### Project Long Title
Feasibility study, business plan and design of a masterplan for the establishment of a staple crop processing zone (SCPZ) in Tanzania (linked to 180254)

### Project ID Number:
190089

### Area/Location/Countries:
Africa United Republic of Tanzania

### Thematic code:
HC1 Creating Shared Prosperity: (HC11 agribusiness and rural development)

### Planned Start - finish date
Feb 2020 – August 2020

### Project Duration
6 months

### Government coordinating agency:
Ministry of Agriculture

### Donor
Gov of the United Republic of Tanzania

### Project Inputs

<table>
<thead>
<tr>
<th>Project cost (excl.psc)</th>
<th>370,09 USD</th>
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</thead>
<tbody>
<tr>
<td>Indirect costs (7%)</td>
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<td>Grand Total</td>
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**Brief description:** The Government in Tanzania (GOT) is seeking ways and means of turning its recent positive economic indicators to a more inclusive gain. While the average growth rate of 7% experienced by Tanzania in recent years has been steady, it has not necessarily been inclusive as over 15 million Tanzanians still live below the poverty line. The African Development Bank (AfDB) is rolling out staple crop processing zones (SCPZ) as a flagship under the Bank’s Feed Africa Strategy and aims at the adoption of agro-based industrial cluster development models to speed up the industrialization of agriculture and bring infrastructure, income and employment opportunities to rural areas. The Government of Tanzania expressed interest in benefiting from the SCPZ initiatives. Based on the strategic framework of cooperation between the AfDB and UNIDO, AfDB is directly engaging UNIDO to advice in the design, quality control and advisory services of various SCPZs. The proposed project is to prepare a feasibility study and of business plans for the SCPZ in Tanzania.
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A. CONTEXT

A1. Project Purpose

The Government in Tanzania (GOT) is seeking ways and means of turning its recent positive economic indicators to a more inclusive gain. While the average growth rate of 7% experienced by Tanzania in recent years has been steady, it has not necessarily been inclusive as over 15 million Tanzanians still live below the poverty line. This has manifested in chronic malnutrition as the country records over 34% stunted growth in children. Recently, there has been a consolidation of multiple development frameworks, into a single five year national development plan (FYDP-II) which focuses on nurturing industrialisation for economic transformation and human development. In addition, the ASDP-II and the SAGCOT programme both aim to drive efficiency of the agriculture and agribusiness sector by focusing investment on priority commodities in a limited number of high potential district clusters.

The African Development Bank (AfDB) is rolling out staple crop processing zones (SCPZ) as a flagship under the Bank’s Feed Africa Strategy and aims at the adoption of agro-based industrial cluster development models to speed up the industrialization of agriculture and bring infrastructure, income and employment opportunities to rural areas. The ultimate aim of SCPZs is to turn the African rural landscape into economic zones of prosperity. SCPZs are intended to lay the foundation for Africa’s agro-industrialization and contribute to lifting millions of Africans out of poverty. Implementation of SCPZs will result in increased food production capacity and efficiency; increased value addition to agriculture; promotion local, regional and international trade; promotion of investments in agribusiness; and increase the contribution of the agriculture sector to GDP, wealth and employment creation.

The Government of Tanzania expressed interest in benefiting from the SCPZ initiatives and through the development of agricultural value chains to diversify the Tanzanian economy through agro-industrialization. The Government’s aim is to capitalize on the existing growth corridors to deploy an integrated program of SCPZ, which would also include activities that would bolster productivity in the upstream side as well as the deployment of ICT-Value Chain Governance (IVCG) platform, financial inclusion and full youth empowerment in agriculture and agribusiness sector.

Based on the strategic framework of cooperation between the AfDB and UNIDO, AfDB is directly engaging UNIDO to advice in the design, quality control and advisory services of various SCPZs. Based on its extensive experience is the establishing of integrated agro industrial parks including SCPZ in its member countries, UNIDO will facilitate the appropriate design and implementation of the SCPZ to spur the Africa’s agro industrial development. In addition UNIDO will help bring into fore experience of what works and what has not worked with the hope of turning the rural landscape of Africa to economic zones of prosperity.

The proposed project is as a follow up of the joint AfDB-UNIDO project formulation and site identification missions to Tanzania in October 2018 and February 2019 (SAP ID 180254), for a feasibility study and development of business plans for the SCPZ in Tanzania.

