

THE TRUSTEES INCORPORATION ACT
(CHAPTER 375 R.E 2002)

TRUST DEED

OF

SAGCOT CATALYTIC TRUST FUND

(incorporated on 30 May 2011, certificate of incorporation number 4174)

as amended by Special Resolution dated 2012

Drawn in the original by:

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THIS TRUST DEED is made on 30 May 2011

as amended by a Special Resolution dated **** 2012

BETWEEN:

1. **The Government of the United Republic of Tanzania**, acting through the Ministry of Agriculture Food Security and Cooperatives, of PO Box 9192, Dar es Salaam;
2. **Agricultural Council of Tanzania**, of PO Box 14130, Dar es Salaam;
3. **Confederation of Tanzania Industries Limited**, of PO Box 71783, Dar es Salaam,

(together the **Settlors**);

4. **Mrs. Janet Bitegeko**, of PO Box 14130, Dar es Salaam;
5. **Mrs. Christine Killindu**, of PO Box 71783, Dar es Salaam; and
6. **Eng. Mbogo Futakamba**, of PO Box 9192, Dar es Salaam,

(together the **First Trustees**).

WHEREAS:

- A. The Southern Agricultural Growth Corridor of Tanzania (**SAGCOT**) is an international public-private partnership launched at the World Economic Forum on Africa in May 2010 in Dar es Salaam, Tanzania with its mandate to mobilize private sector agribusiness investments, in linkage with public sector commitments, to achieve rapid and sustainable agricultural growth in the southern corridor of Tanzania.
- B. SAGCOT is a centerpiece of Tanzania's "Kilimo Kwanza" strategy for pursuing food security, poverty reduction and reduced vulnerability to climate change with its members drawn from the Tanzanian government, the Tanzanian and international private sectors, farmers, foundations and donor institutions.
- C. As part of implementing the joint agreed programs under SAGCOT, the Settlers set up a catalytic fund, called the SAGCOT Catalytic Trust Fund (**CTF**), with initial financial backing from the Tanzanian government, the private sector and certain development partners.
- D. SAGCOT encourages a green growth model for agriculture. Agricultural green growth encompasses conserving natural resources, reducing vulnerability to climate change, and limiting greenhouse gas emissions. A green growth strategy promotes green technology and green modes of production.
- E. The objective of the CTF is to provide funds to catalyse agribusiness investment associated with developing the Agribusiness Sector and the strengthening of supply chains encompassing Smallholders and to assist with the initial costs of developing commercially viable agricultural businesses in SAGCOT that incorporate Smallholders, in every case to be channelled through various forms as may be required from time to time by funders of the CTF.

- F. In order to achieve this objective, the Settlers created on 30 May 2011 the CTF as a trust with the First Trustees.
- G. The Settlers and the First Trustees contemplated that further funds may be transferred to the CTF and the Special Resolution (as defined below) has amended this Trust Deed to permit such additional funds to be made available to the Trustees (as defined below) to further the objects of the CTF and to enable and encourage additional funders to make more funds available in the future.
- H. In view of the above, the Trustees consent to act as the trustees of the CTF and to accept the trusts under this Trust Deed.

NOW THIS DEED WITNESSETH AS FOLLOWS:

PART I – DEFINITIONS AND INTERPRETATION

1. Definitions

- 1.1. In this Trust Deed, unless the context otherwise requires, the defined terms shall be the definitions used in this Trust Deed:

Agribusiness Sector: the sector of all operations for the production, storage, processing, and wholesale marketing of agricultural products.

Applicant: an applicant to the CTF for support from a Fund.

Auditor: the auditor of the CTF selected by the Board from time to time.

Audit Committee: the audit committee set up by the Board in accordance with Article 34.

Board: the board of Trustees made up in accordance with Article 19.

Business Day: a day other than a Saturday or a Sunday, or a day which is a proclaimed public holiday in the United Republic of Tanzania.

Code of Conduct: the code of conduct set out in Annex 2.

Conflict of Interest Rules: the conflict of interest rules set out in Annex 3.

Criteria (Board Chairperson): the Criteria (Trustee) and the criteria for selection of the chairperson of the Board set out in Annex 8.

Criteria (CTF Persons): the criteria for selection of certain CTF Persons, being the Criteria (Board Chairperson), the Criteria (Trustee), the Criteria (Fund Manager) and the Criteria (Investment Committee Member).

Criteria (Fund Manager): the criteria for selection of the Fund Manager set out in Annex 11.

Criteria (Investment Committee Member): the criteria for selection of each member of the Investment Committee set out in Annex 10.

Criteria (Trustee): the criteria for selection of each Trustee member of the Board set out in Annex 9.

CTF / Catalytic Trust Fund: the legal entity which is known as the “Registered Trustees of the Catalytic Trust Fund” set up under this Trust Deed with certificate of incorporation number 4174 dated 30 May 2011.

CTF Bodies: the CTF Entities, the Fund Manager and the Secretariat.

CTF Entity: the Partnership Council, the Board, the Investment Committee and the Selection Panel.

CTF Persons: all persons, whether individuals or corporate entities, involved with the administration or executive of the CTF including all members of the CTF Bodies except where stated otherwise.

Disclosure Form: a disclosure form as set out in Annex 15.

ESMF: the SAGCOT Environmental and Social Management Framework published by the Government of Tanzania from time to time.

First Trustees: Mrs Janet Bitegeko, Mrs Christine Killindu and Eng. Mbogo Futakamba.

Funders: the funders from time to time of the Funds.

Fund Manager: the manager, or managers, of the Funds from time to time as appointed by the Board in accordance with Article 29, including different teams under one manager.

Funds: the Initial Trust Fund and the other funds of the CTF from time to time, being at the date of the Special Resolution, the MGF and the SVCF.

Governance Rules: the Procedural Rules, the Code of Conduct and the Conflict of Interest Rules.

Initial Trust Fund: has the meaning given to it in Article 3.1.

Investment Committee: the investment committee of the CTF set up in accordance with Article 25.

Investment Policy: the relevant investment policy of each Fund, being in relation to the MGF, the MGF Investment Policy and in relation to the SVCF, the SVCF Investment Policy.

MGF / Matching Grant Fund: the matching grant sub fund of the CTF.

MGF Investment Policy: the specific investment policy of the MGF set out in Annex 4.

MGF Operating Guidelines: the specific operating guidelines of the MGF set out in Annex 5.

Objects: the objects of the CTF set out in Article 4.1.

Operating Guidelines: all the operating guidelines of the Funds from time to time, being as at the date of the Special Resolution, the MGF Operating Guidelines and the SVCF Operating Guidelines.

Parties: all the signatories to this Trust Deed and **Party** means any of the signatories to the Trust Deed.

Partnership Council: the partnership council of the Catalytic Trust Fund made up in accordance with Article 13.

Procedural Rules: the general rules of procedure for each of the CTF Bodies for changing members, conducting meetings and making decisions as set out in Annex 1.

Recipient: any recipient of monies from a Fund from time to time, including a grantee of the MGF or an investee company of the SVCF.

Resettlement Policy Framework: the Resettlement Policy Framework published by the Government of Tanzania from time to time.

Resolution (Simple Majority): at least a simple majority (51%) of the members of the CTF Entity present at a duly constituted meeting.

Resolution (Special): at least three quarters (75%) of the members of the CTF Entity present at a duly constituted meeting.

Resolution (Unanimous): all (100%) of the members of the CTF Entity present at a duly constituted meeting.

SAGCOT: the Southern Agricultural Growth Corridor of Tanzania.

SAGCOT Centre: the SAGCOT Centre Limited, a company incorporated under the laws of Tanzania with certificate of incorporation number 83051 dated 5 May 2011.

SAGCOT Investment Blueprint: the SAGCOT Investment Blueprint dated January 2011.

SAGCOT Partnership: the SAGCOT partnership is a membership group encompassing government agencies, private organizations and companies who pay annual membership dues to the SAGCOT Centre (except in the case of development partners who otherwise contribute funding to the SAGCOT Centre or SAGCOT Catalytic Fund), agree to support the SAGCOT Partnership Principles, and sign a membership application form.

Secretariat: the secretariat set up by the Board in accordance with Article 32 to assist the Board and the Investment Committee in administration.

Services Agreements: the services agreements for each of the CTF Persons (other than the members of the Partnership Council and members of the Fund Manager), including the Fund Management Services Agreement.

Selection Panel: the selection panel (a) set up by the Partnership Council for selection of the initial Trustees and the Fund Manager in accordance with Article 18.2(a) and (b) as may from time to time be set up by the Board in accordance with Article 18.2(b).

Selection Procedures: the Selection Procedure (Board Chairperson), the Selection Procedure (Fund Manager), the Selection Procedure (Investment Committee) and the Selection Procedure (Trustees).

Selection Procedure (Fund Manager): the process for selection of the Fund Manager (applying the Criteria (Fund Manager)) set out in Annex 14.

Selection Procedure (Investment Committee): the process for selection of the members of the Investment Committee (applying the Criteria (Investment Committee Member)) set out in Annex 13.

Selection Procedure (Trustees): the process for selection of the Trustees (applying the Criteria (Trustee)) and for selection of the chairperson of the Board (applying the Criteria (Board Chairperson)) set out in Annex 12.

Settlers: the Government of Tanzania, the Agricultural Council of Tanzania and the Confederation of Tanzanian Industries Limited.

Smallholders: farmers in Tanzania with limited resources in terms of land, capital, skills, and risk management, who depend on family labour for most activities, and have limited capacity in terms of storage, marketing, and processing.

Special Resolution: the special resolution of variation of this Trust Deed dated **** 2012.

Subscription Agreement: each subscription agreement entered into by a Funder with the CTF setting out the terms and conditions for the Funder to make available its funds to the CTF and, where appropriate, details of any Subscription Units that will be issued to the Funder in consideration for its subscription.

Subscription Units: such subscription units and/or classes of subscription units of the CTF that the Board creates by Resolution (Special) in accordance with the provisions of Article 10.2.

SVCF / Social Venture Capital Fund: the social venture capital sub fund of the CTF.

SVCF Investment Policy: the specific investment policy of the SVCF set out in form Annex 6.

SVCF Operating Guidelines: the specific operating guidelines of the SVCF set out in Annex 7.

TIA: the Trustees Incorporation Act (Chapter 375 RE 2002).

Trust Assets: the assets owned by the CTF from time to time, including the Initial Trust Fund and any other funds made available to the CTF from Funders.

Trust Deed: this Trust Deed, as amended from time to time.

Trustees: the trustees from time to time of the CTF under this Trust Deed being initially the First Trustees and thereafter the trustees appointed in accordance with Article 19.

USAID: the United States Agency for International Development.

World Bank: the World Bank (IBRD and IDA), and three other agencies, the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID), which comprise the World Bank Group.

2. Interpretation

- 2.1. Unless the context otherwise requires, words importing any one gender shall include both male and female genders, the singular shall include the plural and vice versa, and a reference to natural persons shall include created entities (incorporated or unincorporated) and vice versa.
- 2.2. The headings in this Trust Deed have been inserted for convenience only and shall not be used for, assist, or affect its interpretation.
- 2.3. In case any one or more of the provisions contained in the Trust Deed shall for any reasons be held to be invalid, illegal or not enforceable in any respect, such invalidity, illegality or non - enforceability shall not affect any other provisions thereof and the invalid, illegal or unenforceable provisions will be deemed never to have been contained herein. In the event of any such invalidity, illegality or unenforceability, the Board shall use its best efforts to achieve the purpose of the relevant provision.
- 2.4. In the event of any difference, conflict or ambiguity between the provisions of any other arrangement between the Parties and those contained in the Trust Deed, the terms of this Trust Deed shall in all circumstances prevail.

PART II – CONSTITUTION

3. Establishment of the Trust

- 3.1. The First Trustees declare that they applied for incorporation of the CTF under the TIA as a body corporate with perpetual succession capable in law of suing and being sued and when the CTF was set up on 30 May 2011 they intended to hold a start-up fund (**Initial Trust Fund**) upon trust subject to the terms of this Trust Deed, however the Initial Trust Fund was not funded.
- 3.2. The trust constituted by this Trust Deed shall commence on the date of this Trust Deed and shall continue until terminated pursuant to Article 40.
- 3.3. The CTF is known as “SAGCOT CATALYTIC TRUST FUND”.
- 3.4. The registered office is situated at *****, the United Republic of Tanzania.
- 3.5. The First Trustees have procured a common seal for the CTF and the Trustees shall keep it in safe keeping.
 - (a) Any documents required to be signed under the common seal shall be attested by any 2 Trustees with the consent of the Board.
 - (b) The seal shall have the inscription of the words:

“REGISTERED TRUSTEES OF THE SAGCOT CATALYTIC TRUST FUND”
- 3.6. The Trustees may increase the Trust Assets by raising additional funds in every lawful and permissible way as determined by the Board subject to the terms of this Trust Deed.
- 3.7. All Trust Assets from time to time shall be administered by the Trustees subject to the terms of this Trust Deed.

4. **Objects**

4.1. The objects of the CTF are as follows:

- (a) To make the Trust Assets available for the benefit of the Recipients in accordance with the Trust Deed and to carry on any activities which may be necessary for and / or ancillary.
- (b) To ensure investments in the Agribusiness Sector are properly coordinated in line with the main pillars of the “Kilimo Kwanza” strategy for agricultural development and contribution to green economic growth in Tanzania by helping each partner make the best use of their specific expertise and resources within the value chain and ensure benefit to Smallholders and local communities.
- (c) To ensure proper and efficient management of financial resources and other assets contributed by the partners, or stakeholders in the custody of the CTF.
- (d) To provide a combination of finance and “hands-on” agriculture project development expertise to help in developing and expanding commercially viable businesses, including green technology and modes of production in the Agribusiness Sector with linkages to Smallholders within the supply chain and to ultimately access longer-term commercial finance.
- (e) To support existing (brown-field) agricultural businesses that will benefit Smallholders and rural communities in SAGCOT. In certain circumstances greenfield operations may be considered at the discretion of the Fund Manager.
- (f) To ensure that the Trust Assets are used to encourage and support production, processing, marketing and trade in agricultural produce with a focus on commercial and green investments in the Agribusiness Sector along the entire value chain including improvements in infrastructure, farming and processing, input supply chains, and access to markets (including transport and storage) and promote agribusiness business models which ensure Smallholders and the rural communities get benefit from the growth of commercial agribusiness.
- (g) Without prejudice to the generality of the foregoing, the CTF shall also carry out the following functions:
 - (i) To work alongside farmers, agribusinesses and other investors within the SAGCOT and identify, finance, and develop viable project opportunities that meet specified investment criteria.
 - (ii) To ensure that agribusiness projects are developed in ways that maximise a range of financial, economic, social, green and commercial developmental impacts.
 - (iii) To solicit applications from organizations including emergent farmers and farmer associations and agribusinesses (including processors, traders, input providers and other agricultural service providers) with commercial business concepts or projects.
 - (iv) To support the development of businesses that are in compliance with the overall objectives of the CTF.

- (v) To mobilize and facilitate the economic development of emergent agribusinesses, Smallholders and the rural communities in a sustainable manner to provide a measurable benefit from the growth of commercial agriculture.
 - (vi) To raise funds for the expansion and long term viability of the CTF.
 - (vii) To develop and strengthen supply chains encompassing Smallholders by providing technical assistance and capacity building for the promotion and development of the businesses in the supply chains, and of the Smallholders linked to approved projects and investments.
 - (viii) To fund agri-extension services, training, agro-processing and other developmental activities undertaken by business and projects approved by the CTF.
 - (ix) To provide technical assistance and capacity building on the promotion and development of the Smallholders in connection with approved projects and investments.
 - (x) To establish and ensure a strong environmental and social responsibility levels and adherence to such standards that are set out in the ESMF and the Resettlement Policy Framework.
 - (xi) To enter into commercial arrangements to use any required building, or any other properties to enable the CTF to accomplish its objects.
 - (xii) To initiate and support projects that will provide sustainable self-employment opportunities to Smallholders and rural communities.
- (h) To do all other acts and things necessary for or incidental or conducive to effectuating the foregoing purposes or which would further or fulfil the objectives mentioned above.

4.2. The Board shall have power, by passing a Resolution (Unanimous), to amend the Objects, subject to the no objection of the Partnership Council.

PART III – GOVERNANCE

5. Governance Rules

5.1. All CTF Persons shall comply with the Code of Conduct, the Conflict of Interest Rules and the Procedural Rules.

6. Disqualification of certain CTF Persons

6.1. Any person who is, or has at any time been a CTF Person (including, for the avoidance of doubt, a Trustee, a member of the Investment Committee, a Fund Manager and a member of the Secretariat but excluding, for these purposes only, a member of the Partnership Council) shall not, whilst they are a CTF Person and for a period of two years after they cease to be a CTF Person, be entitled to have any direct or indirect interest, through business, investment, or nuclear family in any Recipient and / or its related project.

7. Services agreements and disclosure

- 7.1. All CTF Persons shall complete a Disclosure Form before taking up their position as a CTF Person to ensure there is no potential breach of the Governance Rules and the person is fit and proper to be a CTF Person.
- 7.2. Each CTF Person shall enter into a Services Agreement with the CTF in form and substance satisfactory to the Board (and, in relation to the Trustees, as approved by the Partnership Council).

8. Validity of acts

- 8.1. All acts performed by CTF Persons in good faith on behalf of the CTF shall be valid notwithstanding any defect in their appointment.

9. Exemption from liability

- 9.1. Provided that the loss or claim does not arise from his / her own dishonesty, or failure in the performance of his / her duties, or exercise of his powers under this Trust Deed, to observe the degree of care, diligence and skill which can reasonably be expected of a person who manages the affairs of another, and subject to the provisions of the TIA:
- (a) no CTF Person shall be personally liable for any loss suffered by the CTF, whatever the cause; and
 - (b) a CTF Person shall be indemnified out of the assets of the CTF against any claims made against him / her arising out of or in any way connected with any proper act or omission in the course of the administration of the CTF.

