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SERA POLICY PROJECT YEAR 2 ANNUAL REPORT

TANZANIA ENABLING POLICY ENVIRONMENT FOR AGRICULTURAL SECTOR GROWTH

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SERA POLICY PROJECT

YEAR 2 ANNUAL REPORT

Contract No. 621-C-00-11-00003-00
USAID Feed the Future SERA Policy Project
Tanzania Enabling Policy Environment for Agricultural Sector Growth

Implemented by Booz Allen Hamilton

DISCLAIMER

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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ABBREVIATIONS AND ACRONYMS

ACT	Agriculture Council of Tanzania
BMGF	Bill & Melinda Gates Foundation
BFS	USAID Bureau of Food Security
BoT	Bank of Tanzania
CEO	Chief Executive Officer
COP	Chief of Party
DFID	UK Department for International Development
DFS	Department of Food Security
DFSN	Department of Food Security and Nutrition
DPP	Department of Policy and Planning
EAT	USAID Enabling Agricultural Trade Project
ERS	Economic and Research Service
FAO	Food and Agriculture Organization
FSND	Food Security and Nutrition Department
FtF	Feed the Future
GoT	Government of the Republic of Tanzania
iAGRI	Research and Education, an FtF Implementing Partner
IR	Intermediate Result
LEAD	USAID Livelihoods and Enterprises for Agricultural Development
MAFC	Ministry of Agriculture, Food Security and Cooperatives
MANR	Ministry of Agriculture and Natural Resources
MIT	Ministry of Industry and Trade
MLF	Ministry of Livestock and Fisheries
MoF	Ministry of Finance
NAFAKA	Staples Value Chain, an FtF Implementing Partner
NFRA	National Food Reserve Agency
NGO	Non-governmental organization
PMO	Prime Minister's Office
PMP	Project Management and Performance
RALG	Regional Administration and Local Government
RGoZ	Revolutionary Government of Zanzibar
SACAU	Southern African Confederation of Agricultural Unions
SAGCOT	Southern Agriculture Growth Corridor of Tanzania
SERA	USAID FtF Policy Project
SMEs	Small- and Medium-Scale Enterprises
TAPP	Tanzania Agricultural Productivity Program
TASAF	Tanzania Social Action Fund

TASTA	Tanzania Seed Traders Association
TMG	The Mitchell Group, USAIF FtF Implementing Partner
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USG	United State Government

EXECUTIVE SUMMARY

The Tanzania SERA Policy Project (SERA Project) of the United States Agency for International Development (USAID) Feed the Future Initiative (FtF) completed its second full year of operation on September 30, 2013. There were substantial successes on the policy research and reform, and capacity building activities. There was a setback on the advocacy and communications activities due to the unexpected departure of the Communications Officer in mid-August. That left several important activities, including the web site and other communications products, unfinished. The focus and scope of the advocacy and communications activities will now be re-evaluated and staffing re-considered.

New research and policy analysis activities undertaken by the SERA Project this past year included a study of land compensation and benefits sharing, research on rice policy on both Zanzibar and the mainland, further research on food security in Zanzibar and the mainland, and a critical review of the cost and optimal size of the strategic grain reserve held by the National Food Reserve Agency (NFRA). A food basket approach to measuring access to food at the regional level was piloted and approved for implementation by the Ministry of Agriculture, Food Security and Cooperatives (MAFC) Department of Food Security (DFS). After two years of discussion with the Bank of Tanzania (BoT) and the Ministry of Finance (MoF), the BoT gave its approval to develop and implement the collateral registry system in June.

Institutional capacity building activities continued to focus on the Agricultural Council of Tanzania (ACT), and the Department of Food Security on both the mainland and Zanzibar. Individual capacity building activities included continued joint sponsorship of the policy seminar series at Sokoine University with FtF implementing partner iAGRI, and the teaching of an eight week policy analysis course to 20 staff of various ministries in Zanzibar by the SERA Project's Chief of Party (COP) and Junior Policy Analyst. The SERA Project also continued to develop its database of agricultural and economic regional and national data.

The USAID Feed the Future Initiative seeks to improve food security in Tanzania by increasing agricultural production and nutrition, while the SERA Policy Project is primarily focused on improving the policy environment for agricultural production. The SERA Project is not involved in analyzing policies on nutrition because of its limited resources to undertake analysis of both agricultural and nutrition policies and because other FtF implementing partners and organizations such as the World Bank have provided strong leadership in this area. However, SERA activities contribute to improving nutrition by increase rural incomes through its policy reform and capacity building activities. Increasing incomes then contribute to improved nutrition by enabling households to purchase increased quantities and more nutritious foods.

INTRODUCTION

The Tanzania SERA Policy Project assists both the Government of the Republic of Tanzania (GoT) and the private sector to enable a broad-based, sustainable transformation of the agricultural sector through policy reform. The vision for this project is twofold: to improve the policy and regulatory environment for agriculture growth and to build a group of public sector institutions, advocacy organizations, and individuals capable of performing rigorous policy analysis and advocating for policy reform. The SERA Project is part of the United States Agency for International Development Tanzania Feed the Future Initiative and works closely with other implementing partners and USAID.

Improving agricultural policies will be accomplished by working with the GoT and other stakeholders to identify important policy constraints to growth in the agricultural sector and by helping to alleviate these constraints through policy reform. The SERA Project will conduct and commission evidence-based policy research to inform the GoT and other stakeholders of the impacts of existing policies and the potential benefits of improved policies. In addition, the SERA Project will develop the capacity of individuals and organizations to engage in policy analysis and advocate for policy change. At the conclusion of the project, we expect USAID will leave behind an improved policy environment and a legacy of enabling the GoT and other stakeholders to initiate, develop, and utilize evidence-based research in policy decisions and implementation. The project will also empower local researchers and private sector advocacy groups to more effectively use analysis and strategic communications to lobby for change, to build national partnerships that create consensus around agriculture policy, and to monitor the impacts of policy. The SERA Project will focus its activities around priorities identified in collaboration with the Southern Agriculture Growth Corridor of Tanzania (SAGCOT) initiative.