A2. Baseline Scenario

Background

In the past two decades the United Republic of Tanzania (URT) has made significant progress in terms of economic, social and human development towards achieving its obligations to the Sustainable Development Goals. However, the population of 50 million which is expected to double by 2050a growing refugee population, stagnant smallholder production and vulnerability to natural disasters and the effects of climate change are barriers to growth. In the effect of this, the country has prioritized industrialization and human development with a view to achieving middle-income country status by 2025. In addition, national agricultural priorities are reflected in ASDP II, which focuses on
commercialization of smallholders’ production as part of the industrialization of the economy, a goal of FYDP II.

URT aim to become a middle income and semi-industrialized country by 2025 through structural change towards manufacturing, as enunciated in the Tanzania Development Vision 2025 and the Zanzibar Vision 2020 and outlined in the Long-term Perspective Plan (2010-2025) implemented through a series of three Five-Year Development Plans (FYDPs). The current Second Five Year Development Plan 2016/17-2020/21 is indeed dedicated to “Nurturing an industrial economy” and comes together with the third Zanzibar Strategy for Growth and Reduction of Poverty (MKUZA III). The development vision(s) and strategic frameworks are very clear on the potential forward and backward linkages between the industrial sector and other sectors such as agriculture, tourism, education, health, infrastructure, energy and environment, to mention a few.

The agriculture sector, though the largest employer in Tanzania; employing 67% of the workforce, is a key driver of social and economic development in Tanzania but not one of the drivers of the country’s GDP growth. Agriculture possesses a huge potential for fostering broad based growth and poverty reduction in the country. Tanzania Development Vision 2025 (TDV 2025) emphasizes three goals as being national priorities, namely: (i) ensuring basic food security; (ii) improving income levels; and (iii) increasing export earnings. The National Strategy for Growth and Reduction of Poverty (MKUKUTA II), Agricultural Sector Development Strategy (ASDS), the Agricultural Sector Development Plan (ASDP), the Kilimo Kwanza initiative and the Southern Agricultural Growth Corridor of Tanzania Initiative (SAGCOT) all call for public-private partnerships and increased commercialisation of agriculture.

SAGCOT in particular highlights the need to support smallholders to increase farm productivity and engage in commercial value chain through “participation in out grower and block farming schemes oriented around nucleus large-scale farms, and through greater access to inputs, extension and more favourable post-harvest marketing opportunities”. The Big Results Now initiative identifies maize, rice and sugar as being the three priority crops as they contribute to food security and import substitution.

**Staple crops processing zones**

Agro-industrial parks which focus on the transformation of agricultural and livestock products is central to the UNIDO’s ISID mandate, enabling inclusive rural economy structural transformation through the agro industrialisation. A staple crop processing zone (SCPZ) is a variant of an agro-industrial park, which is clusters of firms grouped together to share infrastructure, (i.e., roads, power, communication, etc.) and to exploit the opportunities for joint training, extension services and other synergies which can arise from shared efforts. The proximity, resource sharing and common interests help each firm become more efficient and improve the value chain. The concept of the park, with the provision of common infrastructure and services that are shared by similar processing enterprises, offers the potential to minimize expenditure, therefore, reducing borrowing and the risk involved for both banks and investors. The clustering of firms also provides the critical mass needed to make possible services such as efficient, eco-friendly waste recycling and disposal, which could not be provided effectively to widely dispersed firms. The SCPZ also ensures higher returns due to high quality output, off season availability, better traceability and enhanced productivity.

Located in regions of high agriculture growth and access to end markets the SCPZ is developed alongside allied primary processing and collection centres described as rural or agriculture transformation centres (RTC or ATC) and agribusiness investment region (ABIR) surrounding the processing zone provide community infrastructure and services for food processing, collection and storage facilities, in addition to offering training and advisory support to farmers.

For smallholder farmers, SCPZs are innovative because they allow farmers to supply raw material to agro-industries on a demand-led contract basis, thus integrating the smallholder farmers with the demand side of the food chain. At the same time, SCPZs provide agro-industries with a consistent supply of raw produce at specified quantities and qualities for processing.