PART IV – FUNDS

10. Funds

- 10.1. With effect from the date of the Special Resolution:
- (a) the MGF shall be automatically established and thereafter in accordance with this Trust Deed the CTF shall:
 - (i) select Applicants and Recipients of the MGF in accordance with the MGF Investment Policy; and
 - (ii) operate the MGF in accordance with the MGF Operating Guidelines.
 - (b) the SVCF shall be automatically established and thereafter in accordance with this Trust Deed the CTF shall:
 - (i) select Applicants and Recipients of the SVCF in accordance with the SVCF Investment Policy; and
 - (ii) operate the SVCF in accordance with the SVCF Operating Guidelines.
- 10.2. The Board may by Resolution (Special), subject to the no objection of the Partnership Council, set up and operate any number of additional funds of the CTF each of which conforms to the Objects and is managed in accordance with this Trust Deed.

11. Finance

- 11.1. The sources of finance of the Funds are expected to be:
- (a) donations or grants or other funds from the Government of Tanzania, donor agencies, development partners or other organizations wishing to support the objectives of the CTF;
 - (b) payments from Recipients of dividends, interest and capital if appropriate in accordance with the terms of a Fund; and
 - (c) any other source as may be determined to be acceptable by the Trustees from time to time,

in each case subject to the Objects and the terms of this Trust Deed and provided always that the CTF shall not receive funds from the public.

- 11.2. Each of the Funders shall make its finance available to the CTF in accordance with a Subscription Agreement in form and substance as approved by the Board by Resolution (Special).
- 11.3. The terms of a Subscription Agreement may permit a Funder to make available finance under one or more different classes of Subscription Units which may, as approved by the Board by Resolution (Special), have different characteristics in relation to, amongst other things, the mechanics for contributing finance to the relevant Fund, pricing, and distribution entitlements and mechanics. In particular, but without limitation, a class of Subscription Units may require the relevant Fund to make distributions of income and/or capital to the Funder in specified circumstances and to pay an investment return to the Funder, as appropriate and as approved by the Board by Resolution (Special).

12. Fund Accounts

- 12.1. All funds received by the CTF shall to be credited to separate designated bank accounts of the CTF for each of the Funds.
- 12.2. The Board shall make such arrangements as it deems appropriate to give the relevant Fund Manager control and access to the CTF accounts of the Funds.
- 12.3. The books of account and other records relating to the CTF and the Trust Assets shall at all times be open for inspection by the Partnership Council, the Board and any person authorised by the Board.
- 12.4. All account and other transactions of the CTF shall be managed in accordance with good accounting practices and the Board shall develop, and the Fund Manager shall comply with, a cash management policy for unallocated or undisbursed Funds.

PART V – PARTNERSHIP COUNCIL

13. PC constitution

- 13.1. The Partnership Council shall have 5 members each appointed, or re-appointed, for a term of up to 3 years as a standing committee of the CTF selected to form a representative, credible and accountable partnership entity of CTF as follows:

- (a) the Funders shall be required jointly to nominate, and where considered appropriate replace, 1 member of the Partnership Council;
- (b) the members of the SAGCOT Partnership which are designated as being in the Tanzanian private sector including ACT and CTI shall be required jointly to appoint, and where considered appropriate replace, 1 member of the Partnership Council;
- (c) the members of the SAGCOT Partnership which are designated as being in the international private sector shall be required jointly to appoint, and where considered appropriate replace, 1 member of the Partnership Council;
- (d) the Government of Tanzania shall be required to appoint, and, where considered appropriate replace, 1 member of the Partnership Council; and
- (e) the members of the SAGCOT Partnership which are designated as being Tanzanian farmer associations or organisations, shall be required jointly to appoint, and where considered appropriate replace, 1 member of the Partnership Council.

13.2. Members of the Partnership Council shall be eligible for re-appointment only once.

14. PC chairperson

- 14.1. The members of the Partnership Council may from time to time select one of them as chairperson of the Partnership Council appointed for a term of 1 year and each replacement chairperson shall be selected by the Partnership Council in rotation from the other members of the Partnership Council.
- 14.2. The chairperson of the Partnership Council shall not have a second vote in the event of a tie.

15. PC fees and remuneration

- 15.1. The members of the Partnership Council shall not be entitled to be paid any remuneration or reimbursed any out-of-pocket expenses by virtue of being a member of the Partnership Council.

16. PC mandate and function

- 16.1. The Partnership Council shall have the following mandate and function:
 - (a) To establish the Selection Panel in accordance with article 18.2(a).
 - (b) To confirm that it has no objection to the selection of the members of the Board and the appointment of the chairperson of the Board, as selected by the Selection Panel, or the Board, as the case may be.
 - (c) To confirm that it has no objection to the level of fees agreed by the Board as payable to the Trustees.
 - (d) To take corrective steps in the event that it considers that the CTF is not being managed or governed by the Board, or any of the other CTF Bodies, in

accordance with this Trust Deed, including the Governance Rules, and the general principles of SAGCOT Partnership.

- (e) To receive on an annual basis the CTF's financial statements, reports on its investment activity and reports on the performance of the CTF's investments.
- (f) To confirm that it has no objection to any changes to this Trust Deed.
- (g) To review and advise on any governance issues that may arise in relation to the CTF referred to it by the Board.
- (h) To receive and consider conflicts reports from the Board.

17. PC governance

- 17.1. The Partnership Council shall be subject to the Governance Rules as apply to all other CTF Persons and shall operate its internal governance regime in accordance with the Procedural Rules.

PART VI – SELECTION PANEL

18. Selection Panel

- 18.1. The Selection Panel will have 5 members and all decisions must be by a Resolution (Special).
- 18.2. The Selection Panel shall be selected (and thereafter appointed and removed):
 - (a) by the Partnership Council as soon as practicable on or after the constitution of the Partnership Council, and each member of the Partnership Council shall select 1 member of the Selection Panel which may be the Partnership Council member themselves, or another person, who shall be nominated, appointed and removed by them; and
 - (b) by the Board at such time as it decides by Resolution (Special) that it wants the Selection Panel to assist with the selection of Trustees, members of the Investment Committee or the shortlisting of a Fund Manager.
- 18.3. The Partnership Council, or the Board as the case may be, may instruct the Selection Panel to select:
 - (a) in accordance with an objective and transparent procedure agreed by the Selection Panel, a search firm to assist the Selection Panel in its work;
 - (b) the new Board of Trustees for the purposes of Article 19.3(a) or 19.3(b) using the Selection Procedure (Trustees);
 - (c) the chairperson of the Board for the purposes of Article 20.1(a) or 20.1(b) using the Selection Procedure (Board Chairperson);
 - (d) a shortlist of the Fund Manager for the purposes of Article 29.1 using the Selection Procedure (Fund Manager).

- 18.4. The Selection Panel shall be disbanded after the new Board and chairperson of the Board have been selected and confirmed by the Partnership Council in accordance with Articles 19.4 and 20.4 and the shortlist of the Fund Manager has been prepared, but may be reconstituted by the Board pursuant to Article 18.2(b).
- 18.5. The members of the Selection Panel shall not be entitled to be paid any remuneration or reimbursed any out-of-pocket expenses by virtue of being a member of the Selection Panel.

PART VII – BOARD OF TRUSTEES

19. Board constitution

- 19.1. The Board shall comprise of 5 Trustees each appointed, or re-appointed, for a term of up to 3 years.
- 19.2. Trustees shall be eligible for re-appointment only once.
- 19.3. Each Trustee shall be selected:
- (a) initially (as soon as practicable after the date of the Special Resolution) by the Selection Panel; and thereafter
 - (b) by the Board,
- in each case in accordance with the Selection Procedure (Trustee) and subject to the provisions of the TIA.
- 19.4. The appointment of each Trustee shall be subject to the confirmation that the Partnership Council has no objection and, unless reselected, the First Trustees shall be deemed to have resigned forthwith upon the Partnership Council confirmation of the appointment of the new Trustees selected under Article 19.3(a).
- 19.5. To the extent practicable appointments of the Trustees and the members of the Investment Committee, including the chairpersons, shall be staggered so as to ensure continuity.

20. Board chairperson

- 20.1. The chairperson of the Board shall be one of the Trustees selected for a term of up to 3 years:
- (a) initially (as soon as practicable after the date of the Special Resolution) by the Selection Panel; and
 - (b) subsequently, by the Board,
- in each case in accordance with the Selection Procedure (Board Chairperson).
- 20.2. The chairperson of the Board shall be eligible for re-appointment only once.
- 20.3. The chairperson of the Board shall have a second vote in the event of a tie in addition to his vote as a Trustee.

20.4. The appointment of each chairperson of the Board shall be subject to the no objection of the Partnership Council.

21. Board fees and remuneration

21.1. The Trustees shall:

- (a) be paid by the CTF an annual trustee's fee as determined by the Board, subject to the confirmation that the Partnership Council has approved; and
- (b) be reimbursed by the CTF for all reasonable out of pocket expenses incurred in the performance of their duties to the CTF, including reasonable travelling expenses incurred by attending meetings of the Board.

22. Board mandate and function

22.1. The Board shall have the following mandate and function:

- (a) all the powers necessary for managing, and for directing and supervising the management of, the business and affairs of the CTF;
- (b) only make Funds available to Recipients that:
 - (i) have been recommended by the Investment Committee; and
 - (ii) the Board has approved by Resolution (Special) having taken full account of, and giving due and proper consideration to, the recommendations of Investment Committee;
- (c) consider any recommendations and, where considered appropriate, implement any decisions and directions of the Partnership Council;
- (d) consider new proposals for additional Funds that meet the Objects, and any consequential changes to the Trust Deed in accordance with Article 10.2;
- (e) develop and approve policies for the management of the Funds, as needed;
- (f) select, appoint and remove;
 - (i) the Investment Committee in accordance with Article 25.2;
 - (ii) a Selection Panel in accordance with Article 18.2(b);
 - (iii) any Fund Manager in accordance with Article 29.1 (in the case of a removal by Resolution (Simple Majority) or Resolution (Special)) and the terms of the relevant Fund Management Services Agreement; and
 - (iv) the Secretariat in accordance with Article 32.1;
- (g) consider any actual or potential conflict of interest referred to it by any CTF Persons or CTF Body and direct as to how the CTF should address the actual or potential conflict of interest;

- (h) conduct periodic reviews to ensure the CTF operates in a manner consistent with its purposes and does not engage in activities that could jeopardize its status;
- (i) maintain and update a register in which all declarations of potential or actual conflicts of interest are recorded, send a copy to the Partnership Council and make it available for inspection, on request, to any CTF Persons or Funder;
- (j) review performance of CTF Persons under their Services Agreements annually and at least 6 months before the end of their term if they are under consideration for renewal;
- (k) take appropriate actions when there has been a breach or inadequate performance by any CTF Person of their Services Agreement;
- (l) on an annual basis, review and approve the budget of the Fund Manager and the CTF operating expenses;
- (m) on a quarterly basis, review the CTF operating expenses; and
- (n) approve all CTF Persons' fees and remuneration.

23. Board powers

23.1. The Trustees shall have all the powers of an unmarried natural person over and in respect of the CTF and the Trust Assets which they may exercise as if they are the absolute and beneficial owners of the Trust Assets in accordance with this Trust Deed, and in particular, but without limitation, the Trustees shall have the power to do the following:

- (a) To raise funds in every lawful and permissible way and receive or accept voluntary donations from institutional sources, either Tanzanian or foreign, and whether in cash or in kind. All donations may be accepted either with or without any special conditions, as may be agreed upon between the funder and the Trustees, provided that such conditions are consistent with the intents and purposes of this Trust Deed. The Trustees shall also be at liberty to refuse any donation, legacy or gift, without giving any reason for such refusal.
- (b) To delegate any of its rights and powers to any committee of CTF Persons, as the Board may decide by Resolution (Special), in addition to the Investment Committee and the Audit Committee.
- (c) Pay all or any of the expenses prudently incurred in connection with the incorporation, establishment and operation of the CTF.
- (d) To open, operate and maintain a banking account or accounts in the name of the CTF, at such scheduled bank or banks as they may, from time to time, decide and may at any time pay, or cause to be paid, or withdraw any moneys forming part of the Funds of any such account or accounts and either by way of fixed deposit or current account or any other account, provided that the banking account or accounts shall be operated jointly by any 2 or more duly authorised Trustees and for any cheques and other banking documents signed on behalf of the CTF there must always be no less than 2 Trustee signatures.

- (e) Enter into any arrangement with any government, public body or authority to obtain any rights, authorities, concessions or clearances and to give undertaking binding upon the CTF either generally or on conditions as the Trustees shall think fit and proper to carry out.
- (f) Employ, engage or contract with, upon such terms and conditions as to salary, remuneration, contract, payment or other consideration, any employee, managers, agents, professional advisors or other persons, provided that any payment must be fair and reasonable for the services provided.
- (g) To adopt such means of making known the activities and objects of the CTF as may seem expedient in particular by advertising by press, by circulars and by periodicals through the print or electronic media.
- (h) Obtain any statutory or similar order or Acts of Parliament enabling the CTF to carry out or better carry out any of its objects into effect or to effect any modification to this Trust Deed.
- (i) To institute, prosecute, compromise and defend legal proceedings in relation to the CTF or the Funds.
- (j) To make regulations for the management of the CTF compliant with this Trust Deed and for the conduct of its activities.

24. Board meetings

24.1. Ordinary Meetings

- (a) The Trustees shall hold at least four ordinary meetings in each year, no less than once a calendar quarter.
- (b) The last ordinary meeting shall be the annual meeting which shall, amongst other things, discuss the annual progress of the CTF in the execution of its duties and attainment of its objects, deliberate on the audited accounts and approve budget estimates for the following year.

24.2. Special Meetings

- (a) The Trustees shall hold such special or extraordinary meetings as the may be required.

PART VIII – INVESTMENT COMMITTEE

25. IC constitution

- 25.1. The Investment Committee shall comprise of 3 members each appointed, or re-appointed, for a term of up to 3 years, any of whom may be Trustees and / or may be drawn from the international or Tanzania business community in each case in accordance with the Selection Procedure (Investment Committee).
- 25.2. The Board shall select, appoint and remove, the Investment Committee in accordance with the Selection Procedure (Investment Committee) and after consultation with each Fund Manager.

- 25.3. Members of the Investment Committee shall be eligible for re-appointment for up to 2 additional terms.
- 25.4. To the extent practicable appointments of the Trustees and the members of the Investment Committee, including the chairpersons, shall be staggered so as to ensure continuity.

26. IC chairperson

- 26.1. The Board shall select and appoint, or re-appoint, one of the members of the Investment Committee as chairperson of the Investment Committee for a term of up to 3 years.
- 26.2. The chairperson of the Investment Committee shall be eligible for re-appointment only once.
- 26.3. The chairperson of the Investment Committee shall not have a second vote in the event of a tie.

27. IC fees and remuneration

- 27.1. The members of the Investment Committee shall, with the prior approval of the Board:
- (a) be paid by the CTF an annual member's fee; and
 - (b) be reimbursed by the CTF for all reasonable out of pocket expenses incurred in the performance of their duties to the CTF, including reasonable travelling expenses incurred by attending meetings.

28. IC mandate and function

- 28.1. The Investment Committee shall ensure that:
- (a) objective, consistent high standards are maintained;
 - (b) investment process integrity is maintained; and
 - (c) debate is frank and open and that, to the extent possible, decisions of the Investment Committee are consensus driven.
- 28.2. The Investment Committee shall have the following mandate and function:
- (a) in respect of each Fund, to use its financial and business expertise and sound commercial judgement as regards the financial viability and commercial sustainability of any proposed Recipients and / or its related project;
 - (b) in respect of the MGF, to use its experience in grant making determinations as regards to the matching grant applications;
 - (c) to approve by Resolution (Unanimous) the Recipients proposed by the Fund Manager which comply with the relevant Investment Policy and conform to the Objects of the CTF, provided always that the Investment Committee shall have the discretion to decide whether or not to recommend a proposal;
 - (d) to refer any rejected proposal back to the Fund Manager for reassessment; and

- (e) to make recommendations to the Board that ensure compliance with the Investment Policy.

PART IX – FUND MANAGER

29. FM selection

- 29.1. Except as provided in clause 31.1, the Board shall select one Fund Manager for all the Funds who shall be nominated, appointed and removed by the Board having been selected in accordance with the Selection Procedure (Fund Manager).

30. FM fees and remuneration

- 30.1. A Fund Manager shall be remunerated in accordance with its Fund Management Services Agreement.

31. FM mandate and function

- 31.1. Where, in the discretion of the Board:
 - (a) the requirements of managing a particular Fund necessitate materially different skills from those relevant to one or more other Funds; and/or
 - (b) market conditions are such that the Board is unlikely to be able to identify a fund manager with the skills and expertise necessary for managing all the Funds,

the Board may nominate and appoint a separate Fund Manager for the relevant Fund(s).

- 31.2. A Fund Manager shall have the mandate and function to manage, direct and supervise the day to day business and affairs of the relevant Fund, including the following as appropriate and required, and subject to the terms of the relevant Fund Management Services Agreement:
 - (a) implement the policies and decisions made by the Board;
 - (b) raise additional funds for the Fund it is managing, subject to the approval of the Board;
 - (c) prepare various policies of the Fund for approval by the Board;
 - (d) Marketing - develop and implement a marketing strategy for the Fund;
 - (i) develop the project pipeline and solicit investments on a competitive basis where appropriate;
 - (ii) develop and implement procedures for the Fund screening and allocation processes;
 - (iii) develop and manage a website, or pages on the CTF website, for the Fund;
 - (e) Application process:

- (i) conduct due diligence on project concept applications and preparation support for proposals;
- (ii) prepare investment proposals for evaluation and approval by the Investment Committee;
- (iii) ensure that all confidential information of Applicants shall remain confidential;
- (iv) coordinate with the Investment Committee for investment approvals;
- (f) Technical assistance - identify, procure or deliver technical assistance for potential Applicants or Recipients;
- (g) Operational management:
 - (i) monitor and assess implementation of each Recipient's projects, including the monitoring and evaluation requirements of the Fund;
 - (ii) provide timely submission to the Board of all required reports;
 - (iii) Meet the terms of funding agreements underlying Funder commitments of resources to the CTF;
 - (iv) provide business advisory services to each Recipient in support of the selected projects, when applicable;
 - (v) manage its budget, maintain the requisite staff and presence in Tanzania, and operate its organization with the appropriate financial and internal controls;
 - (vi) prepare standard forms, negotiate and manage agreements for use as appropriate with Recipients which includes monitoring compliance by each Recipient with the terms of the agreements and report any breaches to the Board (including in relation to environmental obligations).

