



Partnership Principles and Obligations

“As SAGCOT Partners we strive to enhance food security, transform agriculture and improve the livelihoods of smallholder farmers. Our mandate is to achieve this by catalyzing responsible and inclusive agriculture investments in Tanzania’s Southern Corridor.”

1. Introduction

The Southern Agricultural Growth Corridor of Tanzania (SAGCOT) is a public private partnership designed to stimulate responsible and sustainable commercial agricultural development in southern Tanzania ensuring clear benefits for smallholders and their communities. This brings together commercial and public sector actors, as well as local and international organizations working with agricultural value chains. With an extensive mix of diverse institutions, each with their own objectives, an agreed code of conduct is required.

The SAGCOT Partnership Principles establishes a framework for expected Partnership behavior, including: what is expected from each partner and what they can expect from each other. Organizations that wish to become members of the SAGCOT partnership will be required to agree with these principles.

2. SAGCOT Partnership - Objectives and Structure

The SAGCOT Partnership's objective is to establish and sustain a new phase of profitable agricultural growth in Tanzania. The partnership will (a) provide a non-aligned framework for dialogue and cooperation, (b) establish coordinated investments, and (c) improve productivity, incomes, and employment and food security. The partnership will facilitate the establishment of a critical mass of commercial agriculture in targeted, high potential areas. The partnership will work to encourage and guide public and private sector support and investment in these areas, and in a wider set of improvements in value chain operations and the business environment throughout the corridor.

The SAGCOT partnership has been created to overcome the bias of short-term interests through helping partners work together for the long-term benefit of agricultural development in Tanzania. Farmers, agri-business, local and national government, commercial banks and development partners are working together in ways they have never done so before to establish a critical mass of effective agricultural value chain operators. By improving communications and trust, and by strengthening linkages, the members will develop shared objectives and collaborate in planning and implementing a new type of agricultural development. Implementation will be supported by innovative coordinated finance, targeted infrastructure development, technical guidance, training and capacity building, and a partnership structure coordinated by the independent SAGCOT Centre Ltd, which houses the SAGCOT Secretariat.

The notion of 'partnership' is a general concept enveloping the overall SAGCOT approach; the two key structures within the approach are the SAGCOT Centre Ltd and the SAGCOT Catalytic Fund Ltd. These

are entirely separate, independent organizations, each with their own Board, working in a complementary manner towards achieving the overall goals of the SAGCOT Partnership. The work of coordinating and facilitating the partnership support and development activities falls entirely to the SAGCOT Centre Ltd. On the other hand, the SAGCOT Catalytic Fund Ltd. will provide concessional funding, through a Fund Manager, specifically allocated to SAGCOT commercial agribusiness investments.

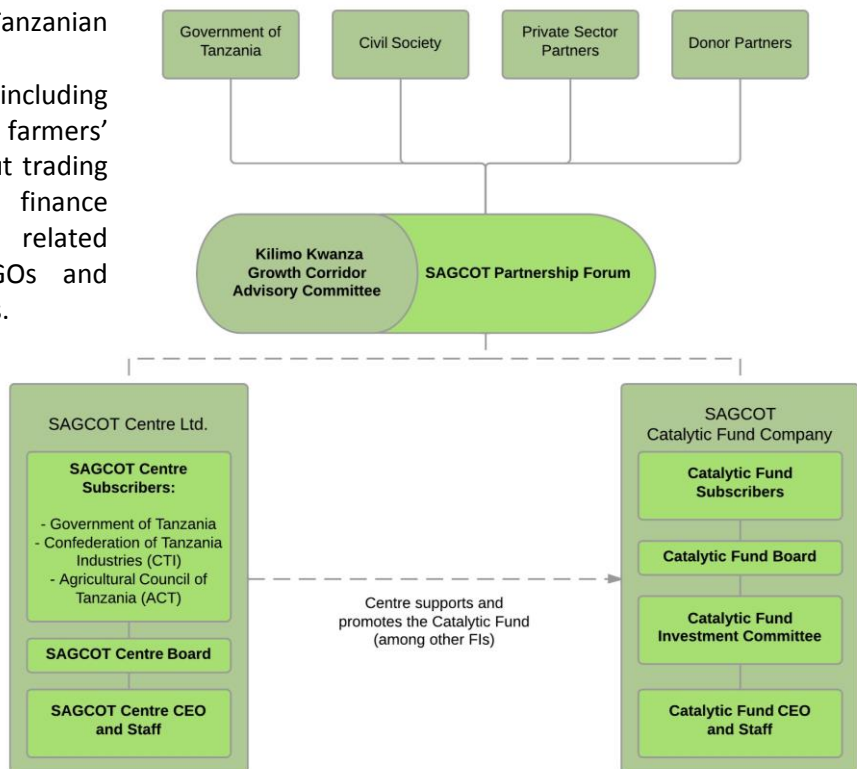
The core constituents of SAGCOT Centre Ltd are (i) its Board; (ii) the full-time SAGCOT Centre’s Secretariat that will support the Board and an informal Partnership Forum. The Board of The SAGCOT Centre Ltd. is appointed by the Subscribers to the SAGCOT Centre¹ and will comprise of seven members; five of which will be local and two who will be foreign private sector organizations.