*Specific advantages to farmers include:*
Establishing contracts with an SCPZ offers specific advantages to smallholder farmers:

- Farming inputs can be provided by the agro-industries, thereby reducing the uncertainties associated the input availability, quality and costs.
- Economies of scale allowed by the larger purchases of inputs by the contracting firms can be passed on to farmers through reduce input costs.
- Technological assistance can be offered by the contracting firm, favouring the production of crops often perceived by the farmers as carrying more risk.
- Farm production and management skills are enhanced by technical assistance by agro-industries.

A market outlet is secured for the contracted production, reducing uncertainty and the transaction costs involved in the search for markets.

Contracts reduce the uncertainty regarding sales prices and income stability is favoured with the reduction of product and market risks.

Access to credit.

*Specific advantages to industries:*

For the industries the specific advantages include the assuring the regular supply of raw material at a predetermined quality and quantity to agro-industries allows them to optimize utilization of their processing capacity.

**SCPZ programme in the United Republic of Tanzania**

The development goal of SCPZ development is to contribute to poverty reduction and economic growth through enhanced agricultural production and productivity. The overall objective of the Project is to improve productivity and competitiveness, household food and nutrition security, income and livelihoods through sustainable agricultural value chain development. The Project will promote infrastructure development for agricultural commodity value chain; gender mainstreaming, youth and women empowerment, capacity building and job creation.

As part of the prefeasibility planning stage in development of the SCPZ programme in Tanzania, a team from the Government of Tanzania, the AfDB and UNIDO undertook identification missions in the October 2018 and February 2019. Key and vital/relevant information was collected and some sites visited in the Mbeya and Songwe regions, located within the Mbarali Cluster, along the SAGCOT Corridor, Shanyinga, Mwanza and Zanzibar.

**SAGCOT Corridor, Shanyinga, Mwanza and Zanzibar**

SAGCOT Corridor: The agricultural potential in this zone is enormous and it is home to such commodities like Sunflower, Maize, Cotton, Horticulture (Tomato), Dairy, Beef, Fish, Seaweed, and Rice most of which are prioritised commodities under the Feed Africa Strategy. The corridor has an existing institutional set up referred to as SAGCOT initiative. Based on the abundance and un-encumbered land available in this corridor, this initiative aimed at bringing the at least 350,000 additional hectares into commercial production and it intends to incorporate Tanzanian smallholders into internationally competitive supply chains. In addition, SAGCOT corridor is organized already into clusters and what is required is to upgrade these clusters into a full functional status. This approach aligns with the Bank’s SCPZ, which is pivoting the agro-industrialization of the rural landscape, with the ultimate aim of creating descent jobs for the youth, as well as improve living conditions for the rural households. These clusters would serve the ready purposes of the APH as well as the strategic locations of the ATCs and the ACs.

Shanyinga: The key value chains in the Region are Rice, Livestock, Maize and Sunflower. Rice is a major staple in Tanzania. The Region is said to be responsible for 25% of National production. The region also has a good potential for Hydes and Skins. There are Abattoirs in the Region slaughtering cattle for export. A potential site for the establishment of the SCPZ is in Tinde, where there is a 3km2potential Agro-industrial site, right on the road to Burundi and with basic infrastructure, including nearness to rail line and a proposed Isaka dry port in an area that enjoys two seasons of
rainfall in a year. The Gov has developed a 464 ha facility with a 200ha animal holding facility, Tanganyika Peckers in Old Shinyanga all which are not in use.

Mwanza Region: The key value chains of the Region include Rice, Cassava and Livestock, Maize, Sweet Potato and Fisheries. Potential areas for agro-industrial include Buchosa, Sengerema and Magu. The proximity of Lake Victoria and also the existence of Mwanza airport are major asset for the establishment of and SCPZ.

Zanzibar: The priority value chains in Zanzibar include Fisheries, Spices, Sweet potatoes, Fruits and Vegetables, Cassava and Salt(Pemba), rice and seaweed. Cassava is being promoted as the second staple crop and Orange fleshe sweet potato (OFSP) is also gaining popularity. The Gov. of Zanzibar has recently established the Zanzibar Fishing Company, to support the Islands potential for deep sea fishing was noted as well as the disturbing continuing importation of fish. Sites visited during the joint AfDB-UNIDO mission included, where the Government is planning a small 4ha industrial park (light manufacturing) Uboga Ubago Plans are also underway to address post- harvest losses in cooperation with the Kizimbani Agricultural Training Institute in Kizimbani, which teaches courses on Agricultural Technology, Processing and Entrepreneurship. Presence of an international airport accessible from all parts of the Unguja Island and vessels plying the ports of both Unguja and Pemba Islands, also linking with ports of Dar es Salaam and Tanga in Tanzania mainland are major asset for an SCPZ in Zanibar.