PART X – SECRETARIAT

32. Secretariat selection

- 32.1. The Board shall select the Secretariat who shall be nominated, appointed and removed by the Board.

33. Secretariat mandate and function

- 33.1. The Secretariat will provide the minimum required basic administrative and logistical support to the Partnership Council, the Board and the Investment Committee, including:
- (i) Assist the Partnership Council, the Board and the Investment Committee in their governance including administration and information dissemination.
 - (ii) Prepare and organize meetings, and record the minutes of such meetings.

- (iii) Assist, coordinate and keep records for the purposes of all legal, regulatory and accounting requirements of the CTF.
 - (iv) Liaise with the SAGCOT Centre in providing and disseminating relevant non confidential information, but remain both physically and legally entirely separate and independent from the SAGCOT Centre.
- 33.2. The Secretariat will be funded through appropriate contributions from each of the Funds as determined by the Board.

PART XI – FINANCIAL CONTROL

34. Audit Committee

- 34.1. The Board shall determine by Resolution (Special) whether it is appropriate to set up an audit committee comprised of Trustees with the relevant expertise which shall have the following mandate and function:
- (a) to advise the Board on the selection of the Auditor;
 - (b) prepare the terms of reference for the Auditor;
 - (c) review the terms of reference for an auditor of each of the Funds; and
 - (d) review statements of accounts prior to their presentation to the Board.
- 34.2. Members of the Audit Committee receive no additional compensation in addition to their Board fees for their service.

35. Auditors

- 35.1. The Board shall appoint auditors of the CTF and of each of the Funds, who shall be an independent firm of chartered accountants as recommended by the Audit Committee and selected in accordance with any requirements of the Funders.
- 35.2. The Auditors may be removed by a Resolution (Simple Majority) of the Board.

36. Reports and records

- 36.1. The Trustees shall keep, or shall ensure that the Fund Manager or an approved third party shall keep, or cause to be kept, all statutory records, including all legal documents, registers, books of account, minute books.
- 36.2. The financial year of the CTF shall begin on 1st July and end on 30th June of the following year.
- 36.3. At the end of each financial year the Trustees shall prepare accounts for the CTF and will have those accounts audited by the Auditor.
- 36.4. The Board of Trustee shall maintain reports on:
- (a) the amount of all income received for the account of the CTF and each Fund separately and the amount available for the Recipients and their projects to be financed;

- (b) the amount payable to the Manager and the basis upon which such variable fees were calculated;
 - (c) the amount of all expenses to be deducted in computing the amount available for the projects support;
- 36.5. The Board shall keep or cause to be kept records of all dealings of the CTF including all matters necessary to be recorded for the proper administration and management of the CTF.
- 36.6. The Board shall within 30 days of each accounting date furnish to the Partnership Council a report providing details of funds and other assets acquired or disposed of, sale proceeds received or receivable and income and expenditure arising during the previous accounting period. The report shall detail a breakdown of all transactions in respect of such previous accounting period both as a consolidated report of the Funds and a separate report for each of the Funds.
- 36.7. The Board shall as at the anniversary of the first accounting date and every anniversary thereafter cause to be prepared financial statements giving details of all assets, acquisitions, disposal, monies held and income and expenditure accruing in respect of the preceding four accounting periods and shall cause the same to be audited by the auditors.
- 36.8. The auditors shall make and sign a report or such statement to the effect that the accounts, books and records of the Board and the Manager have been examined and that the auditors have obtained all the explanations and information required by the auditors.
- 36.9. The audited accounts shall be submitted to the Board not later than 3 months after the end of the financial year to which they relate.
- 36.10. It shall be the duty of the Board as soon as possible but in any case not later than one month upon receipt of the report of the auditors to forward such report to the Partnership Council.
- 36.11. The Board shall not later than 4 months after the end of each financial year submit to the Partnership Council an annual report on the management of the CTF in respect of that financial year, the audited accounts, and the Auditor's report on the accounts.

PART XII – MISCELLANEOUS

37. Amendments of this Trust Deed

- 37.1. The Board may only from time to time amend any part of this Trust Deed (including for the avoidance of doubt the Governance Rules and all the other provisions in the Annexes of this Trust Deed) by Resolution (Special) of the Board passed in accordance with the Procedural Rule and the other provisions of this Trust Deed, provided that the provisions of the TIA are complied with and:
- (a) the Partnership Council approves by Resolution (Special);
 - (b) the MGF Investment Guidelines and MGF Operating Policy may only be amended with the prior written consent of the Funders to the MGF ; and
 - (c) the SVCF Investment Guidelines and SVCF Operating Policy may only be amended with the prior written consent of the Funders to the SVCF.

37.2. Any amendment of this Trust Deed shall be in writing and shall be carried out and notified as required by the TIA.

38. Insurance

38.1. The Board shall take out and maintain suitable insurance, including public liability and employer's liability insurance for the CTF and the CTF Persons.

39. Notices

39.1. **Communications in writing** - Any communication to be made under or in connection with this Trust Deed shall be made in writing and, unless otherwise stated, may be made by letter.

39.2. **Addresses** - The address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Trust Deed is that notified to the Board or any substitute address (or department or officer) as a Party may notify to the other Parties by not less than 7 days' notice.

39.3. **Delivery** - Any communication or document made or delivered by one Party to another under or in connection with this Trust Deed will only be effective if by way of letter when it has been left at the relevant address, or 7 days after being deposited in the post postage prepaid, in an envelope addressed to it at that address.

39.4. **Electronic communication** - Any communication to be made between one Party to another under or in connection with this Trust Deed may be made by electronic mail or other electronic means, if the Parties:

- (a) notify each other and the Board in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
- (b) notify each other of any change to their address or any other such information supplied by them.

39.5. Any electronic communication made between the Parties will be effective only when actually received in readable form.

39.6. **English language** - Any notice given under or in connection with this Trust Deed must be in English.

PART XIII – TERMINATION

40. Winding up the Trust

40.1. The CTF, or a Fund, shall terminate and be wound up and dissolved if:

- (a) the Trustees resolve by Resolution (Unanimous), with the approval of the Partnership Council, that the CTF, or the relevant Fund, be wound up; or
- (b) the CTF, or the relevant Fund, is wound up by operation of law.

40.2. Every resolution to wind up the CTF, or a Fund, shall be in accordance with the TIA and shall specify an effective termination date of the CTF, or the relevant Fund, and thereafter

the Trustees shall realize or dispose of the Trust Assets as soon as reasonably practicable in accordance with this Article.

- 40.3. The Trust Assets shall be applied by the Board upon a winding up in the following order of priority and manner:
- (a) first in discharging all costs, expenses and liabilities of the CTF, or the relevant Fund, including the costs and expenses of winding up the CTF, or the relevant Fund, and setting aside any amount that the Trustees consider necessary or desirable in respect of any contingent liability of the CTF using first the assets of each Fund in respect of that Fund's liabilities; and
 - (b) second, in the payment or distribution (by instalments if the Trustees consider appropriate) of the balance to the Funders as they so decide or otherwise for the benefit of such organisations having similar objectives as the CTF, or the relevant Fund, with the approval of the Partnership Council, shall determine.

PART XIV – GOVERNING LAW AND DISPUTE RESOLUTION

41. Governing law

- 41.1. This Trust Deed shall be governed by the laws of the United Republic of Tanzania.

42. Dispute resolution

- 42.1. Any dispute arising out of or in connection with this Trust Deed shall not relieve any Party of their respective obligations to perform and otherwise comply with the terms of this Trust Deed but the Parties shall endeavour, acting in good faith, to resolve such dispute by mutual consultation and, should they agree, with the assistance of an independent third party mediator.
- 42.2. If any dispute has not been resolved by such means within 28 days of the mutual consultation or mediation commencing then:
- (a) All disputes arising out of or in connection with this Trust Deed shall be finally settled under the Rules of Arbitration of Tanzanian law by one arbitrator appointed in accordance with the said rules (see <http://www.iccwbo.org/court/arbitration/id4398/index.html>).
 - (b) The arbitrator shall be selected and appointed by the International Court of Arbitration or in accordance with Tanzanian law.
 - (c) The Parties may at any time, without prejudice to any other proceedings, seek to settle any dispute arising out of or in connection with this Trust Deed in accordance with Tanzanian law.
 - (d) The place and legal seat of arbitration shall be Dar es Salaam unless one of the Parties objects in which case the place and legal seat for proceedings shall be fixed in accordance with Tanzanian law and after consultation with the Parties.
 - (e) The language of the arbitration shall be English.

IN WITNESS WHEREOF THE parties hereto have set their respective hands the day and year first before written.

SIGNED and DELIVERED for and on behalf of the Settlers:

The Government of the United Republic of Tanzania

Name MOHAMED SAID MUYA

Position PERMANENT SECRETARY

Signature

Agricultural Council of Tanzania

Name DR S Y SINARE

Position VICE CHAIRMAN

Signature

Confederation of Tanzania Industries Limited

Name FELIX G N MOSHA

Position CHAIRMAN

Signature

Who are known to me personally / ~~identified to me~~

By -

The latter being known to me personally in my presence

This 25 day of May 2011

Name CHARLES MPAKA

Signature

Postal Address PO BOX 8725, DAR ES SALAAM

Qualification ADVOCATE

SIGNED SEALED and DELIVERED by the Trustees

Eng. Mbogo Futakamba
PO Box 9192, Dar es Salaam

Signature

Mrs Janet Bitegeko
PO Box 14130, Dar es Salaam

Signature

Mrs Christine Killindu
PO Box 71783, Dar es Salaam

Signature

Who are known to me personally ~~/identified to me~~

By -

the latter being known to me personally in my presence

This 25 day of May 2011

Name CHARLES MPAKA

Signature

Postal Address PO BOX 8725, DAR ES SALAAM

Qualification ADVOCATE

Annex 1
Procedural Rules

1. Changing members

- (A) A person shall cease to be a member of a CTF Entity if:
- (i) he or she resigns his or her office by giving notice to the remaining other members of the CTF Entity;
 - (ii) he or she is removed as a member of the CTF Entity by the Board or the Partnership Council;
 - (iii) he or she becomes of unsound mind or incapable by reason of mental disorder, illness or injury of managing and administering his or her own affairs;
 - (iv) he or she convicted or admits by consent guilt in respect of a material criminal violation of a law;
 - (v) he or she is adjudicated against in a final, non-appealable judgment by a court of competent jurisdiction as having committed an act or omission of a material nature involving gross negligence, bad faith, wilful misconduct or fraud;
 - (vi) he or she may be disqualified from holding the office of member, trustee or director in Tanzania, including without limitation section 4 of the TIA; or
 - (vii) he or she dies.
- (B) The CTF Entity shall promptly notify the Board in the event of any changes to members of the CTF Entity.

2. Meetings

- (A) The quorum for a meeting of members of a CTF Entity shall be three quarters (75%) of the members of the CTF Entity being present:
- (i) in person or by proxy; or
 - (ii) by means of such telephone, electronic or other communication facilities, which permit all persons, participating in such meetings to communicate with each other simultaneously and instantaneously.
- (B) If a quorum is not present within 30 minutes of the duly appointed time for the holding of any meeting of members of the CTF Entity, that meeting will stand adjourned to the same time and place on the day thereafter or, if such day is not a Business Day, on the next succeeding Business Day, and notice of such adjournment will be given to each CTF Entity member by the members of the CTF Entity present at the meeting from which such adjournment takes place, or, if none were present, any CTF Entity member. At such adjourned meeting any CTF Entity member(s) present shall constitute a quorum.

- (C) A person appointed by the members of the CTF Entity shall keep minutes of CTF Entity meetings and the chairperson of the CTF Entity shall certify the minutes as correct or amend them as required.
- (D) Each CTF Entity shall ensure that certified minutes of that CTF Entity meeting are circulated to all members of the CTF Entity, the Partnership Council, the Board and the Funders, within 15 Business Days of each CTF Entity meeting.
- (E) The members of the CTF Entity shall meet as often as required to perform their mandate and function and in any event at least 1 time a year.
- (F) At least 21 days' notice shall be given of any meeting of a CTF Entity unless agreed otherwise in writing by each member of the CTF Entity.
 - (i) Any 2 members of the CTF Entity, or the chairperson of the CTF Entity, or the Board shall be entitled to give notice convening a meeting of the CTF Entity by giving notice to each member of the CTF Entity.
 - (ii) Any notice convening a CTF Entity meeting shall set out the reasons for, and agenda of, the proposed meeting and shall enclose all appropriate documentation required to be discussed at the meeting.
- (G) A resolution in writing signed, whether on the same copy or on duplicate copies of the resolution, by all the members of a CTF Entity holding office at that time shall, be as valid and effectual as if it had been passed at a meeting of the CTF Entity duly called and constituted.

3. Decisions

- (A) Each CTF Entity member shall be entitled to 1 vote at a meeting of the CTF Entity and resolutions of the CTF Entity shall be taken in each case of the members of the CTF Entity present at a duly constituted meeting:
 - (i) by a Resolution (Majority), in the case of issues in that do not require a Resolution (Special) or Resolution (Unanimous);
 - (ii) by a Resolution (Special):
 - (1) in the case of all decisions by the Selection Panel;
 - (2) in the case of all decisions by the Partnership Council; and
 - (3) if expressly required in this Trust Deed; and
 - (iii) by a Resolution (Unanimous) if expressly required in this Trust Deed.

Annex 2 Code of Conduct

1. Introduction

- (A) This code of conduct sets out the minimum expectations for ethical compliance for the whole of the CTF.
- (B) The purpose of this code is to enshrine a set of principles that should guide corporate and personal decision making and behaviour among all CTF Persons and CTF Bodies.
- (C) This code should be applied in spirit as well as in letter in order to achieve its underlying purpose.
- (D) The CTF may be subject to stronger principles or rules than those set out in this code, for instance as a result of more stringent requirements imposed by the relevant Funders or applicable law. These will be set out in the relevant procedural or governance documents relating to the relevant Fund.
- (E) This Code applies to all CTF Persons and CTF Bodies.
- (F) Any queries on this code from the public should be submitted to the Secretariat to be dealt with by the Board.
- (G) This code will be entrenched in the governance documents of all CTF Bodies and changes to this code, which will be notified periodically by the Board to CTF Persons after consultation where relevant, will have the effect of automatically updating such documents.
- (H) It is the responsibility of all CTF Persons to keep abreast of this code and to ensure that directors, employees, managers and service providers to all CTF Bodies are familiar with this code and abide by its principles.
- (I) All CTF Persons shall be required to commit formally in writing that they have read and shall comply with the Governance Rules and to complete a Disclosure Form.
- (J) If a CTF Body intends to institute a policy or practice that it believes might or will not comply with this code, but believes that there are good reasons why it should institute such a policy or practice, then it shall inform the Board immediately.
- (K) CTF Bodies should review their compliance with this code on a regular (at least annual) basis and report to the Board on this review and any issues arising.
 - (i) This review should be conducted as broadly as possible with the relevant CTF Persons, and participants in the review must be encouraged to raise any issues of concern.
- (L) Since this code is designed to ensure ethical compliance and hence to protect the reputation of the SAGCOT structure, unauthorised breaches of this code, whether at an institutional or personal level, will be taken extremely seriously.
 - (i) In the event of a breach or suspected or potential breach of this code, the relevant CTF Persons must notify it immediately to the Board.

- (ii) The Board will investigate all such breaches notified to it and, in consultation with relevant CTF Persons, determine whether such breach is material.
- (iii) If determined to be material, the Board will then decide what further action, if any, should be taken under the relevant Services Agreement, including taking action against the person and removing them from their position.
- (iv) Institutions and individuals who cause developmental and/or reputational harm or any risk to the SAGCOT structure should expect strong sanctions to be applied.

(M) This Code will be applied by each Fund.

2. Personal and corporate ethical conduct

(A) All CTF Persons must;

- (i) Observe the highest standards of financial and ethical conduct and must remember that their activities are financed out of public funds.
- (ii) Act as if ambassadors for the CTF at all times and are required to comply with this code in spirit as well as letter and, as far as possible, require compliance by others with whom they conduct business.
- (iii) Avoid incurring conflicts of interest wherever possible and promptly declare any actual, perceived or potential conflict of interest either in writing to their appropriate supervising entity setting out how it or s/he intends to address the actual, perceived or potential conflict, or, where appropriate, by declaring any actual, perceived or potential conflict of interest at the beginning of the first meeting at which the matter is to be considered, such declaration shall be confirmed in the minutes of the meeting.

(B) All CTF Bodies must comply with the Governance Rules and the relevant sections of their constitutional documents and applicable legislation at all times.

3. Risk Management and Internal Control

(A) All CTF Persons and CTF Bodies will develop and maintain a sound framework for the identification and management of developmental, business, financial, reputational and any other risk based on international best practice.

(B) All CTF Persons and CTF Bodies shall promptly report any potential or actual material risks to the Board.

(C) Each CTF Body shall, as a minimum, annually conduct a review of the effectiveness of its risk management and internal control systems and should report to the Board that they have done so.

4. Anti-Corruption

(A) All CTF Persons and CTF Bodies shall:

- (i) Offering Bribes: not offer or make any bribe, unorthodox or unauthorised payment or inducement of any kind to anyone and for whatever purpose,

including soliciting a potential investment for CTF or to facilitate the making of any such investment.