The SAGCOT Partnership

The Partnership shall be open to a wide group of members with an interest in the development of the Southern Agricultural Growth Corridor of Tanzania. Any organization wishing to become a member to the Partnership shall apply to the SAGCOT Management to be admitted as a member to the Partnership. The members will include:

- Central and local Tanzanian government agencies
- Local private sector actors including national and district-based farmers’ organizations, input and output trading companies and stockists, finance institutions, agricultural and related projects and programs, NGOs and private sector service providers.
- International private sector companies
- Civil Society actors
- Donor partners

Upon admission, every member to the Centre will be bound by these Partnership Principles.



¹ The initial Subscribers are The Government of Tanzania, Agricultural Council of Tanzania and the Confederation of Tanzania Industries)

3. The SAGCOT Centre's functions

In order to appreciate properly the context of the SAGCOT Partnership Principles it is important that prospective members understand the work of the SAGCOT Centre, the institution that will uphold the Principles of the Partnership. The SAGCOT Centre's Secretariat will coordinate activities and investments that support large-scale, emergent and small-scale farmers, and agri-business in targeted high potential areas in the corridor. All activities and investments will be designed to be socially and environmentally responsible. Specific SAGCOT Centre functions are to:

- *Promote the Partnership:* to support and uphold the Partnership Principles and help each member understand what is expected of them, and what their roles and responsibilities are within the SAGCOT framework.
- *Support access to finance:* to help mobilize existing concessional finance, commercial finance and catalytic funds. It is important that through the Centre, the partnership remains open to new types of investors and investments.
- *Coordinate corridor-related activities:* by providing a professionally credible focal point to help partners plan, implement and review their own activities and link them to a wider set of ongoing and planned SAGCOT-related activities.
- *Identify Policy and Regulatory Constraints:* to identify and understand specific policy and regulatory constraints. The Centre will not be a lobbying organization, so it will pass concerns and suggestions to policy makers and advocacy organizations.
- *Monitor and Evaluate the Partnership's impact:* although each member will be responsible for monitoring their own development within the corridor, the SAGCOT Centre will track overall progress. This will include the number, volume and impact of investments and the growth and profitability of large, small and medium-scale commercial agriculture in the corridor. Environmental impact social impact, poverty reduction and the role of women will also be assessed.

Further details on each of these functions are provided in the SAGCOT Centre Ltd, Terms of Reference available at the SAGCOT Centre.

4. The Partnership Principles

Each SAGCOT Partnership member will be required to accept five Partnership Principles:

- i. *Agreement on the overall SAGCOT Objectives* –sharing the SAGCOT objectives for responsible commercial growth and poverty reduction. This includes the need for commercially viable

agricultural businesses to incorporate emergent and small-scale farmers and their interests into their operations.

- ii. *Agreement to work with other members to promote a harmonized approach and strategy* – so that within their own particular sphere of activities, each member will cooperate with the overall, coordinated SAGCOT programme of planning, investment, implementation and policy reform.
- iii. *Agreement to engage with the partnership, maintain communication and support the SAGCOT Centre* – to support the SAGCOT Centre in its work. Until such time as the benefits become evident, the underlying trust and intrinsic goodwill of each member will be essential to maintain progress.
- iv. *Agreement to contribute to the resolution of policy and infrastructure constraints* – by bringing to the attention of the SAGCOT Centre their own concerns about specific factors that currently hinder local and national development of commercial agriculture. Members at all levels must be prepared and able to contribute to identifying these impediments, each according to their role and capacity.
- v. *Agreement to consider new and innovative financing mechanisms* – which are aimed at catalyzing additional private investment in SAGCOT in ways that ensure that major benefits also accrue to smallholder farmers. This will require creative investment, and the willingness of farmers and agri-business to accept new types of risk and modifications to traditional practices.

5. The SAGCOT Partnership Forum

Once a year SAGCOT partners who are current members (see below) will be invited to a SAGCOT Partnership Forum. The purpose of the Forum is to share information, concerns, lessons and opportunities, and to provide critical feedback to the SAGCOT Centre. Each Forum will include discussions with key government stakeholders concerning the business environment and constraints to commercial investment in agriculture, and seek to identify ways in which these challenges will be addressed.

6. Partner expectations from the SAGCOT Centre

Members who subscribe to the Partnership Principles and pay the partnership fees (below) will have full access to information, networking, professional services and other opportunities as can be provided or brokered by the SAGCOT Centre. Members will also be expected to act as ambassadors for the overall SAGCOT Partnership and its objectives, to provide support for other members as appropriate, and to recruit additional competent members to the SAGCOT Partnership whenever possible.