A3. Stakeholders

Key stakeholders are: Ministry of Finance and Planning; Ministry of Agriculture; Min. of Industries, Trade & Investment and the African Development Bank

Beneficiaries

The immediate beneficiaries of the feasibility study is the Gov. of URT (Min of Finance, Min Agriculture and Min Industry) to make an informed decision on the cost and viability of SCPZ project.

The long term beneficiaries of an investment in establishing SCPZ are:

- Rural small-scale famers in the identified catchment area who will benefit from improved inputs and a constant market for their produce, increasing the amount and consistency of their incomes.
- Rural populations, of both men and women, within the vicinity of the SCPZ and related RTC’s who will benefit from increased employment opportunities associated with the SCPZ and/or RTCs.
- Agro-industries will benefit from a more consistent input of raw produce for processing.
- Government institutions will benefit from training and experience associated with establishing and operating SCPZs.

A4. Synergy

During the prefeasibility site identification stage, UNIDO and the AfDB consulted key stakeholders regarding the potential of various locations in the country for the establishment of the SCPZ. These have been captured in the two Aide memoirs submitted at the end of the mission. In addition the project will as part of the data collection review ongoing projects and programmes in the country, including UNIDO project supporting agriculture value chain development and industrialisation to build synergies. Where applicable the feasibility study will consider these ongoing initiatives as inputs for the establishment of the SCPZ and the related rural transformation centres (RTC). In particular, the project will build synergies with the ongoing PISID project which focus on supporting local entrepreneurs in the selected value chains, as stakeholders in the consultative process as well as the Data, Industrial Policies and Strategies (DIPS) developed.

The feasibility study will also determine gaps in the critical areas required for agro industrialisation including the policy environment for the establishment of agro-industrial parks, institutional and
regulatory framework and energy requirements and make recommendations to ensure that adequate channels of communication are established to ensure synergies and avoid duplications.

B. UNIDO APPROACH

B1. Rationale

UNIDO’s approach to the establishment of the SCPZ in URT is based on UNIDO integrated agro-industrial park (IAIP) concept with a farmer centric and investor friendly approach, in line with its mandate on inclusive and sustainable industrial development to bring about structural transformation to rural economy. SCPZ under this concept are designed to create value both downstream in the rural farming communities and upstream, consisting of two distinct yet integrated components: the primary production and collection centre(s); the agro processing hub with state-of-the-art facilities, strategically located to achieve balance in regional development, harnessing the natural resource endowment and skill set on a sustainable and ecologically friendly manner.

The levers of the agro-industrial parks are (i) a high-level technical / technological know-how, (ii) a proactive entrepreneurship capable of anticipating, reacting and innovating to constantly adapt to new demands and requirements (iii) a supportive business environment, (iv) balanced regional development that maximizes investment opportunities, (v) world-class agribusiness infrastructure, and (vi) a new approach for research in partnership with the private sector. This will facilitate the introduction of innovative, modern, sustainable methods of commodity production, as such contributing to UNIDO’s mandate to promote ISID, specifically SDG 9 “Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”.

UNIDO’s intervention will be supporting the thematic area HC1 creating shared prosperity, as it targets communities with less access to markets, as such contribute to enabling marginalized groups to access otherwise inaccessible markets, further increasing social cohesion. This will result in increasing engagement women and youth in the industry, therefore contributing to gender mainstreaming and enabling further income generation.

The overall objective of the project is to contribute to the Government of the United Republic of Tanzania (URT) agriculture-led and resource-based industrialization strategy through the development of staple crop processing zones (SCPZ) to help drive the transition from a traditional supply-led subsistence agricultural sector towards an organized, high-tech, safe, and demand-led agricultural sector. The expected outcome of the current project is: Feasibility study and business plan for appropriately sized SCPZ accepted and approved by stakeholders.

