best practices are established at SUA by 2014
14. Private sector partnership fund put in place to address value chain constraints through research	• Modalities for establishment of private partnership developed by 2010 • Number of short term research responding to private sector value chain constraints conducted (at least 3 starting from 2011)
15. Entrepreneurship capacity of SUA graduates improved	• At least one competition conducted each year starting 2011 • At least 5 winners identified and supported to start their business each year starting 2011
16. Monitoring and evaluation conducted	• Programme implementation manual available by 2011 • M&E put in place by end of 2010 • Framework, guidelines, indicators and performance tracking tools for M&E developed by end of 2010 • M&E plan made available by end of 2010 • Programme communication strategy and plan • Programme review and planning workshops conducted annually starting 2011 • Semi-annual programme monitoring and evaluation conducted starting 2010 • One writers' workshops conducted bi-annually • One scientific conference organized annually

The main *input* to the Programme is the financial support of NOK 72,273,044

Major *risk factors* (internal and external)

- Many stakeholders are involved in the execution of the programme and the large number of stakeholders, each with different expectations and capacities, may be difficult to manage and the results become diluted.
- The administration/top management of the programme is also managing the research programme on climate change (CCIAM) which is funded by Norway. There might be a risk of overloading a few people that are involved in both programmes.
- SUA has limited experience of working with private sector and business member organizations.
- The agricultural sector institutions are weak. This prompts a need for SUA to be more active in dissemination of and up scaling than what is normally required from a university and may take professors beyond their areas of natural expertise.

Budget

EPINAV Budget in NOK (fiscal year)	Year 2010- 2011	Year 2011- 2012	Year 2012- 2013	Year 2013- 2014	Total
Component					
1. Research and strategic interventions	8,782,833	8,560,333	8,355,333	7,449,500	33,148,000
2. Capacity building and institutional collaboration	3,153,261	6,153,261	8,153,261	3,653,261	21,113,044
3. Programme planning, monitoring and evaluation	755,000	852,500	632,500	980,000	3,220,000
4. Management and administration at SUA	755,000	755,500	755,500	755,500	3,022,000
5. Management and administration at UMB	357,500	357,500	357,500	357,500	1,430,000
6. Vehicles, equipment and maintenance	1,060,000	630,000	250,000	250,000	2,190,000
7. Others (incentive scheme, unallocated funds and institutional overheads)	2,037,500	2,037,500	2,037,500	2,037,500	8,150,000
Sub-total	16,901,594	19,346,594	20,541,594	15,483,261	72,273,044

Tentative disbursement scheme

Annual disbursement (calendar year)	NOK
2010	8,450,797
2011	18,124,094
2012	19,944,094
2013	18,012,427
2014	7,741,631
TOTAL	72,273,044