- (ii) Acceptance of Bribes: not accept any kind of bribe, unorthodox or unauthorised payment or inducement of any kind from anyone, for whatever purpose, including in relation to the making of a potential investment by CTF or to facilitate its approval by CTF.
- (iii) Reporting: report promptly to the chairperson of the Board any request for, or any offer of, a bribe or unorthodox payment or inducement and will refuse any such request or offer in such clear and unequivocal terms as can lead to no misunderstanding or false expectation.
- (iv) Facilitating Payments: not make facilitating payments to progress any matter through local officials.
- (v) World Bank Anti-Corruption Guidelines: adhere to the highest standards in the conduct of the CTF's activities, and specifically the principles of the World Bank Anti-Corruption Guidelines <http://siteresources.worldbank.org/INTLEGSTAFONLY/Resources/AnticorruptionGuidelinesOct2006RevisedJan2011.pdf>.
- (vi) Prohibited Practices: not carry out or permit to occur any corrupt, fraudulent, coercive, collusive or obstructive practices (as defined by the World Bank).
- (vii) Applicable law: comply with all applicable anti corruption and anti money laundering laws.

(B) These principles relate to every aspect of the CTF's activities including but not limited to actual, perceived and potential conflicts of interest and procurement, and is supported by the CTF's policy of transparency.

(C) Such practices will be investigated and appropriately sanctioned by the Board, including by declaring an offender ineligible to participate in CTF projects.

5. Confidentiality

(A) All CTF Bodies shall keep confidential all confidential information they have in relation to the CTF.

6. Procurement

(A) All CTF Persons and CTF Bodies shall adopt a non-discriminatory, transparent and fair process for the procurement of all goods and services and to adopt best practice in all procurement and transaction processes.

7. Transparency

(A) All CTF Persons and CTF Bodies shall observe and be seen to observe the highest standards of disclosure and transparency in order to enhance the effectiveness and value for money of the Funds and to contribute to better feedback from intended Recipients and to prevent fraud and corruption.

8. Remuneration

- (A) The remuneration and incentives for all relevant CTF Persons should be sufficient to attract, retain and motivate individuals with appropriate skills and experience required to run the CTF successfully, but should also be set at a level and structured in a way that is consistent with CTF's aims and accountability for use of Funder's funds.

9. Travel and Expense Reimbursement

- (A) All travel undertaken by and expenses incurred by CTF Persons must be reasonable and appropriate having regard to CTF's aims and accountability for use of Funder's funds.

Annex 3

Conflict of Interest Rules

1. Purpose

- (A) The purpose of these conflict of interest rules is to protect the interests of the CTF when it is contemplating entering into a transaction or arrangement that might benefit the private interest of any CTF Persons or might result in a possible excess benefit.
- (B) These rules shall supplement any applicable Tanzanian laws governing conflict of interest.

2. Definitions

- (A) **Conflict of Interest:** A Financial Interest of an Interested Person that conflicts with the interests of the CTF, as determined by the Board in its sole discretion.
- (B) **Interested Person:** Any CTF Persons with a Financial Interest.
- (C) **Financial Interest:** Any direct or indirect interest, through business, investment, or nuclear family:
 - (i) in the ownership of, or investment in, any entity with which the CTF has a transaction or arrangement, including an application to any Fund;
 - (ii) in any compensation arrangement with the CTF or with any entity or individual with which the CTF has a transaction or arrangement, including an application to any Fund; or
 - (iii) in any potential ownership of, or investment in, or compensation arrangement with, any entity or individual with which the CTF is negotiating a transaction or arrangement, including an application to any Fund.

For this purpose, **compensation** includes direct and indirect remuneration or payment as well as gifts or favours of any amount even if minimal.

3. Duty to Disclose

- (A) All CTF Persons shall inform the Board of any potential or actual conflicts of interest immediately after they become aware of or suspect any potential or actual conflict.
- (B) Also in case of any potential or actual Conflict of Interest, an Interested Person shall disclose to the Board the existence of the Financial Interest and shall be required to disclose all material facts.

4. Disclosure

- (A) Disclosure shall be made to the chairperson of the Board and 1 additional Board member (or if the chairperson of the Board is the one with the Financial Interest, to 2 other Board members), who shall bring the matter to the attention of the Board.

5. Determination

- (A) A Financial Interest of an Interested Person is a Conflict of Interest only if the Board makes a determination pursuant to this paragraph 5 that such interest is a Conflict of Interest.
- (B) An Interested Person may make a presentation at the Board, but after the presentation he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible Conflict of Interest.
- (C) The action taken by the Board shall be determined by a vote of a majority of the members of the Board without counting the vote of the Interested Person.
- (D) The Interested Person may be counted in determining the presence of a quorum of the members of the Board.
- (E) After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, the remaining Board members shall determine whether a Conflict of Interest exists.
- (F) The decision of the Board will be in its sole discretion.

6. Addressing the Conflict of Interest

- (A) If the Board determines that a Conflict of Interest exists, the CTF may enter into the transaction or arrangement at issue only after the following procedures have been followed:
 - (i) After exercising due diligence, the Board shall determine whether the CTF can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a Conflict of Interest.
 - (ii) The Board may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - (iii) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a Conflict of Interest, the Board shall determine by a majority vote of its disinterested members whether the transaction or arrangement is in the CTF's best interest, for its own benefit, and whether it is fair and reasonable.
 - (iv) In conformity with the above determination the Board shall make its decision as to whether the CTF may enter into the transaction or arrangement.

7. Violations of Policy

- (A) In the event of any Conflict of Interest, the Board may order the relevant CTF Persons to take steps within a reasonable time period (to be stipulated by the Board in its sole discretion) to divest him/herself of the relevant Financial Interest.
 - (i) If such order is not complied with by the stipulated deadline, the Board may undertake procedures to terminate its engagement with / employment of the relevant CTF Persons.
- (B) If the Board has reasonable cause to believe that any CTF Persons has failed to disclose any potential or actual Conflict of Interest:

- (i) It shall inform the CTF Persons of the basis for such belief and afford the CTF Persons an opportunity to explain the alleged failure to disclose.
- (ii) It shall take appropriate corrective and / or disciplinary action including taking action against the person and removing them from their position.

8. Records of Proceedings

- (A) The minutes of the Board shall contain as a minimum:
 - (i) The names of the CTF Persons who disclosed or may have a Conflict of Interest.
 - (ii) The nature of the Conflict of Interest and related Financial Interest.
 - (iii) Any action taken to determine whether a Conflict of Interest existed.
 - (iv) The Board's decision as to whether a Conflict of Interest in fact existed.
 - (v) The names of the persons who were present for discussions and votes relating to the relevant transactions or arrangements.
 - (vi) The content of the discussion, including any alternatives to the proposed transaction or arrangement.
 - (vii) A record of any votes taken in connection with the proceedings.

9. Compensation

- (A) A member of the Board who receives compensation, directly or indirectly, from the CTF for services is precluded from voting on matters pertaining to that member's compensation.
- (B) A member of the Board who receives compensation, directly or indirectly, from the CTF, either individually or collectively, is not prohibited from providing information to the Board.

10. Director and Officer Acknowledgement

- (A) All CTF Persons shall, upon appointment and at annual intervals, sign a statement that affirms such person has received a copy of, has read and understood and agrees at all times to comply with, the Conflict of Interest Rules and the disqualification restrictions in Article 6 of the Trust Deed.

Annex 4

MGF Investment Policy

1. Overview

- (A) The MGF is a mechanism by which private investment in SAGCOT is catalysed, with an emphasis on improving the productivity and incomes of Smallholders, through commercial and green growth opportunities. For the avoidance of doubt, Smallholders include both farmers and pastoralists.
- (B) The MGF seeks to develop and strengthen supply chains encompassing Smallholders by providing matching grants to established commercial agribusinesses or to support new investment by established companies in order to provide for goods and services such as extension services and to develop these supply chains with Smallholders.
- (C) The MGF may offer funds to be used to either strengthen or develop a new association, so long as a larger commercial entity be it a processor or trader who wishes to develop reliable and consistent quality production is the implementing Recipient.
- (D) This will be achieved through the incentivizing the development of solid relationships between commercial agribusiness, Smallholders and rural communities. The matching grants provided by the MGF are an incentive for the private sector to invest or further develop within the SAGCOT and actively engage with the Smallholders operating in the corridor.
- (E) The MGF serves to reduce the risk of building commercial supply chains involving Smallholders.
- (F) This investment policy reflects matters which should be addressed in a “MGF-supported” matching grant project in order to determine the degree to which any proposed project with a Recipient would meet the investment criteria with respect to determining potentially commercially and financially viable businesses while satisfying the CTF’s overall objectives of catalysing sustainable private agribusiness investment, especially those benefitting Smallholders in order to ensure long-term sustainability of development benefits.

2. Objectives

- (A) The MGF has the following objectives;
 - (i) To improve the productivity and incomes of Smallholders through providing matching grants to established commercial agribusinesses that are seeking to develop and strengthen supply chains encompassing small holders. The Fund Manager enables these activities through the matching grants as described. The Fund Manager’s support to the Recipients during the implementation period includes monitoring, supervision and providing limited advice.
 - (ii) To catalyse private investment in SAGCOT in such a manner that productivity and incomes of Smallholders are measurably improved.

- (iii) To build supply chains that include and value Smallholders as producers of high quality agricultural products.
- (iv) To increase private sector investment by a multiple of the grant amount.

3. Eligibility

- (A) The Matching Grant Fund is expected to support the efforts of established agribusinesses to expand supply chains encompassing larger numbers of Smallholders. The MGF will support investments in public goods and services necessary to establish such relationships. The facility will only cover the costs of public goods / services that would directly benefit participating Smallholders. Public goods are investments that deliver significant collective benefits but are not profitable in their own right. Activities include:
 - (i) developing or expanding contract farming and out-grower schemes;
 - (ii) improving the productivity of Smallholders in established supply chains through enhanced extension support and improved access to agricultural technology;
 - (iii) capacity building for farmers' organizations that are in a partnership with an agribusiness entity;
 - (iv) providing "last mile" infrastructure to serve Smallholders, e.g. feeder roads, electricity connections and small reservoirs;
 - (v) making value chain investments such as assembly points, storage, cold store conservation units necessary and specifically for the inclusion of Smallholders in the supply chain as part of an out grower scheme; and
 - (vi) introducing the cultivation of new crops and the development of livestock industries demanded by regional, national, and international markets.
- (B) Any project funded by the MGF must require the proportion of any assets that have been created or developed using MGF funds remain for the benefit of the beneficiaries of the project.
- (C) The recipient of a grant from the MGF will be required to continue the relationship with the beneficiaries for as long as the business activity funded by the MGF is in existence.
- (D) Applicants will need to demonstrate how the proposed project, with the use of the grant, will be able to be financially viable and self-sustaining.
- (E) Links between agribusiness and grower associations should be encouraged.
- (F) For the sake of clarity, examples of projects to which the MGF would consider funding follow:
 - (i) To develop an out grower scheme to underpin the agricultural supply to a company or organisation's investment in a processing plant. Such a project would provide employment opportunities through the build phase of the project and impact those communities surrounding the investment through employment opportunities with the project as distinct from out grower farming.

- (ii) A trader seeking to increase the volume and quality of crop delivery by investing in improved local assembly systems linked to a training program for Smallholders focused on grades and standards.
- (G) The MGF is available to local, national or international businesses or organizations in the Agribusiness Sector that are able to demonstrate a successful track record in their particular area of agricultural operation who meet the all of following additional criteria:
- (i) Majority private sector owned, managed and controlled entities that are engaged in the development, rehabilitation, restructuring, expansion, and/or operation of agribusinesses.
 - (ii) A minimum of two years of audited financial statements from an independent, recognized and registered firm providing accountancy and auditing services.
 - (iii) Can demonstrate that they are financially stable and sustainable.
 - (iv) Can demonstrate that they have the financial, management and technical capacity to make a matching contribution and implement the project.
 - (v) Can demonstrate an experienced and suitable management team that will support the implementation of the project.
 - (vi) Can demonstrate significant experience with commercial agriculture or agribusiness activities, do so utilizing modern farming or processing methods and mechanization, provide employment in order to carry out their farming and other value added activities, and are based on a corporate structure and operate their business to deliver a profit.
 - (vii) While Applicants may be a partnership or consortium of companies that include NGOs and community organizations, the lead Applicant responsible for the implementation of the project must be a commercial for-profit company.
- (H) The MGF may provide funding for agricultural activities, which are defined as the science and business of cultivating soil, producing crops, and raising livestock.
- (I) The MGF may also provide funding to agribusiness, which creates the important linkages within the sector's value chain.
- (J) The MGF may fund small public infrastructure, as part of a larger project, if it can demonstrate that it directly contributes to building a supply chain by connecting larger numbers of Smallholders and for which there is a maintenance plan that is funded and managed by the Recipient.
- (K) **Geographic Restriction** - Investments made by the MGF must be within the boundaries of the SAGCOT as defined by the Government of Tanzania. No restriction is to be applied with regard to the clusters within the SAGCOT.
- (L) The project must demonstrate "additionality" i.e. that the project would not go forward without the MGF funding.

4. Ineligibility

- (A) The following are ineligible for matching grants by the MGF:
- (i) **Dams:** dams either for the purposes of irrigation or any other agricultural pursuit.
 - (ii) **Tobacco:** tobacco projects or tobacco agribusinesses.
 - (iii) New businesses or start-up companies that are not supported by existing established businesses. An exception would be established international agribusiness companies setting up operations for the first time in the SAGCOT and in Tanzania.

5. Eligible Costs

- (A) The eligible uses of Fund capital may include but not be limited to:
- (i) Operational Costs:
 - (1) Fertilizer
 - (2) Seed, seedlings and saplings
 - (3) Training and technical assistance
 - (4) Extension services
 - (5) Marketing
 - (6) Other operating costs can include costs associated with the reporting on and monitoring of the project
 - (7) Staff Costs associated with employees of the company.
 - (ii) Capital Costs, directly related to the support of the smallholders:
 - (1) Livestock
 - (2) Vehicles (trucks, motorcycles and pickups)
 - (3) Plant & equipment (tractors, earthmoving machinery, harvesters, ploughs, seeders)
 - (4) Irrigations pumps and infrastructure
 - (5) Processing equipment
 - (6) Packing equipment
 - (7) Buildings (warehouses, greenhouses, poly tunnels)
 - (8) Maintenance equipment
 - (iii) The matching grant funds may also be used to provide reports and monitoring and evaluation indicators to the Fund Manager.

- (B) Excluded uses of Fund capital are salaries associated directly with the Recipient, operating or investment costs relating to the Recipient's company, investments in unrelated businesses and repayment of other parties' debt.

6. Project Selection

- (A) In order to reach the target beneficiaries and assure sustainability of the investment, the MGF's project selection is to be based on a balance of developmental and commercial indicators.

- (B) The MGF's target beneficiaries are Smallholders.

- (C) **Demonstration of Commercial Viability:** All projects must demonstrate that they have potential commercial viability and will be sustainable (based on projected cash flows, and debt serviceability, understanding of appropriate commercial scale, management quality and commitment).

- (D) **Demonstration of Undisputed Rights to Land:** All applicants must demonstrate that they have undisputed rights over the land (if any) used in the investment, and any and all land needed for the project.

- (E) **Demonstration of Impact on Targeted Beneficiaries:** Once it is determined that a project proposal has demonstrated that it has the potential for commercial viability, projects should be evaluated on the greatest impact on and benefits to the target beneficiaries.

- (F) Project selection is to be based on the increased opportunities for Smallholders to increase their incomes. Income increase may be through increased access to markets, improved inputs and services and creation of formal employment. Applications must provide documentary evidence of support for the proposed project by the targeted beneficiaries, including a clear statement of how the proceeds will be used, and a well informed estimate of the Smallholder impact. Documentary evidence may encompass a summary of the results of discussions with targeted beneficiaries, and a description of agreements reached. Selection Criteria on which the applications will be evaluated include:

- (i) increase in value of private agribusiness investment in the SAGCOT;
- (ii) increase in number of smallholders operating as out growers linked with specific agribusiness value chains in the SAGCOT;
- (iii) increase in number of women out growers linked with agribusinesses funded through SAGCOT;
- (iv) increase in incomes received by out growers linked with agribusinesses funded through SAGCOT;
- (v) increase in new jobs created in agribusiness value chains in the SAGCOT;
- (vi) availability to previously unavailable or restricted input supplies or services, in either the primary production or value adding sectors; and
- (vii) amount of private sector investment catalysed.

- (G) **Competitive solicitation of proposals** - It is a requirement of the MGF to support good public policy and transparency in all project selection processes. Therefore, the MGF will not support Recipients that do not competitively participate in the MGF's selection process. The process of determining those projects that will receive a matching grant will involve all applications being considered at least twice a year, where applications are ranked and scored and the best applications selected.
- (H) **Diversification of the Recipients and Projects** - The MGF should seek to diversify its matching grants across a range of sectors.
- (I) MGF Applicants may apply a second time to the MGF to expand their project, so long as the initial grant and its related project were properly and successfully implemented.

7. Environmental and Social Review Procedure

- (A) CTF's funding decisions will be based on specific environmental and social requirements of national laws and regulations and of applicable safeguard policies as outlined in the ESMF.
- (B) Recipients must comply with such requirements either at initial review or as specified in the relevant funding agreement. For those Recipients that are screened as category A (as defined in the ESMF) or have significant environmental and social risks, a satisfactory Environmental Impact Assessment (**EIA**) document with approval from National Environment Management Council (**NEMC**) will be required as a condition of disbursement.
- (C) The Fund Manager will include in its due diligence for each Recipient an analysis of the potential environmental and social impacts using the ESMF screening tools and guidelines. If certain areas fall short of meeting these requirements at the screening phase, the CTF will provide a detailed review with required actions in the form of an Environmental and Social Action Plan (**ESAP**) to be inserted as appropriate covenants in the relevant funding agreement.
- (D) The cost of the FM's audit will be outside the FM's fee. The FM's cost to comply with these safeguards is included in the annual operating budget and will be sourced from the MGF capital.
- (E) The MGF may utilize environmental and social advisory support services from consultants as may be necessary to properly screen and review each project proposed for funding.