Output 1: Feasibility study and masterplan developed.

Main and sub activities under this output include

1. Determination of the location of the SCPZ(s).
   - Review the reports of the October 2019 and February 2019 AfDB-UNIDO missions, the data collected by the UNIDO experts, and other relevant background information and strategy will be shared with counterparts. An important source for this exercise is the Industrial Intelligence Units (IIUs) housed at MITI and DIPS being developed under PISID.
   - Identify the best and most suitable location for establishing the SCPZ will assessed based on availability of basic facilities; institutional support required for promotion and development. Integrated in this activity will also be the development of an Environmental and Social Impact Assessment in line with UNIDO’s Environmental and Social Safeguard Policies and Procedures (See B6) and a gender analysis to determine the gender roles and gender mainstreaming capacity.
   - Determination the catchment area based on a demand analysis and production potential the following analysis and in consultation with stakeholders.
   - Mapping of local Agro-Processing companies in Tanzania and profiling of companies
interested in developing business partnership and to participate in the SCPZ including particularly women-led associations and women working in the production and processing of traditional commodities.

- Assess the capacity building needs of commodity producer groups/ cooperatives to organize the production of input supply, credit and other support services.
- Explore the impact in terms of improved socio-economic conditions for both men and women in the local communities as well as the environmental impact

2. Developing the masterplan of the SCPZ(s)

- Break-up project components and make assessment of the minimum required facilities and manpower for the SCPZ and RTC.
- Determine the number and size of Rural Transformation Centres (RTCs) to be established in a phased approach.
- Determination of the size of SCPZ to be developed and in different phases, and common infrastructure facilities, and prepare a conceptual design of the SCPZ which would be scalable, flexible and demonstration oriented.
- Prepare the cost required for the development of the SCPZ in the different phases including the acquisition and development of land; site development as well as all essential infrastructures.
- Determine basic infrastructure (buildings, water purification systems, and energy and ancillary services).
- Prepare a draft technical design and landscape of the SCPZ.

3. Preparation of the business plan

- A Detailed business plan for the SCPZ will be prepared, including a recommendation on: management arrangements
- Detailed timelines for setting-up the SCPZ, indicating the proposed ‘Zero’ date for commencement along with a PERT/CPM and/or Gantt chart.

4. Stakeholder workshop

Organize and chair a workshop to disseminate findings of feasibility and share experience of other countries, to agree on the modality of management and operations of the SCPZ, this will also include reviewing existing and sharing national documents in order to assist in reforming existing policies that will facilitate further agro-industrial development. Woman’s groups will also be interviewed as part of UNIDO’s gender mainstreaming effort.
B2. Comparative Advantage

UNIDO’s overall mandate is to promote and accelerate Inclusive and Sustainable Industrial Development (ISID) in developing countries and economies in transition. UNIDO’s ISID mandate places an emphasis on industry-specific instruments, including technology and innovation, investment in manufacturing, skills, industrial financing, infrastructure and competition policy, towards the achievement of the Sustainable Development Goals and particularly, Goal 9.

**Industrial park development** is a central instrument of UNIDO in achieving structural transformation. Since the 1970s, UNIDO has been advisor and partner to its Member States in planning, design and management of industrial parks, export processing zones, special economic zones and eco-industrial parks as a means of fostering economic development. UNIDO work in industrial park develops spans through the entire spectrum of activities from **conceptualization, design and management** of industrial parks including **developing capacities** of industry and government agencies for the implementation in various countries including China, Vietnam, Bolivia, Peru, Ethiopia

UNIDO has extensive experience in preparing feasibility studies for large, medium and small investment projects. UNIDO has also developed tools for conducting the studies and regularly provides training to Governments on the analysis of investment projects for project formulation and appraisal such as industrial park projects, including the internally acclaimed **COMFAR (Computer Model for Feasibility Analysis and Reporting)**. In addition UNIDO has several **published manuals and guidelines** on development of industrial parks (examples listed below).

**Agro-industrial parks and SCPZs**

Agro-industrial parks which focus on the transformation of agricultural and livestock products is central to the UNIDO’s ISID mandate, **enabling inclusive rural economy structural transformation** through the agro industrialisation.