OVERVIEW

The SERA Policy Project has three primary components: Research and Policy Reform, Capacity Building, and Advocacy and Communications. Year 2 activities for each are discussed in this section. In addition, there are sections on Collaboration and Leadership, and Monitoring and Evaluation.

Policy Research and Reform

In accordance with the FtF mandate and its importance to Tanzania, food security is the highest priority for policy research and reform for the SERA Project. The research began in the first year of implementation and included a concept note to GoT in October 2011 followed by three research studies to evaluate i) the potential for regional exports, ii) the impact of the maize export ban, and iii) the characteristics of food consumption in Tanzania. The research done from March to May 2011 was presented to GoT in Dodoma in June at a day-long workshop which was followed by a workshop for all stakeholders several days later. That research provided “clear and convincing evidence,” according to Prime Minister Pinda, that the export ban was not effective at preventing exports or providing for food security, instead it disproportionately hurt the poor and discouraged maize production. Consequently, the maize

export ban was officially lifted by Prime Minister Pinda on September 6, 2012 and remains lifted to this date.

In Year 2, research efforts focused on important questions which came out of the initial research completed in Year 1. Year 2 research examined i) the appropriate role of the National Food Reserve Agency in addressing food security, ii) the food basket approach to measuring access to food, and iii) the impact of import and export permits on staple food trade. In mid-September 2013, the findings of these researches were presented to GoT and other stakeholders, along with a presentation to the senior staff of the Tanzania Social Action Fund (TASAF), and a paper prepared by the SERA COP on the importance of transparent and stable agricultural policies. As with the first series of research and workshops, the research and workshops in Year 2 were well received and have already led to discussions of policy reform with the Prime Minister's Office (PMO) and MAFC. Discussion during the workshops was active and contributed to a better understanding of the policy issues and options. Further research will be undertaken on the appropriate role for the NFRA in the next project year, and a final policy options paper on food security will be prepared and delivered to GoT. The food basket methodology will be implemented by the MAFC Department of Food Security during the coming project year.

Food security research on Zanzibar was also a high priority during Year 2 and culminated in a workshop on September 10, 2013 to the Revolutionary Government of Zanzibar (RGoZ). The workshop, chaired by the General Secretary to the Parliament, was coordinated with the Department of Food security and Nutrition (DFSN) and the Department of Policy and Planning (DPP) of the Ministry of Agriculture and Natural Resources (MANR). More than 60 participants from various ministries of government attended the half-day workshop and expressed their strong approval for the research as well as their desire to continue to work closely with SERA on food security issues. The research presentation included i) the characteristics of the rice market and its dependence on imports and importing firms, ii) the food basket methodology and its implications for measuring food access on Zanzibar, and iii) the lessons learned from the mainland's NFRA strategic grain reserve and the international experience on grain reserve management that can be applied to Zanzibar. Further work is planned on food security in Zanzibar, including additional policy analysis and continued institutional capacity building with the DFSN.

Other efforts to improve the policy environment included research on inputs, land, and the business environment. Each of these is an important element for building an efficient and competitive agricultural sector that can be an engine of growth for the economy and a path to reducing poverty for rural households. SERA Project worked on improving the tax treatment of seeds and seed packaging materials as the primary focus of its research on inputs markets. Reduced taxes on seeds could make improved seeds more affordable to farmers and reduced taxes on seed packaging materials could make better packaging available that would be more difficult to counterfeit. This would help to combat the very serious problem of the widespread sale of counterfeit seeds marketed in packaging that replicates those of reputable seed companies. Other seed policy issues will also be taken up as resources become available,

including the licensing of protected varieties of government developed seed to private companies in exchange for a commitment to provide seeds to the local market area. The seed circular that allows licensing is too restrictive and discourages companies from producing the protected seeds developed by government researchers.

A study of compensation and benefits sharing schemes for village land was started in the third quarter of Year 2 by Landesa, an international non-governmental organization (NGO) that primarily focuses on land issue in Africa. The study was delayed due to contracting issues but began in June and is scheduled to finish during Q1 of Year 3. Initial results from the study are focused on whether local communities are legally able to enter into contractual arrangement with domestic or foreign investors to lease their land or otherwise make it available for investors. The study will also examine other compensation and benefits sharing schemes commonly used in the region, including case studies from Mozambique and South Africa.

The business environment is critical to attracting investors to the agricultural sector and research began to examine the business environment in Tanzania and compare it with that of neighboring countries. A cursory examination suggests that investors in Tanzania face high taxes, uncertain incentives that are not always honored, weak infrastructure that raises operating costs, and labor laws that unfairly favor employees. Without an improvement in the business environment, it will be difficult for Tanzania to attract and hold investors to the agricultural sector. This research began in the final quarter of the current year but is not expected to be completed well into Year 3 of the work plan.

Capacity Building

The SERA Project is engaged in both institutional and individual capacity building in support of policy reform. In Year 2, the SERA Project continued to implement activities towards the ACT Capacity Building Action Plan, including supporting the development and drafting of the organization's second strategic plan. This activity was implemented in three phases and supported by a team of two organization capacity building experts through a series of short term assignments and remote support. Phase One developed a holistic understanding of the current internal and external operating environment of ACT, and began a review of the organization's Mission and Vision. Specific tasks completed during this phase included stakeholder interviews, an environmental scan, and the First Strategic Planning Workshop on October 5, 2012. The workshop concluded with clearly defined next steps and commitments for the finalization of the organization's Mission and Vision, and the development of Phase Two strategic goals, objectives, and activities. Phase Two included a combination of remote support and direct facilitation. The project team provided remote support to ACT strategic planning committee to finalize the Mission and Vision and the team returned to Dar es Salaam to lead and facilitate the Second Strategic Planning Workshop on November 2 and 3, 2012. Participants validated the new Mission and Vision, identified key goal areas for ACT for the next five years, and developed objectives and targets to achieve these goals. ACT participants included members of the strategic planning committee, the board of directors, and the secretariat. The workshop concluded with commitments to continue to provide remote support for the review and finalization of lobbying and advocacy goals and activities' and the draft strategic plan. A

third and final workshop was held to review and finalize the strategic plan and the Final Strategic Plan was adopted by the board of director in Q2 and presented at the Annual General Meeting of the ACT membership on January 12, 2013.