8. Grant Size and Term

- (A) Matching grant sizes will be determined based on the needs of the proposed project. The Fund Manager will propose an appropriate grant size. Matching grants may be no less than USD 250,000 up to a maximum size of USD 1,500,000 per investment, but subject to the ability for exceptions to be made in the case of smaller projects.
- (B) The matching grant funding will be disbursed on the basis of reimbursements. The duration of a matching grant project may not exceed three (3) years or the end of funding availability whichever is first.

9. Promotion of Tanzanian Investment

- (A) The FM should make a particular effort to encourage companies with greater than 51 percent ownership by Tanzanian citizens to apply for funding.

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10. Matching Contribution Requirements

- (A) The matching grant should be considered on the size of the entire project costs in addition to the cost of the matching grant. The matching component may be determined on a case-by-case basis; however, the objective in determining the appropriate matching contribution is that the Applicant must contribute a sufficient amount to demonstrate that they have a financial incentive to succeed.

- (B) Other considerations for determining the matching component - companies with greater than 51 percent ownership by Tanzanian citizens

- (i) Matching component has to be in the form of new investment or cash.
- (ii) In-kind resources (Time and other services including but not limited to engineering, advisory, commercial validation and design) are eligible. Maximum in-kind resources will be no more than 10% of the Recipient's contribution.
- (iii) The cash contribution must be a minimum of 20% of the grant amount.
- (iv) Where investment has occurred in the year prior to the application for a grant being made any such investment may be considered as part of the matching contribution.
- (v) The grant amount cannot exceed 70% of the total estimated project cost. The difference of at least 30% of the total project cost must be covered by a contribution of the Recipient.

- (C) Other considerations for determining the matching component - companies with less than 51 percent ownership by Tanzanian citizens

- (i) Matching component has to be in the form of new investment or cash.
- (ii) In-kind resources (Time and other services including but not limited to engineering, advisory, commercial validation and design) are eligible. Maximum in-kind resources will be no more than 10% of the Recipient's contribution.
- (iii) The cash contribution must be a minimum of 30% of the grant amount.
- (iv) Where investment has occurred in the year prior to the application for a grant being made any such investment may be considered as part of the matching contribution.
- (v) The grant amount cannot exceed 60% of the total estimated project cost. The difference of at least 40% of the total project cost must be covered by a contribution of the Recipient.

- (D) As the MGF aims to achieve leverage on its fund, companies that provide a higher percentage of the funds for the total project funding from their own resources will be viewed more favourably in the selection of projects.

Annex 5

MGF Operating Guidelines

- 1. These MGF operating guidelines relate to the activities of the Matching Grant Fund are applicable to the Fund Manager. These guidelines are meant to be consistent with and complementary to the Fund Management Services Agreement. Further, these operating guidelines are to ensure that the activities of the MGF are aligned to its objectives.

2. Key Operating Principles

- (A) To leverage private investment in SAGCOT in such a manner that productivity and incomes of Smallholders are measurably improved.
- (B) To build supply chains that include and value Smallholders as producers of high quality agricultural products.
- (C) To identify and select financially sustainable projects that develop and strengthen supply chains encompassing Smallholders and driving economic development in rural communities providing the greatest “return” in meeting the project objectives.
- (D) To enable the consolidation of Smallholders to create a critical mass to enable them to jointly compete in the overall marketplace.
- (E) To provide matching grants to incentivize private sector investment to develop within the SAGCOT and actively engage with the farmers operating in the corridor.
- (F) To operate according to private sector principles with a responsive, results-orientated approach in order to engage and attract the private sector
- (G) To ensure all projects are able to track their performance against targets in terms of developmental indicators (M & E indicators) throughout the life of the project.

3. Corporate Governance and Operating Arrangements

- (A) The Fund Manager shall ensure the MGF shall comply with the Governance Rules.
- (B) The Board shall be closely involved in the oversight and decision making for the MGF to ensure the general partnership principles of SAGCOT are upheld while enabling the Fund Manager to operate in a flexible and commercial manner. An independent Investment Committee approves the project selection based on clear and transparent criteria. The Fund Manager is responsible for the day-to-day management of the Fund.

4. Project Selection

- (A) Applicants whose projects best meet the criteria and the policy objectives underlying the criteria shall be identified and targeted, when possible. While the Fund Manager is expected to market the availability of the Fund, it is demand driven.

- (B) The project selection process shall consist of the following key stages, described in more detail below.
- (C) Identification and shortlisting of Applicants and associated projects.
- (i) The Fund Manager will develop an application process to apply for the matching grants. It will be undertaken as frequently as possible but no less than on a 6 month basis.
 - (ii) When initial applications are received, the Fund Manager will review them to confirm that the application complies with the MGF Investment Policy.
 - (iii) The Fund Manager must be satisfied at this stage that the Applicant can demonstrate its project's potential commercial viability (based on projected cash flows, the management quality and commitment) as a sustainable business(es). The Fund Manager must also be satisfied that any conflict of interest has been disclosed. The Fund Manager shall refer any conflict of interest to the Board for a determination in accordance with the Conflict of Interest Rules.
 - (iv) Projects that do not meet minimum reasonable standards for commercial viability and sustainability will be rejected.
- (D) Applications are for single projects
- (i) Each Applicant may only apply to one of the Funds at a time, not precluding an Applicant who has applied whether successful or not to apply to another Fund at a later date. In the case of an Applicant who has successfully applied to one Fund the Applicant can apply to another Fund so long as they comply with the relevant Fund Investment Policy.
- (E) The Fund Manager prepares and submits the proposed shortlist of Applicants and associated projects to the Investment Committee for approval.
- (F) The Investment Committee approves the proposed shortlist of Applicants.
- (G) Selected Applicants and associated projects will be published.
- (H) Preparation of the detailed application including business plan.
- (i) This phase of the application process for the shortlisted projects entails:
 - (1) Visits to the company by the Fund Manager in order to gain an understanding of both its processes and procedures and an inspection of the operations that underpin the grant application.
 - (2) A review of the management, operations, technical ability and financial position of the Applicant.
 - (3) Applicants must provide two years audited and prospective financial statements.

- (4) Submission by the Applicant of a draft business plan. The Fund Manager reviews and provides guidance on the draft business plan of the Applicant before it is finalized.
- (5) An adequate plan and identified support for technical assistance relating to opportunities for developing out grower relationships.
- (6) Environmental screening of applications by the Fund Manager using the ESMF tools and guidelines to ensure that appropriate environmental and social requirements are included in the proposed investment agreement and that the Recipient will comply with national laws and applicable safeguard policies.
- (7) Submission by the Applicant of proof that the Applicant has undisputed legal rights over any and all land needed for the Applicant's investment, and for the activities supported by the MGF.

5. Approval Process

- (A) The Fund Manager makes a presentation to the Investment Committee of the final business plan and the proposed amount and use of the grant funds for the development of the project.
- (B) In putting projects to the Investment Committee, the Fund Manager must include in its submission how the Applicant complies with the MGF Investment Policy and specifically, the project selection criteria relating to the contribution the Applicant would make to the impact on Smallholders and rural communities.
- (C) Presentations to the Investment Committee must be submitted at least ten days in advance of the meeting. The Investment Committee then determines the final project selection based on those project proposals that best complies with the MGF Investment Policy (including those of the highest priority and quality), within the limits of the available budget. The Investment Committee has the responsibility to approve the commercial viability of the Applicant's business plan.

6. Board Approval

- (A) The IC will send the recommended projects to the Board for final approval on the projects and scale of funding.
- (B) The Board is expected to provide its approval or denial within 15 Business Days of the receipt of the Investment Committee's recommendations.

7. World Bank No-objection

- (A) The World Bank will have the right to issue a no-objection to certain MGF Applicants and their projects that are to be proposed by the Fund Manager prior to the submission to the Investment Committee for so long as the World Bank provides funding to the MGF.
- (B) This will involve the World Bank, as a Funder, confirming with the Fund Manager that it agrees that the proposed MGF Recipient and its project meets the eligibility criteria of the MGF and conforms to the required MGF environmental and social safeguard requirements.

- (C) This no-objection process shall be applied to all proposed MGF Recipients until 10 matching grant proposals have been cleared and the World Bank has provided a no objection letter. Thereafter this right shall apply only to proposed MGF Recipients of MGF funds of a threshold of more than USD 500,000.
- (D) The World Bank agrees:
 - (i) to use all reasonable endeavours to process each no-objection within 7 days of receipt of all reasonably required documentation from the Fund Manager which shall include evidence that all the relevant eligibility criteria, including the required environmental and social standards have been met; and
 - (ii) to review this threshold annually with a view to increasing it to the extent reasonable taking into account the views of all the Funders based on experience of the no-objection process to date and the need to operate the CTF in an efficient and timely manner.

8. Grant Agreement Conditions

- (A) The Fund Manager is responsible for the preparation and negotiation of the agreements with the Recipient (**Grant Agreements**). Any material change or amendment of the Grant Agreement or change to the proposed business plan of the Recipient will have to be approved by the Board.
- (B) The Grant Agreements will be signed by the Fund Manager (duly authorised on behalf of the CTF) and by the Applicant, after approval by the Board by Resolution (Special). The project proposal will form part of the Grant Agreement. Other key items within the Grant Agreement are:
 - (i) Rules for project implementation control and supervision;
 - (ii) Agreed project monitoring milestones;
 - (iii) Total grant funds to be made available;
 - (iv) Specific items and/or categories to be funded under the project;
 - (v) Contributions to be made by the implementing organizations;
 - (vi) Rules for reporting, monitoring, and supervision;
 - (vii) A target schedule for disbursements linked to requests for reimbursement;
 - (viii) Reporting requirements of specified development indicators; and
 - (ix) Termination procedures.

9. Monitoring and Evaluation of projects

- (A) The Fund Manager will have to collect certain monitoring and evaluation (M&E) indicators from Recipients of MGF supported projects and track them throughout the life of the project. These indicators include the following:
 - (i) number of smallholders participating – disaggregated by gender;

- (ii) new employment generated, disaggregated by gender;
 - (iii) increase in volume of commodity produced and/or marketed;
 - (iv) increase in income obtained by Smallholders through improved productivity, better grades and standards or improved marketing;
 - (v) increase in food security of targeted Smallholders; and
 - (vi) amount of private sector investment catalysed.
- (B) The CTF will report annually on the environmental and social performance of the MGF supported projects. The report will be based on an audit of 20 % of funded projects to review compliance with the environmental and social covenants of the investment agreements including the ESAP. The CTF will apply environmental and social performance benchmarks provided in the ESMF.
- (C) The cost of the FM's audit will be outside the FM's fee. The FM's cost to comply with these safeguards is included in the annual operating budget and will be sourced from the MGF capital.

10. MGF business plan and operating budget

- (A) The Fund Manager will manage the business of the Funds in accordance with the MGF Business Plan and the Fund Management Services Agreement.
- (B) The MGF Business Plan may be revised from time to time on approval of the Board by Resolution (Special) following a recommendation of the Fund Manager.
- (C) The Fund Manager must provide its MGF operating budget for the following year to the Board for approval 60 days prior to the end of each financial year.

11. Liaison with the SAGCOT Centre

- (A) The Fund Manager shall recognize the need for coordination with the SAGCOT Centre and shall:
 - (i) determine how the SAGCOT Centre may support the CTF's promotion efforts;
 - (ii) provide the SAGCOT Centre with the CTF's promotional materials;
 - (iii) provide the SAGCOT Centre with reports on projects approved for funding when it provides these reports to the Board; and
 - (iv) provide regular reports on Recipients and their projects that will receive funding; and
 - (v) provide lessons learned and feedback with respect to the investment environment within the SAGCOT in order to assist the SAGCOT Centre in its efforts to create an improved enabling environment and facilitate the "crowding in" of investments.
- (B) The CTF will have responsibility for collecting and disseminating the CTF M&E indicators cited in Clause 9 (A) to the SAGCOT Centre. The Fund Manager will collect the data relating to these developmental indicators from its Recipients. This

information will be shared with the SAGCOT Centre. The SAGCOT Centre, or a Board designated independent agency, shall be responsible for designing the overall SAGCOT M&E Framework and undertaking regular assessments to determine the developmental impact of the CTF. .

12. Reporting

- (A) The Fund Manager will ensure that reports are provided to the Board on its activities, in accordance with the reporting requirements in place from time to time. These reports will consist of quarterly financial reports and quarterly progress reports. The Board will also ensure that these reports are provided to the Funders in a timely manner. The Fund Manager will also provide an annual review of the program.

13. Use of Outside Advisors, Consultants or Legal Firms

- (A) The Fund Manager may appoint advisers, consultants or legal firms to assist it with due diligence, monitoring and evaluation, supervision and technical assistance.
- (B) The Fund Manager must obtain from the outside advisors; consultants or legal firms a confidentiality agreement with respect to the information that is provided by the Fund Manager.
- (C) Reasonable costs of such advisers shall be paid from the operating budget of the Fund, save to the extent that the Fund Manager should perform such services in accordance with the Fund Management Services Agreement.

14. File Maintenance and Administration

- (A) The Fund Manager shall maintain complete and up-to-date files in relation to each prospective or actual Applicant and Recipient and their projects.

Annex 6

SVCF Investment Policy

1. Overview

- (A) An overview of the SVCF is as follows:
- (i) The goal of the SVCF is to promote the development and expansion of emergent agribusinesses to become commercially and financially viable businesses.
 - (ii) The SVCF will support existing (brown-field) agribusinesses. In certain circumstances greenfield operations may be considered at the discretion of the Fund Manager.
- (B) This investment policy reflects matters to be addressed in a “SVCF - supported” project in order to determine the degree to which any proposed project with a Recipient would meet the investment criteria with respect to determining potentially commercially and financially viable businesses while satisfying the CTF’s overall objectives of catalysing sustainable private agribusiness investment, especially those that will benefit Smallholders and the economic development of rural communities and agriculture green growth.
- (C) Further, investment decisions should take into account that the objective of the SVCF over the long term is to seek sufficient revenues from successful repayments and re-financings to fund its general operational costs and direct project preparation costs of projects.

2. Objectives

- (A) The objectives of the SVCF are as follows:
- (i) To facilitate the growth of emergent agribusinesses to commercial scale and develop greater commercial interaction with Smallholders in order to ensure long-term sustainability of development benefits.
 - (ii) To catalyse private investment in SAGCOT in a manner that improves the productivity and incomes of Smallholders and the economic development of rural communities.
 - (iii) To promote agribusiness investment in the corridor along the value chain through creating, building and developing supply chains that includes Smallholders, rural communities and other Tanzanian farmers.
 - (iv) To increase private sector investment by a multiple of the initial investment amount.
 - (v) To support the development and expansion of emergent agribusinesses to become commercially and financially viable businesses. In that regard, the SVCF will support activities and capital expenditures required for the growth of a company to the point that it obtain commercial finance or investment by private investors. The Fund Manager is expected to have a “hands-on” role in

the support of the Recipients including in the form of refining business plans, operations and management support negotiating contracts and procuring licenses. The SVCF may also provide any other form of support that is consistent with the SVCF's overall objectives.

- (B) It is envisioned that the Fund Manager will enter into a financing and technical support agreement with the Recipient. As part of its support, the Fund Manager may also provide and/or procure technical assistance for the Recipient (directly or by contracting a local service provider).
- (C) For its technical support, the CTF in the name of the SVCF (and in conjunction with the Fund Manager) may take a carried interest in the Recipient or the project, which the SVCF may monetize.
- (D) Links between the Agribusiness Sector and farmer associations will be encouraged.

3. Eligibility

- (A) The SVCF may provide funding for projects where the Applicant is a going concern that requires finance for upgrades, expansions or other forms of growth to reach commercial scale. Applicant's projects requiring capital should have limited to no other sources, and could not receive commercial finance when applying for funds.
- (B) The SVCF may only provide funding to majority private sector owned, managed and controlled entities that are engaged in the development, rehabilitation, restructuring, expansion, and/or operation of agribusinesses along the value chain in the SAGCOT. These entities should derive a significant portion of their business from the Agribusiness Sector but they are not limited to being operational in SAGCOT.
- (C) If not currently profitable, there must be the potential for this to be achieved within the investment period by the SVCF. These entities should be able to demonstrate that they have sufficient agronomic, animal husbandry or related agro-processing and trade skills to improve the operation and have a track record of implementing commercial farming practices where possible. Further, these businesses have demonstrated experience doing business or will have transacted several times within their rural communities.
- (D) These various groups are defined as emergent agribusinesses and can consist of the either individuals or companies who are:
 - (i) Involved in agriculture to produce a surplus over and above subsistence levels that can be sold to generate income, as distinct to subsistence farming.
 - (ii) In the business of providing services that support or add value to primary production, such as input/output traders, processors or those that provide agricultural support services (i.e. logistics). This group derives a significant portion of their income from the value adding services they provide to third parties and generally these will be local operations. They must also be able to demonstrate a commensurate level of skill in the services provided that would enable the business to move to a commercial scale.
- (E) The SVCF may provide funding for agricultural activities, which are defined as the science, and business of cultivating soil, producing crops, and raising livestock. For the avoidance of doubt, agroforestry and fisheries are included as agricultural activities.

- (F) The SVCF may also provide funding to agribusiness, which creates the important linkages within the relevant value chain.
- (G) **Geographic Restriction** - Investments made by the SVCF must be within the boundaries of the SAGCOT as defined by the Government of Tanzania. No restriction is to be applied with regard to the clusters within the SAGCOT.
- (H) **Crop or Commodity Restriction** – Investments in any single commodity or crop are limited to 20% of the SVCF’s available capital.

4. **Ineligibility**

- (A) The following are not eligible for grants by the SVCF:
 - (i) **Dams:** either for the purposes of irrigation or any other agricultural pursuit.
 - (ii) **Tobacco:** tobacco projects or tobacco agribusinesses.

5. **Eligible Costs**

- (A) The eligible uses of SVCF capital may include but not be limited to operational and capital costs.
- (B) Excluded uses of SVCF capital are the payment of dividends, investments in unrelated businesses and repayment of other parties’ debt.