UNIDO provides **advisory services** on the type/model of the agro-industrial park (Agropoles, IAIP, SCPZ and food parks) and size appropriate for the local conditions, based on international best practices and the experience gained over the years on works and what doesn’t work.

Through its convening role, UNIDO facilitates **extensive stakeholder engagement** and building **solid partnership** for the development of agro-industrial parks and attracting investments.

In recent year, UNIDO has been providing technical assistance in agro-industrial park development in DRC, Cameroon, Ethiopia, Nigeria, Senegal, Lebanon and Kyrgyzstan which are at various stages (from conceptualisation, design and implementations) and various types, (Agropoles, IAIP, SCPZ and food parks).

Within UNIDO, the Department of Agri-Business (PTC/AGR) which provides a range of technical cooperation services to assist developing countries **add value to the output of their agricultural sector**, spearheads the development of agro-industrial parks., Based on the agri-business value chains concept, starting from a comprehensive analysis of the value chain, a rigorous base of specialized services are deployed targeting the weaker links of the chain including: agricultural mechanization, modern processing technologies, packaging of perishable products, the promotion of food safety in the processing and regulatory environment; and interventions to improve competitiveness and productivity.

UNIDO in implementing this project will draw on its **in-house and global network of expertise** to ensure the sustainability aspects of the project and to develop the capacities of industry and governments for the implementation of agro-industrial parks.

**UNIDO office in Tanzania**

UNIDO has extensive years of experience working in Ethiopia. The UNIDO office in Dar-es Saleem is headed by a UNIDO representative and supported with essential administrative staff. For the implementation of its programmes and projects, UNIDO draw on the local services available through
its field offices, in particular in administrative and financial matters but also through its regular contacts and relations with government institutions, private sector, etc.

B3. Inception Phase
A 2-month period is estimated during which time the required staff will be recruited and technical experts contracted. Desk studies to compile relevant baseline documents for the feasibility study will also be conducted and a detailed work plan for the feasibility will be prepared. A stakeholder consultative workshop will be held, to present the work plan which will be followed by a proposed -month period for carrying out the feasibility study. Gender parity will also be considered during the assignment of staff.

B4. Sustainability Strategy
Sustainability of investment projects can be achieved where the project incorporates the principles of ensuring national leadership and ownership; ensuring multi-stakeholder participation and consultation; avoiding duplication and maximizing on past investments and programmes; consideration of short to long-term approach. A feasibility study is one of the basic blocks for the overall sustainability strategy for an investment project and for this project the above listed principles will be consider.

- The studies are as a response to the Government request and as a follow-up of the pre-feasibility and site identification missions. It will also engage Government during the inception period before the start of the detailed work to ensure ownership and direction.
- Building on the linkages established during the prefeasibility and the identification missions, the feasibility study will have wide consultation with stakeholders,
- The feasibility will also include detailed value chain and inter-allied sector analysis to evaluate potential of the target region and provide the necessary recommendations for the investment, to build on existing investment, avoid duplication an ensure synergies.

B5. Gender Mainstreaming Strategy
The feasibility study and the business plan will serve as a critical baseline information for the gender mainstreaming strategy of in the targeted SCPZ(s). The feasibility study will provide information on the current the roles of women and men along the value chains and the opportunities in the SCPZ/RTC and the allied industries that will be established. In the first place, sex-disaggregated data on smallholder farmers and workers in the existing agro-industry will be generated determined. The required workforce in the planned SCPZ and rural transformation centre as well as, the allied industries will be determined and based on this a concrete gender mainstreaming plan will be incorporated in the proceeding steps of the establishment of the SCPZ, through to its operationalisation.

UNIDO’s approach in contributing to the project will include strategies and knowledge necessary for job generation, increase in income and gender mainstreaming in the agriculture sector. UNDIO’s contribution will include knowledge in gender sensitivity and related issues. The project will conduct a gender analysis and when necessary the project will hold workshops and training sessions for staff various levels (i.e managerial, technical/support and labourer) on: gender sensitivity, sexual harassments, work place safety with respect to agro processing factories, substance abuse etc.

B6. Environmental and Social Assessment
As this project is essentially largely comprised of study and consultation activities, within the UNIDO’s ESPPP, the proposed project is categorized as “Category C”, which is: a project that is likely to have either minimal or no adverse social and/or environmental impacts.