SERA also provided ACT with financial support for 40 members to attend the Southern African Confederation of Agricultural Unions (SACAU) 2013 Annual Conference in Dar es Salaam on May 13 and 14, 2013. ACT also participated in the National Food Reserve Agency Assessment as part of SERA Project's on-going efforts to increase linkages with ACT and to offer opportunities for individual capacity building. Support for ACT Institutional Capacity Building Action Plan Objective 2: *Increased organizational capacity* is now complete.

SERA Project also provided support to Tanzania Seed Traders Association (TASTA), contributing both financially and technically to TASTA Stakeholder Workshop and participating in the presentation of the TASTA Strategic Plan Workshop held on June 14, 2013 in Arusha.

The SERA Project continued to work with the Food Security and Nutrition Department (FSND) of the Ministry of Agriculture and Natural Resources in Zanzibar. Activities included the presentation of the Review of the Zanzibar Food Security and Nutrition Program, Phase One; facilitating the drafting of Phase Two Strategic Prioritization Plan; initiating a review of FSND-TASAF supported activities; and outlining a strategy for FSND Program Monitoring and Performance Plan. These activities directly contributed toward meeting Capacity Building Action Plan Objective 1: *Improved organizational systems and internal management structures* to respond to internal and external needs.

The SERA Project conducted a two-day workshop on April 22 and 23, 2013 for sixteen members of the Zanzibar FSND team. The workshop presented the results of the Review of the Zanzibar Food Security and Nutrition Program, Phase One, engaged participants in a stakeholder mapping exercise, reviewed relevant legislations, and identified key priorities for Phase Two. Participants received skills development in strategic planning and organizational prioritization. The workshop resulted in the Strategic Prioritization Plan. The SERA Project began the review of FSND-TASAF supported activities following FSND's support to TASAF for food security activities at the community level under the TASAF II Program. This activity will continue in Year 3.

Individual capacity building in Year 2 consisted of two activities to improve the analytical ability of individuals to do policy research and analysis. The first was the continued support for policy research on topics relevant to Feed the Future. This activity, called the Policy Seminar Series, provides support to teams of researchers to undertake policy research and present their results in a policy seminar to faculty and invited guests at Sokoine University. The activity is co-sponsored by SERA Project and iAGRI and began in Year 1 when four research projects were selected from eleven proposals. The research was scheduled to be completed by the end of the calendar Year 2012, but was not completed until the end of Q4 2013 due to the slow progress by the research teams. The policy seminars will now be re-evaluated based on the outcomes of those seminars.

The second individual capacity building activity was a policy analysis course developed and taught by the SERA Chief of Party following several requests for such training from government ministry staff and officials. An eight-week course was taught to 20 students from various government ministries in Zanzibar from during October to December 2012. The course consisted of three hours of lecture per week for eight weeks, including two hours of policy analysis training and one hour of skills training taught by the SERA Junior Policy Analyst. The students were taught the basics of policy analysis and data analysis, and were divided into teams to undertake a policy analysis on a topic from their job responsibilities. Each team completed the analysis and presented their PowerPoint presentations and final reports to invited guests from USAID and their government ministries. The course was very successful with students reporting in the class evaluation that the course was extremely useful for their job responsibilities. Seventeen students completed the course and were awarded a completion certificate at a graduation ceremony and lunch.

Advocacy and Communications

The approach to advocacy and communication is to provide information and disseminate research findings rather than to publicly advocate for policy reform. This is consistent with our approach to policy reform which is focused on government counterparts for policy reform rather than using grass roots organizations to advocate for policy reform. A public advocacy approach could alienate our government counterparts and harm our working relationship and ability to engage in dialogue. Our approach requires that we provide our findings in workshops, Policy Briefs and other forums, and to disseminate them to both English and Kiswahili speaking audiences. The SERA website, which is critical to this activity, was approved by USAID in the final days of Q4 and will be completed in Year 3.

SERA advocacy and communications activities have been delayed due to the unexpected departure of the communications officer in mid-August. Important activities such as the translation of the Policy Brief on the Export Ban into Kiswahili, completion of the SERA website, preparation of a quarterly newsletter, and capacity building with local media have not been completed and the work program will now be focused on a less ambitious and more targeted series of activities.

Collaboration and Leadership

SERA Project has excelled at collaborating with other development and FtF partners, leveraging its limited resources, and providing intellectual leadership on important policy issues. That has allowed SERA to achieve a high level of respect and credibility with the Government of the United Republic of Tanzania, USAID, and other development partners. This collaboration included working with FtF implementing partners NAFKA on food security research and iAGRI on the policy seminar series at Sokoine University. SERA Project has also developed a close working relationship with the Economic Research Service (ERS) of the U.S. Department of Agriculture (USDA) to implement a food basket approach to measuring access to food. These activities have allowed SERA to leverage its limited resources by cost-sharing or managing activities funded by other projects. SERA Project has also provided intellectual leadership on important policy issues and has achieved high name recognition and respect for quality

research and policy analysis. The Chief Executive Officer (CEO) of SAGCOT, for example, specifically requested SERA to investigate the duty-free imports of rice by the private sector during the period January to March 2013. The subsequent report, prepared by SERA, was widely circulated and provided important information about the basis for the decision and its impact. This analysis led to broader discussions on the role of transparent and rules-based policies and to a presentation to GoT on this important policy issue as well as policy options for the future. Further evidence of the high level of respect achieved by the SERA Project was when the project was approached with a proposal for a DFID-funded study of policy issues related to the fertilizer industry. The study unfortunately was not undertaken because initial scoping activities identified on-going work that addressed the policy issue; however, the proposal reflects the high regard for SERA analytics. The CEO of SAGCOT has also requested SERA to begin a study of the business environment in Tanzania and compare it with that of neighboring countries.