6. **Technical Assistance**

- (A) The Fund Manager may provide pre investment and post investment technical assistance to Applicants and Recipients as determined on a case-by-case basis. The Fund Manager, at its discretion, may offer pre investment technical assistance to promising companies that would be eligible for a SVCF investment with a limited amount of additional support or preparation. Pre investment funds are determined as part of the annual operating budgetary process. The Investment Committee approves post investment technical assistance at the time of the Investment Review.
- (B) The FM will also have the discretion to determine if an applicant may use pre investment SVCF funds in order to prepare their application. As the target recipients of investment funding are smaller agribusiness and emergent farmers it is expected that this form of funding will be reasonable common, however this assistance will only be available for preparation of an application to meet the requirements to be considered for investment funding and not for the design and development of a project concept.
- (C) Technical assistance funds can be used for the engagement of third party service providers and/or the Fund Manager if they have the capacity to deliver the services. In the event the Fund Manager provides the services it is expected that these would be charged as an operating expense to the Fund rather than be paid for out of the Fund Manager’s compensation.
- (D) Technical Assistance funds may be used to track an investment’s performance against targets in terms of developmental indicators (M&E indicators).

7. **Project Selection Process**

- (A) SVCF support should be to eligible Applicants whose projects demonstrate the potential for commercial and financial viability (based on projected cash flows, understanding of appropriate commercial scale, management quality and commitment).
- (B) Before supporting a Recipient, the Fund Manager must demonstrate and the Investment Committee must therefore be satisfied that such Recipient can demonstrate the following:
 - (i) The potential to go to scale cost effectively.
 - (ii) An appropriate management team or individuals with demonstrable level of management skill who will support the project and are committed to spending most of their time with the project.
 - (iii) Alignment with the goal of improving access to markets and third party finance.
 - (iv) A sound economic justification.
 - (v) Measureable benefits that support the development of emergent agribusinesses and rural communities through:
 - (1) Job creation: Expected permanent or part time formal employment creation (by gender if available) and impact on employment growth both directly from the Recipient as well as the wider economic development within the surrounding communities.
 - (2) Income improvement: may be through increased access to markets, improved productivity and creation of formal employment.
 - (vi) A demonstration of the SVCF's "additionality"; i.e. that the project is unable to attract third party financing and therefore would not go forward without the SVCF funding.

8. Environmental and Social Review Procedure

- (A) CTF's funding decisions will be based on specific environmental and social requirements of national laws and regulations and of applicable safeguard policies as outlined in the ESMF.
- (B) Recipients must comply with such requirements either at initial review or as specified in the relevant funding agreement. For those Recipients that are screened as category A (as defined in the ESMF) or have significant environmental and social risks, a satisfactory Environmental Impact Assessment (**EIA**) document with approval from NEMC will be required as a condition of disbursement.
- (C) The Fund Manager will include in its due diligence for each Recipient an analysis of the potential environmental and social impacts using the ESMF screening tools and guidelines. If certain areas fall short of meeting these requirements at the screening phase, the CTF will provide a detailed review with required actions in the form of an Environmental and Social Action Plan (**ESAP**) to be inserted as appropriate covenants in the relevant funding agreement.

- (D) The cost of the FM's audit will be outside the FM's fee. The FM's cost to comply with these safeguards is included in the annual operating budget and will be sourced from the SVCF capital.
- (E) The SVCF may utilize environmental and social advisory support services from consultants as may be necessary to properly screen and review each project proposed for funding.
- (F) In order to meet compliance with the ESMF, funds from the SVC may be allocated by the Board to cover pre-agreed costs of review, supervision and audit as well as for training the Fund Manager to provide the required due diligence.

9. Funding Size and Term

- (A) Financing amount will be determined based on the needs of the proposed project. The Fund Manager will propose an appropriate amount. Investments may be no less than USD 250,000, but subject to the limits set out in paragraph 10 below and the ability for exceptions to be made in the case of projects less than USD 250,000 by the Investment Committee.
- (B) Funds may be disbursed on the basis of milestone payments within a specified period of time. The initial disbursement of the funding should be made within 30 days of approval by the Board.
- (C) The SVCF may make a second investment at the conclusion of the initial funding. While an application must be made, the Fund Manager may propose this additional funding directly to the Investment Committee.

10. Diversification and Recipient Exposure Limits

- (A) The SVCF seeks to diversify its investments throughout the complete agricultural value chain.
- (B) The SVCF may not invest more than 10% of the SVCF in any one Recipient, except in exceptional circumstances as approved by the Investment Committee and the Board.

11. Co-Contribution

- (A) A cash or in-kind contribution by the Recipient is required in order to demonstrate ownership's commitment to the project. Prior investment in the business operations within the prior 2 years of the application will be considered. The level of this contribution will be determined on a case-by-case basis as proposed by the Fund Manager and approved by the Investment Committee.

12. Financial Instruments

- (A) The SVCF will offer a range of financing products in the form of loans or quasi-equity and the Fund Manager may use any combination thereof. This section sets out the specific forms of financing that the SVCF can provide. General terms for lending will be developed based on the Recipient's characteristics and the overall financing requirements.
 - (i) The SVCF may offer financing in the form of loans, in USD or in Tanzanian Shillings, to Recipients.

- (ii) Equity related products.
- (iii) The SVCF may also offer subordinated loans or quasi-equity for those Recipients where such financing is required and/or is deemed suitable.
- (iv) All financing made available to a Recipient must be repaid.
- (v) Forms of financing may include:
 - (1) Shareholder loans;
 - (2) Subordinated loans with revenue/profit sharing mechanisms;
 - (3) Preference shares with coupon and maturity contractually defined;
 - (4) Convertible debt; or
 - (5) Regular equity combined with a put option in favour of the SVCF.

13. General Terms

(A) Maturities

The SVCF may provide funding with a maximum of up to 7 years.

(B) Refinancing

Refinancing shall only take place by the Recipient with respect to financing provided by other third parties and equity providers where the refinancing gives rise to additionality through (a) capacity building, (b) capital market development, (c) poverty reduction, or (d) any other relevant benefits.

(C) Pricing

The SVCF's pricing for its products should be consistent with the pricing policy as approved by the Board and the Investment Committee.

(D) Grace Period

Grace periods on capital repayments are permitted. Interest may be deferred during any grace period and may be capitalized where deemed appropriate.

(E) Repayment terms will be determined on a case-by-case basis.

(F) Security

Appropriate security or collateral shall be determined on a case-by-case basis.

(G) Targeted Return

The SVCF will target a net return on capital of at least 8 per cent per annum. This return will consist of a funding yield or interest rate charged to investees by the SVCF a return to the SVCF on the exit of any investee business.

14. Competitive Solicitation of Proposals

- (A) It is a requirement of the SVCF to support good public policy and transparency in all project selection processes.

Annex 7
SVCF Operating Guidelines

1. These Operating Guidelines relate to the activities of the SVCF and are applicable to the Fund Manager. These guidelines are meant to be consistent with and complementary to the Fund Management Services Agreement. The Operating Guidelines are to ensure that the activities of the SVCF are aligned to its objectives.

2. Key Operating Principles

- (A) Identify and make available investments that support the development and expansion of emergent farmers and smaller agribusinesses to become commercially and financially viable businesses.
- (B) Operate according to private sector principles with a responsive, results-orientated approach in order to engage and attract the private sector.
- (C) Balance commercial and developmental interests in the selection of projects in order to create economic development in the locality where the investment is being undertaken.
- (D) Ensure all projects are able to track their performance against targets in terms of developmental indicators (M&E indicators) throughout the life of the project.

3. Corporate Governance and Operating Arrangements

- (A) The Fund Manager shall ensure the SVCF shall comply with the Governance Rules.
- (B) The Board shall be closely involved in the oversight and decision making for the SVCF to ensure the general partnership principles of SAGCOT are upheld while enabling the Fund Manager to operate in a flexible and commercial manner. An independent Investment Committee approves the project selection based on clear and transparent criteria. The Fund Manager is responsible for the day-to-day management of the Fund.

4. Project Selection Process

- (A) The project selection process will have a two-stage approach described in more detail below.
- (B) Applicants whose projects best meet the criteria and the policy objectives underlying the criteria shall be identified and targeted, when possible. The Fund Manager will solicit applications from organizations including farmers and farmer associations and agribusinesses (including processors, traders, input providers and other agricultural service providers) with project concepts, or businesses that need to be developed to the point at which they can attract third party finance or repay the investment from its own cash flow.
- (C) The Fund Manager will develop an application process to apply for the funds. When initial applications are received, the Fund Manager will review them to confirm that the application complies with the SVCF Investment Policy.
- (D) Applications are for single projects and each Applicant may only apply to one of the Funds at one time, not precluding an Applicant who has applied whether successful or

not to apply to another Fund at a later date so long as they comply with the relevant Fund Investment Policy.

(E) Screening of potential investments:

- (i) Initial applications should be screened to confirm that the project meets the basic eligibility criteria. Initial applications must include basic information on the Applicant including (as appropriate):
 - (1) Description of the proposed project or investment, including highlights of commercial viability, documented in an initial business plan (if possible).
 - (2) Constitutional documentation (such as Certificate of Incorporation and Memorandum and Articles of Association in the case of a company).
 - (3) TIN Certificate.
 - (4) VAT Registration Certificate (if appropriate).
 - (5) Business Licence.
 - (6) Reference letters will be requested from lawyers and bankers to confirm Applicants are of good legal and financial standing.
 - (7) Financial statements, if available.
 - (8) Explanation of social and economic benefits.
 - (9) Disclosure of any conflict of interest.
- (ii) Fund manager will prepare a full investment proposal (an Investment Memorandum) which must include a detailed plan that demonstrates the commercial viability through cash flow projections and supporting market research and a term sheet outlining the terms of the proposed transaction. The Fund Manager shall refer any conflict of interest to the Board for a determination in accordance with the Conflict of Interest Rules. Applicants may be allocated business development and/or financial support to prepare information and documents needed by the Fund Manager to prepare the investment proposal. Technical assistance funds to support the preparation of these applications should be separately identified from Fund capital or other sources.
- (iii) This phase of the due diligence in preparation for the Investment Proposal will also entail:
 - (1) Visits to the Applicant by the Fund Manager in order to gain an understanding of both its processes and procedures and an inspection of the operations that underpin the grant application.
 - (2) A review of the management, operations, technical ability and financial position of the Applicant.

- (3) Environmental screening of applications by the Fund Manager using the ESMF tools and guidelines to ensure that appropriate environmental and social requirements are included in the proposed investment agreement and that the Recipient will comply with national laws and applicable safeguard policies.
- (4) A detailed term sheet of the proposed investment transaction.
- (5) A clear statement from the Applicant of how the proceeds will be used as well as a well-informed estimate of the developmental impact over the near and medium term (life of the investment and beyond).

5. Approval Process

- (A) The Fund Manager will make a presentation of the projects to the Investment Committee of the detailed term sheet outlining the terms of the proposed transaction and transaction structure,, the budget and the commercial potential of the Recipient's project. The Fund Manager will also discuss its due diligence and other relevant findings.
- (B) The Investment Committee is responsible for approving the commercial viability of the Applicant's business plan.
- (C) Presentations to the Investment Committee must be submitted at least 14 days in advance of the meeting. The Investment Committee will review the complete applications from the pre-screened candidates. The Investment Committee will complete an initial scoring of the proposals against the selection criteria (developed during the Inception Phase). The Investment Committee approves the investments in relation to the final project selection based on those Applicants' proposals considered to be of the highest priority and quality, within the limits of the available budget and compliance with the SVCF Investment Policy.

6. Board Approval

- (A) The Investment Committee will send the recommended projects to the Board for final approval on the projects and scale of funding.
- (B) The Board is expected to provide its approval or denial within 15 Business Days of the receipt of the Investment Committee's recommendations.

7. Development and Financing Agreements

- (A) The Fund Manager is responsible for the preparation and negotiation of the agreements, including loan agreements, between the Fund and the Recipient. These agreements also contain technical assistance support and expertise arrangements negotiated between the Fund Manager and the Recipient.
- (B) Any material change or amendment to the agreements or change to the proposed business plan of the Recipient will have to be approved by the Investment Committee.
- (C) The Fund Manager (duly authorised in accordance with the Fund Management Services Agreement to sign for and on behalf of the CTF) and the Applicant will sign the agreements. Only material changes to the terms approved by the Investment Committee need to be sent back to the Investment Committee for approval prior to a Fund

Manager's agreement to the development and financing agreements. The project proposal will form part of this Agreement. Other key items to be contained in the Development and Financing Agreement are:

- (i) Rules for project implementation control and supervision and restrictions on the use of the funds;
 - (ii) Agreed project funding milestones;
 - (iii) Total funds to be made available;
 - (iv) Terms and conditions for the funds;
 - (v) Specific items and/or categories to be funded under the project;
 - (vi) Contributions to be made by the implementing organizations;
 - (vii) Reporting requirements of specified development indicators and
 - (viii) Rules for reporting, monitoring, and supervision.
- (D) As further negotiated in the Fund Management Services Agreement, the Fund Manager will be permitted to share in the upside of the Recipient's growth at the time that the Recipient accesses third party finance and/or equity.

8. Sale of Equity or Carried Interests

- (A) The Fund Manager will prepare a presentation to the Investment Committee for their approval with respect to the repayment of financing, and the IC and the Board will then be requested to approve the arrangement.

9. Monitoring and Evaluation of Projects

- (A) The Fund Manager will have to collect certain monitoring and evaluation (**M&E**) indicators from Recipients of SVCF supported projects and track them throughout the life of the project. These indicators include the following:
- (i) number of smallholders participating – disaggregated by gender;
 - (ii) new employment generated, disaggregated by gender;
 - (iii) increase in volume of commodity produced, marketed or exported;
 - (iv) increase in income obtained by Smallholders through improved productivity, better grades and standards or improved marketing;
 - (v) increase in food security of targeted Smallholders; and
 - (vi) amount of private sector investment catalysed.
- (B) The CTF will report annually on the environmental and social performance of the SVCF supported projects. The report will be based on an audit of 20 % of funded projects to review compliance with the environmental and social covenants of the investment agreements including the ESAP. The CTF will apply environmental and social performance benchmarks provided in the ESMF

- (C) The cost of the FM’s audit will be outside the FM’s fee. The FM’s cost to comply with these safeguards is included in the annual operating budget and will be sourced from the SVCF capital.

10. SVCF business plan and operating budget

- (A) The Fund Manager will manage the business of the SVCF in accordance with the SVCF Business Plan and the Fund Management Services Agreement.
- (B) The SVCF Business Plan may be revised from time to time on approval of the Board by Resolution (Special) following a proposal of the Fund Manager.
- (C) The Fund Manager must provide its SVCF operating budget to the Board for approval 60 days prior to the end of the each financial year.

11. Liaison with the SAGCOT Centre

- (A) The Fund Manager shall recognize the need for coordination with the SAGCOT Centre and shall:
 - (i) determine how the SAGCOT Centre may support the CTF’s promotion efforts;
 - (ii) provide the SAGCOT Centre with the CTF’s promotional materials;
 - (iii) provide the SAGCOT Centre with reports on projects approved for funding when it provides these reports to the Board;
 - (iv) provide regular reports on Recipients and their projects that will receive funding; and
 - (v) provide lessons learned and feedback with respect to the investment environment within the SAGCOT in order to assist the SAGCOT Centre in its efforts to create an improved enabling environment and facilitate the “crowding in” of investments.

- 12.** The CTF will have responsibility for collecting and disseminating the CTF M&E indicators cited in Clause 9 (A) to the SAGCOT Centre. The Fund Manager will collect the data relating to these developmental indicators from its Recipients. This information will be shared with the SAGCOT Centre. The SAGCOT Centre, or a Board designated independent agency, shall be responsible for designing the overall SAGCOT M&E Framework and undertaking regular assessments to determine the developmental impact of the CTF.

13. Reporting

- (A) The Fund Manager will provide quarterly reports (which shall include a quarterly financial report and progress report) to the Board not later than 21 days after the end of each quarter on its activities, and in accordance with the reporting requirements in place from time to time.
- (B) The Fund Manager will also undertake reviews and “audits” of the programme on an annual basis.

14. Use of Outside Advisors, Consultants or Legal Firms

- (A) The Fund Manager may appoint advisers, consultants or legal firms to assist it with due diligence, as well as to provide technical assistance or on the sale of its interest in an investment.
- (B) The Fund Manager must obtain from the outside advisers, consultants or legal firms a confidentiality agreement with respect to the information that is provided by the Fund Manager.
- (C) Reasonable costs of such advisers shall be paid from the operating budget of the Fund, save to the extent that such services should be performed by the Fund Manager itself.

15. File Maintenance and Administration

- (A) The Fund Manager shall maintain complete and up-to-date files in relation to each prospective or actual Applicant and Recipient project.

Annex 8
Criteria (Board Chairperson)

1. Overall Responsibility of a Board chairperson

- (A) To lead the Board, to further the interests of the CTF, and to fulfil the obligations imposed specifically by the Trust Deed, and also more generally by Tanzanian law upon the Trustees and upon trustees generally.
- (B) The chairperson of the Board is responsible for providing leadership to the CTF, recognising its joint roles of supporting commercial agribusiness development and contributing to the wider development goals of the CTF's partnership. The chairperson is the principal interface between the Settlers, the Partnership Council, the Investment Committee and the Fund Manager. The chairperson will lead the Board in the development and approval of strategy for the CTF. The chairperson will ensure the Funds are managed in a manner consistent with the objectives and development goals of the SAGCOT Partnership and in accordance with the Trust Deed, and the relevant Investment Policy and Operating Guidelines. Particularly, in terms of the Social Venture Capital Fund, the chairperson will ensure the SVCF has the fiscal credibility and legitimacy to be able to bridge into relevant international and local financing structures.
- (C) The Board members will be responsible for selecting the Fund Manager through an international competitive bid procedure. The Board and the Chairperson, particularly, are expected to provide guidance in a range of areas such as policy determinations, strategic vision, operations, fund raising and financial performance.