However upon completion of the feasibility study and master plan formulation, when the project moves to a construction/implementation phase it may be moved to “Category A”, Which is: a project that is likely to induce significant and/or irreversible adverse environmental and/or social impacts that are
sensitive, diverse, or unprecedented, or that affect an area broader than the sites or facilities subject to physical works, i.e. the geographical scope of the project.

The construction and operation of an agro industrial park is bound to impact the communities of both men and women, where the facilities will be developed as well as the impact on the environment. Some of these impacts may be negative or adverse, while others may be positive or beneficial. The major aspects of the SCPZ that are expected to impact the environment include the following:

- Temporary disturbance of the land surface during construction of the power plant and offsite facilities
- Occupation of the land surface with permanent on-site structures and offsite facilities
- Emission of exhaust gases containing combustion products into atmosphere
- Ambient air quality concentration levels due to flue gases from ovens, boilers, etc.
- Employment (and attraction into the local site area) of substantial numbers of workers for construction and operation.

The construction and operation of an agro industrial park will also have some impacts on the communities where the park is located, some impacting adversely while others may be positive or beneficial. The major aspects of the SCPZ project that are expected to impact the community include the following:

- Land acquisition for the development of the SCPZ and Rural Transformation Centers (RTCs), involving taking over farming and/or pastoral land
- Employment (and attraction into the local site area) of substantial numbers of workers for construction and operation

Thus as part of UNIDO’s modular approach to the development of SCPZ and other forms of agro-industrial parks, a detailed Environmental and Social Impact Assessment Study (ESIA) of the impacts expected to result from these aspects of the Project will be conducted as a separate study in order to examine the project's potential negative and positive environmental impacts, compared them with those of feasible alternatives and recommend any measures needed to prevent, minimize, mitigate, or compensate for adverse impacts. As a result of the ESIA process, an Environment and Social Management Plan (ESMP) will be developed. The results of the ESIA will be used in the process of obtaining Environmental Permits and Funding Approvals for the SCPZ. The environmental impact assessment will include an environmental management plan as part of the developed business model.

At the level of the feasibility study and business plan level, which the current proposal is based on, the study will take into consideration the long term sustainability of the project and will include plans for efficient waste management system to mitigate potential negative impacts of solid and liquid waste on the park environment and a renewable energy generation system (solar, wind and biomass) to minimize its carbon footprint.

The Environment & Social Screening Checklist has been implemented.
### C. THE PROJECT

#### C1. Project Logical framework matrix

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<th>KPI/indicators</th>
<th>Expected completion date</th>
<th>Baseline</th>
<th>Target</th>
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<td>Outcome 1: Feasibility study and business plan for appropriately sized SCPZ accepted and approved by stakeholders</td>
<td>• Indication of additional investment (in USD) generated for development of SCPZ</td>
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<td>• Ministry of Finance reports</td>
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<td>2. Developing the masterplan of the SCPZ(s)</td>
<td>30.09.2019</td>
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<td>3. Preparation of the business plan</td>
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<tr>
<td></td>
<td>4. Stakeholder validation workshop</td>
<td>31.10.2019</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## C2. Risks & Mitigation measures

<table>
<thead>
<tr>
<th>Probability</th>
<th>Impact on project</th>
<th>Assumptions</th>
<th>Mitigation measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium-low</td>
<td><strong>Project Coordination/management</strong>&lt;br&gt;There is a very low risk that there will be a delay in identifying and procuring services of international company to undertake detailed analysis.</td>
<td>Medium</td>
<td>International counterparts are identified on time.</td>
</tr>
<tr>
<td>Medium</td>
<td><strong>Inception data collection.</strong>&lt;br&gt;• there is a low risk that access to critical data will delay the project</td>
<td>Readily available data.</td>
<td>• Procurement of services will be through UNIDO’s LTA for feasibility studies for agro parks</td>
</tr>
<tr>
<td>High</td>
<td><strong>Implementation</strong>&lt;br&gt;• There is a risk that stakeholders reluctant to cooperate with project team delay the completion of the project</td>
<td>Effective coordination between stakeholders.</td>
<td>• Technical focal points from the key ministries will be involved in the details of the feasibility assessment.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• The project team will work closely with the Government coordinating Ministry (Ministry of agriculture) throughout the project</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• UNIDO will build on the knowledge gained from its ongoing projects in Tanzania such as the PISID to identify relevant partners and actors</td>
</tr>
</tbody>
</table>
C3. Institutional Arrangements and Coordination Mechanism

The Ministry of Agriculture is the lead Government agency for this project and will be implemented in collaboration with the Ministry of Industry, the Ministry of Finance and African Development Bank. The project will be implemented through a direct agreement between the AfDB and UNIDO.