SERA Project has become a necessary stop for anyone doing agricultural policy analysis in Tanzania, such as the USAID Enabling Agriculture Trade (EAT) Project, when it recently undertook a study of seed policy, Food and Agriculture Organization (FAO) when it undertook a maize value chain study as part of its Southern Highlands Food Security Program, the Bill and Melinda Gates Foundation (BMGF) when it carried out a recent program review, and the Africa LEAD and EAT Project report on the Institutional Architecture for Food Security Policy. FtF leadership also turned to SERA Project for an analysis of the comparative profitability of irrigated and rain-fed rice on Zanzibar using field data collected by NAFKA and TAPP. The World Bank has proposed to jointly sponsor research on rice demand and competitiveness using a World Bank trust fund. Much of the SERA Project's research and policy analysis is done in-house using SERA's highly qualified staff.

The SERA approach to policy reform is to provide high quality research on important policy issues to inform GoT on policy impacts and options. This has proven to be an effective method of encouraging policy debate and achieving policy reform. SERA Project has assembled and maintains an agricultural database which will be used for research by both consultants and students working on advanced degree.

Monitoring and Evaluation

Measuring the impacts of our policy reforms and capacity building activities is a high priority for SERA Project, but provides significant challenges. Some activities, such as support to institutional reform for ACT, are difficult to quantify while others, such as the impact of lifting the maize export ban, are difficult to measure. The lifting of the export ban, for example, which was credited to SERA Project's research, has raised farm gate crop prices and these impacts should be credited to SERA Project and FtF activities. Estimating these impacts is also important to show GoT what effects such policies have and the benefits of maintaining open border trade policies. The SERA Project has begun to estimate such impacts and will continue this effort in Year 3.

IMPLEMENTATION PROGRESS

COMPONENT I: POLICY RESEARCH AND REFORM

The SERA Project undertakes analysis and research on important policy issues in an effort to provide evidence-based analysis of policy impacts and provide policy options to government. Some of this research is conducted by SERA staff, and some is contracted to consultants. In all cases, high standards are maintained.

1. Intermediate Result 1: Improved Agriculture Productivity

A. Seed Policy

Access to high quality seeds is essential to raising productivity and improving competitiveness of the agricultural sector, and to the success of investments in SAGCOT. However the use of improved seeds in Tanzania is less than 15 percent of total seeds planted and is among the lowest in the region. This situation is due, at least in part, to weak enforcement of existing regulations and strong GoT controls on certain aspects of the seed industry which limits private sector involvement. The SERA Project seeks to improve access to high quality seeds at internationally competitive prices, and to stimulate investment in the seed sector by creating an enabling economic environment for the private sector. Taxes on seeds have been identified as one of the constraints for expanded local production and sale of seeds, and the SERA Project is working with the seed industry, TASTA, and SAGCOT to improve the tax treatment of seeds.

Tasks Completed in Y2:

- Completed and submitted the analysis of seed tax issues to MAFC and PMO for their discussions with Ministry of Finance.
- Supported a stakeholders' workshop jointly with TASTA.

Contribute to:

- Intermediate Result (IR) 8.1.1 Number of policies/regulations/administrative procedures in each stage of development.

2. Intermediate Result 2: Expanding Markets and Trade

A. Trade Policy

Trade policy is an important component of economic policy and the enabling economic environment and the SERA Project has focused on two important trade policy issues. The first is the use of export and import permits. Permits are required from the Ministry of Agriculture, Food Security and Cooperative to import or export food crops to/from Tanzania. The confusing, lengthy, and costly procedure for obtaining permits has led to widespread efforts to circumvent the system. Research conducted by the SERA Project in Year 1 showed that export permits do not provide accurate information on export levels nor do they control the flow of exports. Imports are similarly controlled by permits and traders report that food crops are often imported without appropriate permits. The SERA Project is working with the MAFC and PMO to remove unnecessary permits and provide a better method of recording trade. The second is the recent ad hoc decision of the GoT to allow duty-free rice imports rather than enforcing

established duties. This led to market disruptions and protests by the rice producers in the private sector. A more transparent policy would be for the GoT to enforce existing tariffs and allow the private sector to import and export freely based on market conditions.

Tasks Completed in Y2:

- Completed study of export/import permits.
- Completed study of duty-free rice imports.
- Presented research on export/import permits and duty-free imports at stakeholders' workshop.

Contribute to:

- IR 8.1.1 Number of policies/regulations/administrative procedures in each stage of development.

B. Credit to smallholders and SMEs

Credit is essential to investments and delivering credit to small- and medium-scale enterprises (SMEs) and small farmers has been a challenge in Tanzania because of the lack of assets that can be used as collateral. Land cannot generally be used as collateral because most land is owned by the government and held in common by local communities. Other assets such as machinery have been used as collateral in other countries, but not extensively in Tanzania due to the weak legal structure and undeveloped registry to record liens against such assets. The SERA Project is working to improve this situation by completing the legal requirements and computer software for a collateral registry system. Capacity to use this system will then be developed through trainings and capacity building activities. This will primarily help SMEs who own moveable assets that can be used as collateral.