2. Specific Responsibilities:

- (A) Provide constructive input and leadership to the formulation of strategies, plans and policies.
- (B) Lead Board and designated Board committee meetings, prepare for such meetings by studying the documents provided (and request essential papers if not provided) and participate in a manner that furthers the interests of the CTF.
- (C) Ensure the CTF operates in a manner consistent with its Trust Deed.
- (D) As appropriate, review the Investment Policy and Operating Guidelines and, where appropriate, recommend amendments to the Trust Deed.
- (E) Monitor and ratify decisions by the Investment Committee and ensure they are consistent with the Investment Policy and Operating Guidelines.
- (F) Carry out the selection process for the Fund Manager and conduct the negotiation of the Fund Management Services Agreement.
- (G) Select the members of the Investment Committee.
- (H) Monitor the performance of the Fund Manager, its execution of policies and plans and management of resources with respect to each of the Funds.

- (I) Assist in fund raising for the Funds.
- (J) Bring objectivity and experience to the Board's deliberations.
- (K) Lead the Board in connection with critical incidents, special exercises and negotiations as requested.

3. Candidate specification

- (A) The individual should have a strong empathy with the mission to improve the lives of the smallholders in Africa generally, and specifically in Tanzania, as well as a strong personal belief that agribusiness commercial development can make a major contribution to the economic development of rural communities and the alleviation of poverty. He/she should also have an appreciation of the issues and challenges involved in developing commercially sustainable agribusinesses in emerging markets.
- (B) Further the Chairperson candidate must demonstrate:
 - (i) An appreciation of the development mandate of the CTF and the objectives of SAGCOT;
 - (ii) Good standing in and understanding of Africa and Tanzania with added advantage of an excellent track record of business and/or public sector achievement ;
 - (iii) Intimate knowledge and experience managing funds and investment best practices
 - (iv) An understanding of the governance issues involved in managing a publicly funded, privately operated fund.
- (C) The candidate must have served as a non-executive director of other corporate boards and should have most or all of the following experience:
 - (i) Held a senior position in the agriculture sector and/or financial services, (investing, debt provision or fund management).
 - (ii) Successful track record of developing and closing international agribusiness projects, managing joint ventures/partnerships in the region or raising capital for investment.
 - (iii) Excellent contacts and relationships in the sector and the region.
 - (iv) Previous participation in credit decisions for agribusiness investment projects or for equity investments.
 - (v) Management of agricultural development programs that have a direct impact on the development of emergent farmers, commercially orientated Smallholders and rural communities.
 - (vi) Experience of participating in a multi-stakeholder, public-private partnership with joint commercial and developmental goals.
 - (vii) Involvement in public-private partnerships at the Board level and have worked with international development agencies.

- (D) The following competencies are considered necessary for success in the role as Chairperson:
- (i) Board leadership - to guide, facilitate and empower the debate of critical issues, leveraging all Board members' skills and knowledge to achieve consensus and deliver results. This will be indicated by the ability to demonstrate a track record of business leadership and demonstrable understanding of modern board practices and procedures. While the candidate may not have been a chairperson before, they must demonstrate the potential to fulfil this role.
 - (ii) Independence and integrity - an ability to identify, articulate and balance stakeholders' interests and objectives across cultures and agendas to create effective, collaborative relationships and to achieve agreed upon, "win-win" commitments to actions. In addition, an ability to apply objectivity to decision-making and balance the development and commercial objectives underlying agribusiness projects.
 - (iii) Indicators will be the demonstration of evidence of well-developed diplomatic skills from working in multicultural, complex organisations with multiple stakeholders. Candidates for the position must have an excellent track record in their industry or profession and have a gravitas and stature to engender respect.
 - (iv) Strategic orientation – to use experience to add value in strategic discussions and help create a vision for the CTF and assist in its development and implementation through advice and counsel.
 - (v) High emotional intelligence – to be perceptive to people issues, a good listener and to win "hearts and minds". This is especially acute in the context of balancing developmental and commercial views. It will be essential to have well-developed diplomatic and interpersonal skills in order to influence effectively.
 - (vi) The successful candidate must have sufficient time available to meet the requirements of the chairpersonship and to lead the Board, at present estimated to be up to 24 days per annum. Board meetings will be held every quarter, either physically in Tanzania or by telephone. Additional Board meetings may be called.

Annex 9
Criteria (Trustee)

1. Characteristics / Composition of skill set required:

- (A) The Board may be made up of public and private sector individuals that understand and represent the SAGCOT principles. The selection of individual Board members should take into account the experience needed to have a mix of relevant skills among the Board members including both international and local experience. Further the composition of the Board should have individuals with a range of skills and experience that is representative of the SAGCOT Partnership. This means a balance of participants from the Tanzanian and non-Tanzanian private sector as well as with commercial experience and agricultural development experience. The Board should incorporate gender diversity.
- (B) The composition of the Board should include participants that as a whole have international and domestic experience in the following areas:
 - (i) Senior level manager, decision maker or board member in a fund or on an investment committee;
 - (ii) Strategy development skills;
 - (iii) Investment or commercial banking credit skills;
 - (iv) Grant making decisions in an international organization;
 - (v) Public policy and management;
 - (vi) Successful track record of developing and/or managing closing agribusiness projects;
 - (vii) Agriculture development in emerging economies with a focus on primary production and supply chain development;
 - (viii) Development of contract farming and out grower programs; and
 - (ix) Managing joint ventures in the region or raising capital for investment.

2. Overall Responsibility:

- (A) To act as part of the Board to further the interests of the CTF and to fulfil the obligations imposed by the Trust Deed and Tanzanian law upon trustees.
- (B) The role of non-executive trustees to serve on the Board is to provide leadership to the CTF, and to recognise the CTF's joint roles of financing profitable agribusiness development and contributing to the wider development goals of the Funders.
- (C) As a member of the Board to provide guidance and supervision to the Fund Manager in a range of areas such as policy determinations, strategic vision, operations, fund raising and financial performance.

3. Specific Responsibilities:

- (A) Under the guidance of the chairperson and with the other Trustees:
- (i) Provide constructive input to the formulation of strategies, plans and policies.
 - (ii) Attend Board and designated Board committee meetings, prepare for such meetings by studying the documents provided (and request essential papers if not provided) and participate in a manner that furthers the interests of the CTF.
 - (iii) Ensure the CTF operates in a manner consistent with the Trust Deed.
 - (iv) As appropriate, review the Investment Policy and Operating Guidelines and, where appropriate, recommend amendments to the Trust Deed.
 - (v) Monitor and, where considered appropriate, ratify decisions by the Investment Committee and ensure they are consistent with the Investment Policy and Operating Guidelines.
 - (vi) Select the Fund Manager and participate in the review and development of the Fund Management Services Agreement (the chairperson shall be responsible for leading the negotiations).
 - (vii) Monitor performance of the Fund Manager, its execution of policies and plans and management of resources with respect to each of the Funds.
 - (viii) Select the members of the Investment Committee.
 - (ix) Assist in fund raising for any of the Funds.
 - (x) Ensure objectivity and the application of experience in the Board's deliberations.
 - (xi) Provide advice in connection with critical incidents, special exercises and negotiations as requested.

4. Candidate specification:

- (A) The individual should have a strong empathy with the mission to improve the lives of the Smallholders in Africa generally, and specifically in Tanzania, as well as a strong personal belief that commercial agribusiness development can make a major contribution to the economic development of rural communities and the alleviation of poverty. He/she should also have an appreciation of the issues and challenges involved in developing commercially sustainable agribusinesses in emerging markets.
- (B) Candidates who have served as a non-executive director of other corporate boards are preferred.
- (C) The candidate should have most or all of the following experience:
- (i) Held a senior positions in the agriculture sector and/or financial services sectors, (investing, debt provision or fund management);
 - (ii) Successful track record of developing and closing international agribusiness project projects, managing joint ventures/partnerships in the region or raising capital for investment;

- (iii) Excellent contacts and relationships in the agricultural and financial sectors and the region;
 - (iv) Previous participation in credit decisions for agribusiness investment projects; equity investments or agricultural banking;
 - (v) Management of agricultural development programs that have a direct impact on the development of emergent agribusinesses, commercially orientated Smallholders and rural communities;
 - (vi) Experience of participating in a multi-stakeholder, public-private partnership with joint commercial and developmental goals; and
- (D) The candidate must also have:
- (i) An appreciation of the development mandate of the CTF and the objectives and principles of the SAGCOT Partnership;
 - (ii) A commitment to the values of the SAGCOT Partnership including an understanding of the need to ensure that the CTF operates in an open and transparent manner consistent with achieving value for money, efficiency and transparency.
 - (iii) Good standing in Africa and Tanzania specifically, derived from an excellent track record of business;
 - (iv) An understanding of the governance issues involved in managing a publicly funded, privately operated CTF;
 - (v) The ability to manage government relations at a senior level; and
 - (vi) A good understanding of Africa and Tanzania specifically gained through residence and/or work experience.

5. Competencies required:

- (A) High integrity, with strong ethical principles in business management and investment.
- (B) An ability to apply objectivity to decision-making and balancing the development and commercial objectives underlying agribusiness projects.
- (C) An understanding of investment structures and/or fund management requirements.
- (D) A commitment to teamwork and to finding the best solution.
- (E) A preparedness to assert his/her views where ethical or legal requirements are being challenged.
- (F) Well-developed diplomatic and interpersonal skills and an ability to influence and achieve change.
- (G) Ability to command respect at all levels.
- (H) Ability to speak, read and write English fluently.

- (I) In the event that a Trustee will also participate as an Investment Committee member, the candidate must also satisfy the Criteria (Investment Committee Member).

Annex 10
Criteria (Investment Committee Member)

1. Characteristics / Composition of skill set required:

- (A) The Investment Committee may be drawn from the Board. The selection of Investment Committee members should take into account the experience needed to have a mix of relevant skills among the Investment Committee members including international, regional and local financial experience. The Investment Committee reports to the Board.

2. Responsibilities of the Investment Committee:

- (A) Assess and review in detail the commercial viability and sustainability of any application and proposal by the Fund Manager for an investment for a Fund.
- (B) To recommend whether a Fund should enter into any investment, or grant, as the case may be, subject to the Board approving any such affirmative determination.
- (C) To consider any application in relation to an investment opportunity delivered by the Fund Manager and to vote on such application in accordance with the voting provisions set out in the Trust Deed, and the relevant Investment Policy and Operating Guidelines.
- (D) To review performance reports prepared by the Fund Manager on the CTF's Recipients and their related projects.
- (E) To decide on the appropriate action to be taken when a CTF Recipient that has received an investment, or grant, as the case may be, from a Fund goes into default or potential default or otherwise breaches the terms of the Fund investment, or grant.
- (F) To review and approve the investment pricing policy of the Social Venture Capital Fund for approval by the Board.

3. Candidate specification:

- (A) The individual should have a strong empathy with the mission to improve the lives of the smallholders in Africa generally, and specifically in Tanzania, as well as a strong personal belief that commercial agribusiness development can make a major contribution to the economic development of rural communities and the alleviation of poverty. He/she should also have an appreciation of the issues and challenges involved in developing commercially sustainable agribusinesses in emerging markets.
- (B) Requirements to be a member of the Investment Committee:
- (i) Previously held senior management positions within banking, agribusiness investment;
 - (ii) Strong credit skills and previous experience of leading an investment or credit committee or participating in investment or credit decisions in a significant manner;
 - (iii) A working understanding of development organisations' approaches to private sector lending;

- (iv) Strong experience in monitoring and management of investments, particularly for early stage companies;
 - (v) Successful track record of developing and closing international agribusiness project projects, managing joint ventures/partnerships in the region or raising capital for investment;
 - (vi) Excellent contacts and relationships in the agricultural and financial sectors and the region;
 - (vii) Grant making skills within an international organization; and.
 - (viii) Experience in developing or appraising contract farming and/or out grower programs.
- (C) And candidates must demonstrate:
- (i) An appreciation of the development mandate of the CTF and the objectives of the SAGCOT Partnership;
 - (ii) A commitment to the values and principles of the SAGCOT Partnership including an understanding of the need to ensure that the CTF operates in an open and transparent manner consistent with achieving value for money, efficiency and transparency;
 - (iii) Good standing in Africa and Tanzania specifically, derived from an excellent track record of business and/or public sector achievement
 - (iv) An understanding of the governance issues involved in managing a publicly funded, privately operated CTF; and
 - (v) A good understanding of Africa and Tanzania specifically gained through residence and/or work experience.
 - (vi) Competencies:
 - (1) High integrity, with strong ethical principles in business management and investment.
 - (2) An ability to apply objectivity to decision-making and balancing the development and commercial objectives underlying agribusiness projects.
 - (3) An understanding of investment structures and/or fund management requirements.
 - (4) A commitment to teamwork and to finding the best solution.
 - (5) A preparedness to assert one's views where ethical or legal requirements are being challenged.
 - (6) Well-developed diplomatic and interpersonal skills and an ability to influence and achieve change.
 - (7) Ability to command respect at all levels.

(8) Ability to speak, read and write English fluently.

(D) The successful candidate must have sufficient time available to meet the requirements of the Investment Committee, at present estimated to be up to 24 days per annum. Meetings for each of the Funds will be held quarterly, either physically in Tanzania or by telephone. Additional meetings may be called.

Annex 11
Criteria (Fund Manager)

1. Part A - MGF

- (A) The Fund Manager must have the necessary skills to implement the MGF Investment Policy and the decisions and directions of the Investment Committee and the Board. It must be an organisation with professional experience in financial and asset management; specifically with respect to making grants, and a record of accomplishment for managing funds in emerging markets and/or Africa with a focus or experience in production agriculture and agribusiness.
- (B) The Fund Manager shall have the following attributes:
- (i) the financial skills and experience necessary to successfully manage a Fund projected to be at least USD 45 million in size;
 - (ii) a track record of managing grant funds in emerging markets;
 - (iii) a strong understanding of organizations working within private sector agriculture and finance;
 - (iv) experience in working with international development finance institutions, donor agencies and public sector organizations is advantageous but is not imperative;
 - (v) ability to work with and experience working with development institutions, preferably in managing a publicly funded, private managed fund; and openness to non-financial key performance indicators;
 - (vi) strong internal governance structures including fitness and propriety, asset disclosure and conflict of interest disclosure obligations applicable to beneficial owners, directors officers and other principals;
 - (vii) well-established transparency, accounting and internal and external auditing systems as well as a well-established know your customer and anti-money laundering systems;
 - (viii) an entrenched compliance culture and demonstrable procedures and controls, in accordance with best practice, for ensuring compliance with applicable laws and regulations in relation to finance, agriculture and asset management (whether through an internal compliance function, outsourcing or otherwise);
 - (ix) experience in assessing and mitigating key safeguard risks such as those relating to land allocation and environmental degradation. If the Fund Manager does not have this experience, it should have a clear plan to manage these requirements;
 - (x) a record of compliance with applicable laws and regulations and good standing with relevant regulators and regulatory bodies; and

- (xi) an experienced management and technical team able to maintain quality control over the assessment, appraisal and fund management process with the following attributes:
 - (1) experience as a fiduciary managing institutional capital or development agency funds, meeting reporting requirements and administering a fund;
 - (2) ability to maintain quality control over the assessment, appraisal and fund management process;
 - (3) innovative and entrepreneurial approach; and
 - (4) demonstrable project management skills (technical team);
- (C) In particular, members of the Fund Manager’s management and technical team should have the following skills:
- (i) the CEO/managing director should have significant experience in the international and/or African agribusiness sector (private sector);
 - (ii) experience in agribusiness development in sub-Saharan Africa;
 - (iii) experience in agribusiness in the various components of the value chain;
 - (iv) experience in developing or appraising contract farming and/or out grower schemes and with experience in grant making;
 - (v) understand the requirements of smallholder systems and the essential aspects of developing these in a partnership with commercial experience, depth, credibility and cohesiveness and local presence for management and monitoring purposes;
 - (vi) strong interest, if not experience, in developing agribusiness, particularly through linking to smallholder development;
 - (vii) strong marketing, presentational and public speaking skills (the ability of at least some members of the management team to speak Swahili is considered advantageous);
 - (viii) ability to manage a diverse team of staff and partner relationships; and
 - (ix) good standing in Africa and Tanzania specifically, derived from an excellent track record of business and/or public sector achievement.

2. Part B – SVCF

- (A) The Fund Manager must have the necessary skills to implement the SVCF Investment Policy and decisions and directions of the Investment Committee and the Board. It must be an organisation with professional experience and a record of accomplishment in managing funds in emerging markets. Emphasis will be given to managers with demonstrated track record, ability to return capital to investors in an attractive and timely manner, and demonstrable fundraising ability. A focus or experience in

production agriculture and agribusiness and working with early stage investments is strongly preferable.