Within UNIDO, the project will be technically backstopped by the Agri-Business Department (PTC/AGR), in close coordination with its in-house Departments including the Departments of Trade Investment and Innovation (PTC/TII), Energy (PTC/ENE) and Programmes, Partnerships and Field integration (PTC/PPF). UNIDO in implementing this project will draw on its in-house and global network of expertise to ensure the sustainability aspects of the project.

UNIDO will assign Professional staff (at P4) and General Staff (at G5 level) from the Food Systems and Nutrition division (PTC/AGR/FSN), to provide in-house technical advisory and programme management services.

D. BUDGET ITEMS

D1. Counterpart inputs

The contributions of the Government of the United Republic of Tanzania will be in-kind. The project counterparts are; Ministry of Agriculture (lead agency) Ministry of Industry and the Ministry of Finance. The Government agencies are expected to appoint qualified staff, to dedicate the necessary time to work with the team of experts.

D2. UNIDO Inputs

UNIDO will be responsible for the following inputs:

a) Establishment of the project management unit (PMU).

b) Recruitment of all the international and/or national experts and consultants required for the project. Recruitment and remuneration of all experts and consultants required for the project. Experts will be identified through UNIDO’s recruitment process according to UNIDO Individual Service Contract Policy. In all the recruitments, due attention will be given to have a gender balance, subject to the availability and suitability of the resource.

c) Remuneration of all the experts and consultants recruited by UNIDO.

d) Procurement of all the equipment/machines and contracts for works and services as envisaged for the project. Suppliers of equipment, contractors and service providers for works and services will be identified through UNIDO’s procurement process.

Procurement and subcontracting

The subcontract envisaged under this project will be done through the existing LTA for the provision of service for the development of agro food parks. In addition the project will allocate funds to the counterpart institutions for travel and participation in meetings through a contract with Ministry of Agriculture.
E. BUDGET

Overall Budget

The project follows a results-based management budget structure and is estimated to USD 396,000 and detailed below.

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost in US$ Year 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output 1 Feasibility study and masterplan developed</td>
<td></td>
</tr>
<tr>
<td>BL1100 International Consultants &amp; Staff</td>
<td>28,000</td>
</tr>
<tr>
<td>BL1500 Project travel</td>
<td>15,000</td>
</tr>
<tr>
<td>BL1600 Staff travel</td>
<td>6,000</td>
</tr>
<tr>
<td>BL1700 National experts</td>
<td>32,200</td>
</tr>
<tr>
<td>BL2100 Contracts for works/services</td>
<td>260,000</td>
</tr>
<tr>
<td>BL2100 Agreement with Government Counterpart</td>
<td>20,000</td>
</tr>
<tr>
<td>BL3000 Meetings, workshops</td>
<td>5,500</td>
</tr>
<tr>
<td>BL5100 Miscellaneous and other direct costs</td>
<td>3,393</td>
</tr>
<tr>
<td>subtotal cost</td>
<td>370,093</td>
</tr>
<tr>
<td>in direct cost (7%)</td>
<td>25,907</td>
</tr>
<tr>
<td><strong>Total cost</strong></td>
<td><strong>396,000</strong></td>
</tr>
</tbody>
</table>

F. MONITORING, REPORTING EVALUATION

There will be two status reports for this project. The first will be the inception report, which will be submitted in month two and a final report within three months after the completion of the project. Each report will provide an update of the work being done and if there are any delays or challenges.

The actual feasibility study document and master plans will be delivered at the end of the project.

G. PRIOR OBLIGATIONS AND PREREQUISITES

None

H. LEGAL CONTEXT

The Government of the United Republic of Tanzania agrees to apply to the present project, mutatis mutandis, the provisions of the Standard Basic Assistance Agreement between the United Nations Development Programme and the Government, signed and entered into force on 30 May 1978.