The Collateral Registry (also known as Secured Transactions) activity of the SERA Project received approval from the Bank of Tanzania in Year 2 following discussions directly with the BoT Governor by the SERA Policy Chief of Party. The Collateral Registry would provide the legal framework and computerized registry to make moveable property more easily used by financial institutions as collateral. The approval followed two years of effort by the SERA Project to support the development of the Collateral Registry and was a major accomplishment. Once completed, the Collateral Registry will benefit medium-scale enterprises to access credit at reduced rates. The process of developing the registry is expected to take two years and will include stakeholder workshops, legislation, installation of the registry and capacity building for financial institutions, the judiciary, and enterprises that will benefit from the increased access to credit.

Tasks Completed in Y2:

- Approval from Bank of Tanzania to develop and implement a collateral registry system.

Contribute to:

- IR 3.1.1 Number of micro, small and medium enterprises (MSMEs), including farmers, receiving United States Government (USG) assistance to access loans.

3. Intermediate Result 8: Improved Enabling Policy Environment for both Agriculture and Nutrition**A. Food Security**

The SERA Project is addressing food security concerns on both the mainland and Zanzibar with separate activities focused on the priority policy issues in each area. A major activity of the SERA Project for the past two years has been working with the GoT to develop a more comprehensive food security program to replace the use of export bans to depress prices in order to protect consumers and contain inflation. This follows the GoT agreeing to end the use of export bans in Year 1 citing the “clear and convincing evidence” provided by SERA Project research and that has resulted in improved prices for farmers. This major activity included bringing a jointly sponsored consulting team (with the NAFKA Staples Value Chain Project of FtF) to Tanzania for two weeks in May 2013 to examine the operation and mandate of the National Food Reserve Agency. A second activity was identified during the consultant’s investigation and research was supported by the SERA Project to investigate the impact of the use of export and import permits on food crops trade and food security. A third activity within the SERA Project efforts to provide the GoT with alternatives to the use of export bans for food security was to partner with USDA to develop a methodology to estimate the cost of a typical food basket for selected regions. These three analytical activities were presented to GoT and all stakeholders in Q4, and the Prime Minister’s Office hosted the day-long workshop for GoT. These workshops will be followed by a Policy Options Paper to GoT early in Year 3 that incorporates all of the research undertaken by the SERA Project and partners over the past two years. This Policy Options Paper should conclude our research efforts to provide Tanzania with a more comprehensive food security program except for new challenges that may develop and require analysis.

Tasks Completed in Y2:

- Completed a study of the appropriate role for NFRA to support food security.
- Completed a pilot study of the food basket methodology in two regions.
- Presented findings to GoT and other stakeholders at workshops.

Contribute to:

- IR 8.1.1 Number of policies/regulations/administrative procedures in each stage of development.

B. Cereals and Other Produce Act of 2009

The Cereals and Other Produce Act of 2009 granted broad authority to the GoT to engage in commercial activities in cereals and other produce, and to regulate these same activities. This could threaten private sector activities. It is also inconsistent with the recent lifting of the export ban announced by the GoT in September 2012. The Cereals and Other Produce Act of 2009 also created a regulatory authority for cereals and other produce. However, this authority

would have a conflict of interest because GoT would regulate the sector where it also engages in commercial activities. It is important to encourage the GoT to engage in public sector activities that do not directly compete with the private sector, and to involve the private sector in regulating the industry for the benefit of the sector and Tanzania. The SERA Project policy team met with the Executive Director of the Cereals Board to discuss the Cereals Board's objectives and operations, and concluded that capacity to implement and resources of the Board are limited. No further support is planned by the SERA Project.

Tasks Completed in Y2:

- Met with the Executive Director of Cereals Board.

Contribute to:

- IR 8.1.1 Number of policies/regulations/administrative procedures in each stage of development.

C. Land Policy

Only one-quarter of the land suitable for cropping in Tanzania is actually used to grow crops, which suggests that there is substantial land available to expand agricultural production by new investors and existing farmers. However, much of the land that is not used for crops is used for other livelihood activities by people with informal use rights. When investors are allocated land, these current users are displaced. That has made land use and land policies very controversial and the GoT has requested donors to withhold their involvement until a clear approach to land allocation has been developed by GoT. In support of the GoT's approach to land policy, the SERA Project was invited to undertake a study on compensation and benefits sharing approaches used in the region. SERA brought a team of consultants from Landesa, an international NGO focusing on land policy, to Tanzania in Q3 to undertake the study. The team spent two weeks in country, including a field trip to the Arusha area, to meet with communities engaged in joint ventures with investors. The study followed two previous studies funded by development partners and identified opportunities for local communities to engage directly with local or foreign investors rather than the more common practices of villages transferring their land to the central government before the land is made available to an investor. This issue is critical to the future of SAGCOT and the ability of Tanzania to provide conflict-free land to investors. Preliminary indications are that there is legal authority and actual experiences of villages engaging directly with investors while still retaining ownership of the land. This study has the potential to unlock village land for investment while protecting the rights of villagers.

Tasks Completed in Y2:

- Initiated land study in Tanzania by Landesa team.

Contribute to:

- IR 8.1.1 Number of policies/regulations/administrative procedures in each stage of development.

COMPONENT II: INDIVIDUAL AND INSTITUTIONAL CAPACITY BUILDING

The SERA Project's approach to capacity building is twofold. The first approach focuses on institutional capacity building activities of selected organizations that can provide the greatest impact to support development of an enabling policy environment. The second approach addresses increasing capacity for research and evidenced-based policy analysis of individuals through training and support for research and policy analysis.

In Year 2, the SERA Project sought to transition from primary to secondary support roles for selected institutions. Engagement with primary beneficiary institution identified in the Rapid Institutional Assessment was challenging as the number of donor supporting capacity building activities increased. Many key stakeholders are now engaged with multiple donors for institutional and capacity building support. As result, no new institutions were added in Year 2.