Specific benefits to members of the SAGCOT Partnership will include:

- Farmers and Farmer Organizations
 - Improved linkages with commercial agribusiness
 - Access to information current best agricultural practices to increase productivity and competitiveness, and contacts for specialist support if needed
 - Connections to improved marketing systems
 - Opportunities to links with other farmers – both small-scale and large-scale

- Local and International Agribusiness
 - Facilitating access to relevant finance
 - Coordination of infrastructure development to support commercial investments
 - Access to an enlarged potential client-base
 - Support for an improved business environment for agriculture
 - Access to analysis of value chain issues
 - Linkages to complementary companies and new opportunities for risk sharing partnerships

- Private Sector Financial Institutions and Development Funds
 - Introductions to areas where a critical mass of commercial agriculture is being developed
 - Identification of commercial opportunities and potential clients interested in short and longer term finance
 - Guidance to areas where complementary finance – such as matching grants or other instruments – are required
 - Lower transaction costs due to available background information and analysis

- Local and national Government
 - Identification of focal points for prioritized and targeted public investment to enhance commercial agriculture
 - Identification of priority infrastructure needs
 - Access to analysis and feedback on priority policy, regulatory, fiscal and legislative constraints currently hindering agricultural profitability and further private investment
 - Feedback of practical suggestions on how to improve the business environment for agricultural growth

- Donor Partners
 - Identification of target areas and activities for coordinated programs to enhance private sector development that supports linkages to smallholders

- Access to analysis and feedback on priority policy, regulatory, fiscal and legislative constraints currently hindering agricultural profitability and further private investment
 - Identification of effective entry points for improved environmental management, responses to climate change and support to women in development.
- Civil Society/NGOs
- Identification of entry points to enable provision of their specific services and support where complementary activities are already underway
 - Participation in key discussions on key policy and regulatory issues
 - Opportunities to link with and add value to commercially driven agri-business activities in the clusters

7. Complaints and Disputes

If partnership members have substantial concerns or complaints about the Centre's actions or the way in which it is operating, they can formally register them in writing to the Chairman of the Boards of either SAGCOT Centre Ltd. or the SAGCOT Catalytic Fund Ltd. These will then be discussed at the next Board Meeting for any appropriate action.

8. Partnership and Fees

Membership to the SAGCOT Partnership, which will be gained through an application to the SAGCOT Centre, will be subject to payment of an annual partnership fee according to the potential member's institutional status. Membership, which is subject to approval by the SAGCOT Centre Board, will provide participation to the SAGCOT Partnership Forum meeting and access to the Partnership activities such as taskforces and field meetings.

The purpose of the membership fee is to ensure only serious, committed organizations join the partnership through the Centre. The fees will be paid into the SAGCOT Centre Ltd and used for specific operations such as funding the biannual SAGCOT Partnership Forum². The following membership fee scales will be applied:

² It should be noted that the operational budget of SAGCOT Centre will not be met by the revenue from these fees. Additional funding will therefore be required. The SAGCOT Centre might decide to request a contribution for participation in the Partnership Forum event.

Organization Type	Annual Fee
Large Companies (Global Turnover > USD 5 million)	TZS 4,000,000
Medium Companies (USD 1 million < Global Turnover < USD 5 million)	TZS 2,000,000
Small Companies (Global Turnover < USD 1 million), Development Partners, Research Organizations, CSOs and Government Agencies or Institutions	TZS 500,000
Apex or Farmer Organization	TZS 100,000

Donor partners, along with Government Ministries³, and Knowledge and Academia⁴ Partners will also be members of the forum, however given their significant contributions to the funding of the SAGCOT Centre and/or within the corridor itself they will not be expected to pay the membership fee. All fees are renewed annually from 1st January. Non-payment of fees within a reasonable time will result in membership being first suspended and then withdrawn completely.

9. Public Relations

- All member organizations agree that their membership of the SAGCOT Partnership can be advertised by the SAGCOT Centre in relevant communications including the SAGCOT Centre's website.
- The SAGCOT Centre will not provide contact details to third parties without member's prior consent.
- No member shall claim to represent the SAGCOT Partnership without the express agreement of the SAGCOT Board.

10. Social & Ethical Obligations

- Members must never intentionally injure, directly or indirectly the professional reputation, prospects or business of the SAGCOT Partnership.

³ With the exception of Parastatals

⁴ The SAGCOT Centre Ltd (SCL) defines knowledge and Academia Partners as highly reputable and qualified non-profit organizations that share their professional knowledge and services with other members of the Partnership and hold operations within the Corridor.

11. Failure to comply with these Principles of Membership

- Any breach of these Principles should be brought to the attention of the SAGCOT Centre CEO
- The SAGCOT Partnership, through the SAGCOT Centre, retains the option to withdraw membership for serious breaches of these Principles without any refund of subscription fees paid based on majority agreement of the SAGCOT Board.