(B) The Fund Manager shall have the following attributes:

- (i) a track record of fund management with the management team having experience in making long-term risk investments in emerging markets, particularly in Sub-Saharan Africa; i.e. including deal sourcing, value addition, reputation and capital market access;
- (ii) the financial skills and experience necessary to successfully manage a Fund projected to be at least USD 30 million in size;
- (iii) ability and experience to raise equity capital from private sector entities including private foundations (the Fund Manager will be required to raise additional capital so that the SVCF is of sufficient size to be sustainable in a reasonable amount of time);
- (iv) ability to work with and experience working with development institutions; preferably in managing a publicly funded, private managed fund; and openness to including non-financial key performance indicators;
- (v) an entrenched compliance culture and demonstrable procedures and controls, in accordance with best practice, for ensuring compliance with applicable laws and regulations in Tanzania in relation to finance, agriculture, trusts and asset management (whether through an internal compliance function, outsourcing or otherwise);
- (vi) as a fiduciary in managing institutional capital, meeting reporting requirements and administering a fund; including:
- (vii) a strong internal governance structure including fitness and propriety, asset disclosure and conflict of interest disclosure obligations applicable to beneficial owners, directors, officers and other principals;
- (viii) well-established transparency, accounting and internal and external auditing systems as well as a well-established know your customer and anti-money laundering systems;
- (ix) a record of compliance with applicable laws and regulations and good standing with relevant regulators and regulatory bodies;
- (x) a strong understanding of organizations working within private sector agriculture and finance;
- (xi) experience in assessing and mitigating key safeguard risks such as those relating to land allocation and environmental degradation. If the Fund Manager does not have this experience, it should have a clear plan to manage these requirements
- (xii) a record of compliance with applicable laws and regulations and good standing with relevant regulators and regulatory bodies; and

- (xiii) significant and proven “hands-on” agricultural/agribusiness management experience in developing countries. This includes strategic planning, operational ability and technical skills. The Fund Manager should display a thorough understanding of investment in early stage companies. Further, the management and technical team should have the following attributes:
- (xiv) experience, depth, credibility and cohesiveness and local presence for management and monitoring purposes;
- (xv) ability to maintain quality control over the assessment, appraisal and fund management process;
- (xvi) innovative and entrepreneurial approach;
- (xvii) experience of working closely with investors to develop “investment ready” project proposals as part of a competitive application process;
- (xviii) project management skills;
- (xix) in particular, the management team should have the following skills:
- (xx) the CEO/managing director should have significant experience in the international and/or African agribusiness sector (private sector);
- (xxi) experience in agri-business development and /or raising capital in emerging markets;
- (xxii) strong interest, if not experience, in developing agribusiness, particularly through linking to smallholder development;
- (xxiii) strong marketing, presentational and public speaking skills (the ability of at least some members of the management team to speak Swahili is considered advantageous); and
- (xxiv) ability to manage a diverse team of staff and partner relationships.

Annex 12
Selection Procedure (Trustees)

1. Overview

- (A) Following its constitution in accordance with the terms of the Trust Deed, the Selection Panel will, in accordance with the terms of the Trust Deed, initiate and manage the process for selecting and appointing replacement Trustees including a replacement chairperson of the Board. All Trustees will be appointed following a formal, rigorous and transparent recruitment procedure.

2. Search firm appointment

- (A) The Selection Panel will, in accordance with the objective and transparent procedure approved by it by way of a Resolution (Special), request expressions of interest from international search firms to assist it in compiling a list of candidate Trustees and candidate chairpersons of the Board. Following receipt of expressions of interest, the Selection Panel will select and engage a search firm (**Search Firm**) having regard to its approved criteria, which will include the Search Firms' respective expertise, experience and market knowledge as well as their fee proposals.

(B)

3. Trustee and chairperson of the Board identification

- (A) The Search Firm will, in accordance with its mandate and on behalf of the CTF, undertake a search to identify candidate Trustees and candidate chairpersons of the Board, in each case both in Tanzania and internationally, which will include publishing (an) advertisement(s) in (an) appropriate international publication(s) requesting expressions of interest from candidate Trustees and from candidate chairpersons of the Board. The advertisement(s) will include the indicative terms of reference for Trustees and/or the indicative terms of reference for the chairperson of the Board, as appropriate, and in each case an accurate assessment of the anticipated time commitment, emphasising the anticipated on going need for availability on short notice.

- (B) The objective of the search will be to identify candidate Trustees and candidate chairpersons of the Board that have the qualifications required to be able to act as independent and robust Trustees, to meet the fiduciary requirements of the prospective Funders and, in the case of candidate chairpersons of the Board, that also have the required qualifications to be able to act as chairperson of the Board. Identified candidates will be evaluated by the Search Firm against the Criteria (Trustee), in the case of candidate Trustees, and against the Criteria (Board Chairperson), in the case of candidate chairpersons of the Board, and, if considered appropriate, the Search Firm will interview some or all candidates. The Search Firm will also conduct fit and proper tests in relation to each candidate and also require asset and actual and potential conflict of interest disclosures from each candidate.

- (C) The Search Firm will then prepare a shortlist of candidates together with a detailed résumé and a detailed findings report for each and submit these to the Selection Panel. It is hoped that between 7 and 10 candidates will be shortlisted, including at least 2 that fulfil the required qualifications for the chairperson of the Board.

4. Trustee and chairperson of the Board selection

- (A) The Selection Panel will consider all candidates in detail. As part of its considerations, the Selection Panel will interview each candidate. Preference will be given to physical interviews although, where circumstances permit this and if considered appropriate by the Selection Panel, video conference or telephonic interviews will be permitted. The Selection Panel may also undertake further due diligence investigations and fit and proper tests.
- (B) Candidates will be evaluated and measured on merit against the Criteria (Trustee), in the case of candidate Trustees, and against the Criteria (Board Chairperson), in the case of candidate chairpersons of the Board, and in accordance with the terms of the Trust Deed. The Selection Panel shall take care to ensure that appointees have enough time available to devote to the job, particularly in the case of the appointee chairperson of the Board. The emphasis will be on skills, diversity and experience. No member of the Selection Panel should be a friend of any candidate or have any other similar conflict of interest.

5. Formalisation of appointments

- (A) Once the Selection Panel has completed its interview process and any further due diligence and fit and proper testing, it will select and propose five Trustees, including one chairperson of the Board, for appointment to the Board of the CTF. The Partnership Council will then be required to confirm that it has no objection in relation to each proposed appointment.
- (B) Following the Partnership Council's no-objection, successful candidates will be notified and in each case requested to enter into a service contract with the CTF for an initial term of up to three years. A single further 3 year appointment may be permitted in accordance with the terms of the Trust Deed.
- (C) Unsuccessful candidates will be notified in writing and no further correspondence will be entered into.
- (D) Following the first appointments of replacement Trustees as described above, to the extent practicable, future appointments of replacement Trustees and of a replacement chairperson of the Board shall be staggered so as to ensure continuity. Future appointments of replacement Trustees and of a replacement chairperson of the Board will be (i) made by the Board itself, applying the Criteria (Trustee), in the case of Trustees, or the Criteria (Board Chairperson), in the case of the chairperson of the Board, and (ii) required to be approved by the Partnership Council.

Annex 13
Selection Procedure (Investment Committee)

6. Overview

- (A) Following adoption of the Special Resolution and (i) the reconstitution of the Board by the appointment of replacement Trustees in accordance with the Selection Procedure (Trustees) and (ii) the appointment of a Fund Manager in accordance with the Selection Procedure (Fund Manager), the Board will constitute the Investment Committee.

7. Criteria (Investment Committee Member)

- (A) An Investment Committee member may be a Trustee or may be drawn from the international business community.
- (B) The Board will, in accordance with the objective and transparent procedure approved by it by way of a Resolution (Special), undertake a search to identify candidates with the appropriate expertise and experience to act as Investment Committee members, which may include publishing an advertisement in an appropriate international publication requesting expressions of interest from candidate Investment Committee members. Any advertisement will include the indicative terms of reference for Investment Committee members and an accurate assessment of the anticipated time commitment.
- (C) The objective of the search will be to identify candidate Investment Committee members that have the qualifications and experience required to be able to act as an Investment Committee members for the Funds of the CTF. The Board will evaluate identified candidates against the Criteria (Investment Committee Member). If considered appropriate, the Board will interview some or all candidates. Preference will be given to physical interviews although, where circumstances permit this and if considered appropriate by the Board, video conference or telephonic interviews will be permitted. The Board may also conduct fit and proper tests in relation to each candidate and also require asset and actual and potential conflict of interest disclosures from each candidate. The Board shall take care to ensure that proposed appointees have enough time available to devote to the job.
- (D) The Board will also consult with, and seek the views of, the Fund Manager in relation to the Investment Committee member candidates as part of its deliberation process.

8. Formalisation of Investment Committee appointments

- (A) Selected Investment Committee members will be appointed by the Board in its absolute discretion following consultation with each of the Fund Managers.
- (B) Successful candidates will be notified and requested to enter into a service contract with the CTF for a period of up to three years and shall be eligible for re-appointment for up to two further three year terms.
- (C) The Board shall select and appoint, or re-appoint, one of the members of the Investment Committee as chairperson of the Investment Committee for a term of up to three years. The chairperson of the Investment Committee shall be eligible for re-appointment only once.

- (D) Following the first appointments of Investment Committee members, to the extent practicable, future appointments of replacement Investment Committee members shall be staggered so as to ensure continuity.

Annex 14

Selection Procedure (Fund Manager)

1. Overview

- (A) Following its constitution in accordance with the terms of the Trust Deed, the Selection Panel will initiate the process for selecting the Fund Manager for each Fund. There will be a two stage selection and appointment process, the first being an expression of interest stage (**EOI Stage**) and the second being a request for proposals stage (**RFP Stage**).
- (B) The Selection Panel will manage the EOI Stage and applicants will be shortlisted by the Selection Panel.
- (C) In the event that the Board has not already been reconstituted in accordance with the Special Resolution by this time, the RFP Stage will be initiated by, and initially managed by, the Selection Panel. However, following its reconstitution, the Board will assume responsibility for the RFP Stage, performing a detailed review of responses to the RFP from shortlisted applicants and making the final decision as to the Fund Manager for each Fund.

2. EOI Stage

- (A) The Selection Panel will, in accordance with the objective and transparent procedure and criteria approved by it by way of a Resolution (Special), request expressions of interest from international search firms to assist it in compiling a list of potential Fund Managers (**FM Applicants**). Following receipt of expressions of interest, the Selection Panel will select and engage a search firm (**Search Firm**) having regard to its approved criteria, which will include the Search Firms' respective expertise, experience and market knowledge as well as their fee proposals.
- (B) The Selection Panel is also mandated to manage the process for selecting and appointing the Trustees and it is anticipated, although not mandatory, that a single Search Firm will be appointed to assist the Selection Panel in relation to both the appointment of the Fund Manager and the appointment of the Trustees and that these two processes will be run in parallel.
- (C) The Search Firm will, in accordance with its mandate and on behalf of the CTF, undertake a search to identify potential FM Applicants both in Tanzania and internationally, which will include publishing an advertisement in an appropriate international publication requesting expressions of interest from potential FM Applicants.
- (D) As part of its expression of interest, an FM Applicant will be required to submit a response (**Response**) demonstrating compliance with the Criteria (Fund Manager). The objective of the EOI Stage is to identify those FM Applicants that have the qualifications required to be able to manage the relevant Fund and to meet the fiduciary requirements of the prospective Funders. The Search Firm will score the FM Applicants' responses applying pre-determined weightings to the Criteria. The Search Firm will then prepare a shortlist of FM Applicants for each Fund that exceed the minimum points threshold based on the weightings applied to the Responses. Shortlisted Responses will be submitted to the Selection Panel for approval. It is hoped

that between 3 and 5 FM Applicants will be shortlisted for each Fund. Applicants that meet the criteria can provide a response for both funds.

3. RFP Stage

- (A) In the event that the Board has not already been reconstituted by this time, the Selection Panel, acting on behalf of the CTF, will then send a written request for proposals to the shortlisted FM Applicants. Shortlisted FM Applicants wishing to respond to the request will be required to submit a proposal (**Proposal**) comprising a technical proposal (**Technical Proposal**) and a financial proposal (**Financial Proposal**). The request issued by the Selection Panel will set out the content requirements of the Proposal as well as the procedure for formal submission of Proposals.
- (B) The Selection Panel will, with input and advice from the Search Firm, screen and rank all Technical Proposals for compliance with the stated requirements and will collate all compliant applications and present these to the Board for consideration (following reconstitution of the Board). Non-compliant Proposals will be rejected and will not participate further in the RFP Stage and selection process.
- (C) The Board will consider all Proposals in detail. As a first step, Technical Proposals will be scored in accordance with the weighted evaluation criteria and scoring mechanism set out in the Schedule hereto. The criteria are presented by major category, in descending order of importance, so that FM Applicants will know which areas require emphasis in the preparation of Technical Proposals. FM Applicants whose Technical Proposals do not meet the minimum qualifying mark will not have their Financial Proposals evaluated and will not participate any further in the RFP Stage and selection process.
- (D) Once the Board has completed its evaluation of all Technical Proposals, it will evaluate the Financial Proposals of FM Applicants whose Technical Proposals secured the minimum qualifying mark. The Financial Proposals (including FM Applicants' cost proposals) will be evaluated, ranked and scored (out of a maximum possible score of 100), applying criteria determined by the Board, which will include proposed costs relative to other FM Applicants in the same Fund, cost realism, ability to allocate costs appropriately and the "allowability" of proposed costs.
- (E) As part of its evaluation and scoring of Technical Proposals and Financial Proposals, the Board may require an FM Applicant to attend one or more interviews with the Board, and/or the Funders on mutually convenient date(s). It may also require an FM Applicant to submit to a review of its financial, procurement and human resources policies and procedures by the Funders. The Board may also undertake further due diligence, including:
 - (i) site visits;
 - (ii) review of constitutional and other material documents and agreements applicable to the FM Applicant, including applicable shareholders and subscription agreements; and
 - (iii) anti-money laundering and know-your-customer checks.
- (F) Once the Board has completed its evaluation of all Financial Proposals and also completed any further screening and due diligence, it will determine the overall points score for each FM Applicant. Technical Proposals and Financial Proposals will also be

evaluated relative to each other. Technical criteria are considered significantly more important than cost criteria. In aggregating Technical Proposal scores and Financial Proposal scores for each FM Applicant, Technical Proposal scores will be multiplied by 0.8 and Financial Proposal scores will be multiplied by 0.2. . As soon as possible after the evaluation process, the FM Applicant with the highest overall score in relation to a particular Fund will be requested to enter into negotiations with the Board in relation to that Fund (relating, in particular, to costing and any changes to the Fund Management Services Agreement which may have been requested by the FM Applicant in its Technical Proposal, or which may be requested by the Board).

- (G) Following successful completion of negotiations with the preferred FM Applicant for a Fund, a formal letter of confirmation will be sent by the Board to that FM Applicant, requesting it to enter into a Fund Management Services Agreement with the CTF in relation to the relevant Fund.
- (H) Unsuccessful FM Applicants will be notified in writing and no further correspondence will be entered into.

Schedule
(Selection Procedure (Fund Manager))
Technical Proposal evaluation criteria and scoring

The FM Applicant’s Technical Proposal will be scored on the basis of the criteria and points allocation set out below.

	Criteria	points
(i)	<p>Technical approach:</p> <p>(a) FM Applicant’s proposed approach to managing the Fund based on the Trust Deed, MGF Business Plan or the SVCF Business Plan, as appropriate</p> <p>(b) Feasibility and effectiveness of the FM Applicant to marketing the Fund and the development of a project pipeline</p> <p>(c) Feasibility and effectiveness in meeting the objectives of the CTF and the MGF Business Plan or the SVCF Business Plan, as appropriate</p> <p>(d) Soundness and reasonableness of the overall monitoring and supervision of the projects</p>	40
(ii)	<p>Relevant experience:</p> <p>(a) Specific experience of the FM Applicant relevant to the mandate, including (i) in the case of the MGF only, experience in assessing grant proposals and making grants or (ii) in the case of the SVCF only, experience in investing in early stage companies and emergent agribusinesses</p> <p>(b) FM Applicant’s relevant experience in Sub-Saharan Africa</p> <p>(c) Fund raising (SVCF only)</p>	15
(iii)	<p>Key professional staff qualifications and competence for the mandate</p> <p>(a) Approach to providing relevant staff and skills; and in the case of the</p>	30

	<p>SVCF, approach to providing “hands-on” support</p> <p>(b) Demonstration of experience, depth, credibility and cohesiveness of the FM Applicant’s management team and details of local presence for management and oversight purposes.</p> <p>(c) Key persons’ experience and qualifications</p> <p>(d) Local participation (as reflected by nationals among key staff)</p>	
(iv)	<p>Adequacy of understanding CTF’s requirements in responding to the request for proposals:</p> <p>(a) Governance: an understanding of the governance issues involved in managing a publicly funded, privately operated Fund and ability to work constructively with the Board</p> <p>(b) Smallholder requirements: an understanding of the requirements of smallholder systems and the essential aspects of developing these in a partnership with commercial agribusinesses (MGF only)</p> <p>(c) Developmental impact: how the Fund and its investments have a developmental impact based on the description in the MGF Business Plan or the SVCF Business Plan, as appropriate</p>	10
(v)	<p>Understanding of the SAGCOT and the SAGCOT Partnership</p> <p>An appreciation of the development mandate of the CTF and the objectives of the SAGCOT Partnership</p>	5
	Total points for the five criteria:	100

The minimum score required to pass is **80** points.

**Annex 15
Disclosure Form**

To: the Trustees of the SAGCOT Catalytic Trust Fund

Date: ****

Dear Sirs,

Disclosure Form

- (A) We refer to the Trust Deed of the SAGCOT Catalytic Trust Fund dated 30 May 2011 as amended by a Special Resolution dated **** 2012 (**Trust Deed**).
- (B) Terms defined in the Trust Deed have the same meaning in this disclosure form.
- (C) We confirm that we have reviewed the terms of the Trust Deed, in particular the Code of Conduct set out in Annex 2 and the Conflict of Interest Rules set out in Annex 3.
- (D) We note that under the provisions of Article 6 of the Trust Deed any person who is, or has at any time been a CTF Person (including for the avoidance of doubt a Trustee, a member of the Partnership Council, a member of the Investment Committee, a Fund Manager and a member of the Secretariat) shall not be entitled to have at any time any direct or indirect interest, through business, investment, or family in any Recipient and / or its related project.
- (E) We hereby confirm that so far as we are aware having made all due enquiry we do not have any direct or indirect interest, through business, investment, or in any of the following except as indicated below ¹:

- (i) any proposed Recipient and / or its related project.

YES		NO	
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- (ii) any agribusiness operating within SAGCOT.

YES		NO	
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- (iii) any other business (such as services, funding or as a joint venture party) operating within SAGCOT.

YES		NO	
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- (F) We attach full details of any interest referred to above.

SIGNED:
NAME IN CAPITALS:
WITNESSED BY:
DATE:

¹ Please tick the relevant box
Version Nov 9 2012