1. Intermediate Result 8: Improving Enabling Policy Environment for both Agriculture and Nutrition

In Year 2, the SERA Project made significant progress in the implementation of Organizational Capacity Building Action Plans for key partners, including ACT, and the Zanzibar Department of Food Security and Nutrition (see section Activities Implemented in Zanzibar).

A. Implementation of Capacity Building Action Plans

i. Agricultural Council of Tanzania

The SERA project concluded its primary support for the ACT Capacity Building Action Plan objective to *Increase Organizational Capacity*. The Second Strategic Plan for ACT was presented and adopted by ACT at the Annual General Meeting in January, 2013. The SERA Project also supported 40 members to attend the Southern African Confederation of Agricultural Unions (SACAU) 2013 Annual Conference in Dar es Salaam on May 13 and 14, 2013. ACT also participated in the National Food Reserve Agency Assessment as part of SERA Project's ongoing efforts to increase linkages with ACT and offer opportunities for individual capacity building. The SERA Project's ACT Institutional Capacity Building Action Plan is now largely complete, but SERA will continue to seek to collaborate with ACT on targeted activities as well as individual capacity building.

Tasks Completed in Y2:

- Completed support for ACT Capacity Building Action Plan.
- Support participation of 40 ACT members to the SACAU 2013 Annual Conference.
- Participation of ACT in the NFRA Assessment.

Contribute to:

- IR 8.2.2 Number of Institutions Receiving USG Assistance.

ii. Ministry of Agriculture, Food Security and Cooperatives, Department of Food Security

The SERA Project is continuing to support the Department of Food Security of the MAFC, and current activities are primarily related to the development of the food basket approach to

estimating food requirements. This work is led by a team from the Economic Research Service of the U.S. Department of Agriculture that completed food basket estimates for the Mara and Mbeya regions in Year 2. The results were presented to stakeholders and the GOT at the Food Security workshops on September 11 and 13, 2013 respectively. The DFS and SERA Project have committed to developing a capacity building program based on the piloted methodology and will work closely with the Ministry of Industry and Trade (MIT), the Ministry of Livestock and Fisheries (MLF), and the PMO Regional Administration and Local Government (RALG) in Year 3. Other activities with the Department of Food Security included the participation of a senior staff of the MAFC in piloting the food basket methodology.

Tasks Completed in Y2:

- Completed pilot study of food basket methodology for the two regions.
- Present results to GoT and other stakeholders at workshops.

Contribute to:

- IR 8.2.1 Number of individuals who have participated in USG support training activities.
- IR 8.2.2 Number of Institutions Receiving USG Assistance.

B. Institutional Assessments and Capacity Building Action Plans

i. Ministry of Agriculture, Food Security and Cooperatives, Department of Policy and Planning

Leadership changes in the Department of Policy and Planning have coincided with the start-up of two capacity building activities supported by the Bill and Melinda Gates Foundation and USAID respectively. The SERA Project met with the new leadership on a regular basis to discuss opportunities for collaboration.

ii. Tanzania Seed Traders Association

TASTA is receiving capacity building support from BMGF, and the SERA Project participated in the presentation of the TASTA Strategic Plan Workshop held on June 14, 2013 in Arusha. TASTA and BMGF are developing a capacity building action plan, and it is anticipated that SERA will continue to provide targeted support to TASTA.

Tasks Completed in Y2:

- Participated in the presentation of the TASTA Strategic Plan Workshop on 14 June 2013.
- Supported a stakeholders' workshop for TASTA in June 2012.

Contribute to:

- Contribute to IR 8.2.2 Number of institutions receiving USG assistance.

C. Institutional Readiness and Absorptive Capacity Enhanced

Returning students from foreign studies face a number of challenges as they try to apply their new skills to their work situation and SERA and iAGRI are jointly exploring a program that would facilitate that transition. This program could include a quarterly or semi-annual workshop to share experiences and opportunities for collaboration, and special projects to utilize their skills and enhance analytical capacity to undertake policy research.

Tasks Completed in Y2:

- Discussion with iAGRI on a program for students to transition to the workforce.

Contribute to:

- IR 8.2.2 Number of Institutions Receiving USG Assistance.
- IR 8.2.1 Number of individuals who have participated in USG support training activities.

D. Policy Seminar Series at Sokoine University

The SERA Project and iAGRI have jointly sponsored a Policy Seminar Series for faculty and student at Sokoine University to encourage policy research. Four research teams receiving support to prepare research papers for presentation at the Policy Seminar Series and the papers were presented near the end of Year 2.

Tasks Completed in Y2:

- Presentation of policy seminars completed.

Contribute to:

- IR 8.2.3 Number of Policy Seminars Conducted.

COMPONENT III: ADVOCACY AND COMMUNICATIONS

In Year 2, the SERA Project's communication and advocacy program was not completed as scheduled due to the unexpected departure of the Communications Officer in mid-August. The work was left incomplete with little opportunity to continue the work already started. In addition, the SERA Projects close collaboration with the GoT limited our ability to partner with non-state actors because of concern that it could weaken our relationship with the GoT. As a result, the SERA Project will start Year 3 with a renewed commitment to our primary target audiences, the GoT and other policy makers. The SERA Project will focus on communication activities that support the policy research agenda and target public sector institution. The primary communication instrument will be the Project website, which was approved near the end of Year 2. Future work on advocacy with non-state actors will be limited to avoid conflict with our ability to work closely with our GoT counterparts. The first quarter of Year 3 will include a review and revision to the SERA Project Communications and Advocacy Strategy. The activities not expected to continue in Year 3 are noted in the individual reviews below.

1. Intermediate Result 8: Improving Enabling Policy Environment for both Agriculture and Nutrition**A. Project Website**

In the last days of Q4 Year 2 the SERA Project received the necessary approvals to move forward with the launch of the project website. The website will become the main communications tool for SERA, making available evidence-based research and other key policy reform information.

Tasks Completed in Y2:

- Received approval for SERA’s Branding Implementation and Marking Plan
- Received approval for SERA project website

Contribute to:

- IR 8.2.5 Number of hits/visits to the SERA website.

B. Policy Briefs

No additional policy briefs were prepared in Year 2. It is anticipated that SERA will continue to draft research and policy briefs on a case by case basis as part of our revised Communication and Advocacy Strategy.

C. Electronic Newsletter

The SERA Project did not complete this activity in Year 2. It is unlikely that this activity will be continued in Year 3.

D. Media Relations

No activities were completed in Year 2. Media relation activities have been suspended pending a review of the Communications and Advocacy Strategy.

E. Media Capacity Building

No activities were completed in Year 2. Media capacity building activities have been suspended pending a review of the Communications and Advocacy Strategy.

ACTIVITIES IMPLEMENTED IN ZANZIBAR

1. Intermediate Result 2: Expanding Markets and Trade**A. Rice Import Policy**

Rice is the main food staple crop in Zanzibar and about 85 percent of consumption is imported. This makes Zanzibar very dependent on the world market. There are also close linkages with the mainland rice market as rice is imported from the mainland and also smuggled to the mainland to take advantage of the differential tariff rates between Zanzibar and the mainland. The SERA Project worked closely with the DFSN to better understand the rice market in Zanzibar and to advise the RGoZ on the strategic rice reserve.

Tasks Completed in Y2:

- Study of rice market completed.
- Presentation of rice study to RGoZ at workshop.

Contribute to:

- IR 8.1.1 Number of policies/regulations/administrative procedures in each stage of development.

2. Intermediate Result 8: Improving Enabling Policy Environment for both Agriculture and Nutrition

A. Zanzibar Department of Food Security and Nutrition

The SERA Project continued to work with the Food Security and Nutrition Department in Zanzibar, and activities included the presentation of the Review of the Phase One of the Zanzibar Food Security and Nutrition Program, facilitating the drafting of the Phase Two Strategic Prioritization Plan; initiating a review of FSND supported TASAF activities; and outlining a strategy for FSND's Program Monitoring and Performance Plan. These activities directly contributed toward meeting Capacity Building Action Plan Objective 1: *Improved organizational systems and internal management structure* to respond to internal and external needs.

The FAO is the leading agency providing support in four areas of the FSND Draft Strategic Prioritization Plans: the Early Warning Information System, program coordination, national and sub-national technical assistance, and the establishment of the National Grain Reserve. In Q3, the SERA Project met with the FAO and discussed collaboration on FSND activities, and presented research finding to the RGoT regarding the establishment of a food basket approach, best grain reserve management and the rice import regime.

Tasks Completed in Y2:

- Review of Phase One of the Food Security and Nutrition Program.
- Organized and facilitated the Strategic Implementation Planning Workshop.
- Drafted the FSND Strategic Prioritization Plan.

Contribute to:

- IR 8.2.2 Number of institutions receiving USG assistance.
- IR 8.2.1 Number of individuals who have participated in USG support training activities.

PROJECT MANAGEMENT AND PERFORMANCE

The SERA Project Management and Performance (PMP) activities underwent several revisions in Year 2. In Q2, the SERA Project updated the PMP based on guidance from USAID Bureau of Food Security (BFS) and USAID FtF Tanzania regarding the required and standard indicators. Specifically, SERA Project was asked to include:

- IR 4.5.2-35 Percent change in value of intra-regional trade in targeted agricultural commodities (RiA) (Outcome)
- IR 4.5.2-36 Value of exports of targeted agricultural commodities as a result of USG assistance.

In Q3 the Feed the Future Monitoring and Evaluation Project conducted a Data Quality Assessment of the SERA Project's PMP, and based on this assessment the following changes were made to the PMP:

- Additional data management tools were developed to track progress on indicator 4.5.(8.1.1.) *Number of policies/regulations/administrative procedures in each of the following stages of development.*
- Custom/Project Indicator IR 8.2.1. *Number of individuals who have participated in USG support training activities* is replaced with 4.5.2-7 *Number of individuals who have received USG supported short-term agricultural sector productivity or food security training (RiA).*
- Indicator 4.5.2-35 *Percent change in value of intra-regional trade in targeted agricultural commodities (RiA) (Outcome)* was dropped. This indicator is collected and reported on by USAID Regional Missions.
- Methodology for indicator 4.5.2-36 *Value of exports of targeted agricultural commodities as a result of USG assistance* was completed.
- Increased focus will be directed to quantify the impacts of SERA policies on crop prices, incomes, and poverty.

PROBLEMS / CHALLENGES

Challenges faced by the SERA project include the limited capacity of counterparts, weak systems for collecting and disseminating data, and delays in completing agreed tasks in a timely manner. These impact the entire range of SERA activities from policy analysis to capacity building activities. For example, lack of consistency and rigor in collecting data reduce the accuracy of data and limit the effectiveness of the systems that rely on this data such as the food basket methodology. The lack of detail on crop quantities and grades limits the value of crop price data and makes analysis of policy impacts less precise and more difficult. Delays in disseminating data from key ministries increases the resources required to obtain and maintain databases used for research. Many of these challenges are due to inadequate training and the heavy work load that many GoT officials face. The SERA Project makes every effort to overcome these challenges without placing undue burden on counterparts or engage in unnecessary activities that do not have clear and beneficial outcomes.

SPECIAL ISSUES

Not applicable.

CROSS-CUTTING ISSUES

1. Gender

Gender is an important cross cutting issue and the SERA Project has begun to explore ways of identifying the gender impacts of its policy reform activities. Discussions with NAFKA and The Mitchell Group (TMG) FtF implementing partners suggest several ways that such impacts may be measured. If substantial gender impacts of SERA policy reforms are found, then more targeted approaches will be sought to strengthen these impacts. The initial investigation will

focus on whether higher producer prices that result from lifting the export ban have a gender dimensions.

2. Poverty

Poverty is also an important cross cutting issue and SERA policy reform activities are expected to be pro-poor because they deal with food crop produced by most rural households. Important policy research is needed to determine whether higher maize prices benefit the poorest rural households as previous research has shown and if so, by how much. Such research will be undertaken by SERA as resources become available.

FINANCIAL SUMMARY

ANNUAL REPORT	Year 0.5	Year 1	Year 2	Cumulative	Contract Award	Contract Balance
	May 11 - Sep 11	Oct 11 - Sep 12	Oct 12 - Sep 13	May 11 - Sep 13		
Reimbursable Costs	\$162,022	\$1,177,257	\$1,659,602	\$2,998,881	\$5,231,658	\$2,232,777
Fee	\$12,950	\$84,837	\$142,067	\$239,854	\$418,342	\$178,488
Reimbursable Costs plus Fixed Fee	\$174,972	\$1,262,094	\$1,801,669	\$3,238,735	\$5,650,000	\$2,411,265
Contract Cumulative	\$174,972	\$1,437,066	\$3,238,735			

PERFORMANCE MANAGEMENT PLAN

Table 1. USAID Standard Indicators and Common Indicators Targets for Life of Contract

Indicator		Baseline	Year 0.5 Actual	Year 1 Actual	Year 2 Target	Year 2 Actual	LIFE OF CONTRACT TARGET
4.5.2-36 Value of exports of targeted agricultural commodities as a result of USG assistance.	Maize	\$25,418,241	N/A	0	28,920,000		40
	Rice	\$69,327	N/A	0	0		40
4.5.2-30 IR 3.1.1. Number of MSMEs, including farmers, receiving USG assistance to access loans	Medium	0	N/A	0	0		2,400
	Small	0	N/A	0	0		350
	Micro	0	N/A	0	0		250
4.5.1-24 IR 8.1.1. Number of policies / regulations / administrative procedures in each of the following stages of development							
• Stage 1: Analyzed			N/A	7	0	3	1
• Stage 2: Drafted and presented for public/stakeholder consultation			N/A	4	5	2	3
• Stage 3: Presented for legislation decree			N/A	1	2	2	0
• Stage 4: Passed/ approved			N/A	1	2	2	0
• Stage 5: Passes for which implementation has begun			N/A	1	0	0	11

Table 2. Project/Custom Level Indicators Targets for Life of Contract

Indicator	Baseline	Year 0.5 Actual	Year 1 Actual	Year 2 Target	Year 2 Actual	LIFE OF CONTRACT TARGET
4.5.2-7 Number of individuals who have received USG supported short-term agricultural sector productivity or food security training	N/A	N/A	25	400	72	1,700
IR 8.2.2 Number of institutions receiving USG assistance	N/A	N/A	2	3	12	15
IR. 8.2.3. Number of policy seminars conducted	N/A	N/A	1	3	0	9
IR. 8.2.4 Number of communications products produced and disseminated	N/A	N/A	N/A	3	1	18
IR. 8.2.5 Number of hits/visits to the SERA website.	N/A	N/A	N/A	2,000	N/A	9,000
IR. 8.2.6 Number of instances SERA is mentioned in the press and social media	N/A	N/A	10	12	11	40
IR 8.1.1.1. Number of research outputs	N/A	N/A	3	2	4	7
IR. 8.1.3.2 Volume of improved seed available in domestic market	26,545 tons	N/A	0	0	0	36,000 tons

*Data tracked annually

ANNEX 1: Deliverables and Reports

- Work Plan for Year 2, October 1, 2012 – September 30, 2013
- Quarterly Report for Q1, October 1, 2012 – December 31, 2012
- Quarterly Report for Q2, January 1, 2013 – March 31, 2013
- Quarterly Report for Q3, April 1, 2013 – June 30, 2013
- Concept Note and SOW for Land Allocation and Compensation Study, November 15, 2012
- Trip Report to the Southern Highlands, November 15, 2012
- Scope of Work for ACT Strategic Planning
- List of Participants to the ACT Strategic Planning Workshop
- Scope of Work for Assessment of Zanzibar Food Security and Nutrition Program
- SERA Policy Analysis Course Outline, October 26, 2012
- Trip Report to the Northern Border, February 15, 2013
- Proposed Food Basket Analysis for Tanzania, February 6, 2013
- Proposed NFRA's Role in Assuring Food Security, February 6, 2013
- Proposed Seed Tax Reform in Tanzania, May 8, 2013
- Tanzania Rice Prices and Import Policy Analysis, April 12, 2013
- List of Participants for Zanzibar Food Security Nutrition Workshop, April 22-23, 2013
- Draft Strategic Prioritization Plan for Zanzibar Food Security and Nutrition Department
- Workshop on Food Security in Zanzibar, September 10, 2013
- Workshop on Food Security at Serena Hotel, September 11, 2013
- Workshop on Food Security at PMO, September 13, 2013
- Measuring Access to Food: A Food Basket Approach, by Nancy Cochran, Economic Research Service, USDA, Presented at Food Security Workshops, September 11, 2013
- Tanzania National Food Reserve Agency's Role in Assuring Food Security in Tanzania, Dirck Stryker, Associates for International Resources and Development, Presented at Food Security Workshops, September 11, 2013
- Assessing the Impact of Export and Import Permits on Staple Food Trade, Mukhtar Amin, Economist, Associates for International Resources and Development, Presented at Food Security Workshops, September 11, 2013
- The Importance of Stable and Transparent Agricultural Policies, Don Mitchell, SERA Project, Presented at Food Security Workshops, September 11, 2013

