

ANNEX

of the Commission Decision on an individual measure in favour of Zimbabwe to be financed from the European Development Fund Bridging Facility

Action Document for the “Technical Cooperation Facility V – TCF V”

1. IDENTIFICATION

Title/Number	Technical Cooperation Facility V – TCF V CRIS Number FED/2014/037-511		
Total cost	Total estimated cost: EUR 1 000 000 Total amount of EDF contribution: EUR 1 000 000 Financed under the EDF bridging facility		
Aid method / Method of implementation	Project approach: Direct management – Procurement of services		
DAC-code	15110	Sector	Public sector policy and administrative management

2. RATIONALE

2.1. Summary of the action and its objectives

The overall objective of the action is to support economic growth, good governance as well as peace and stability in Zimbabwe. The proposed action aims at facilitating and supporting the implementation of programmes funded by the 11th EDF Bridging Facility as well as to prepare for and facilitate the implementation of the 11th EDF National Indicative Programme (NIP) for Zimbabwe.

It will provide:

- a) **TAF** – Technical Assistance Facility - a facility for the engagement of short to medium-term consultants to assist in the main stages of the project cycle to ensure the effective implementation of the Bridging facility and other EU programmes in favour of the country's development strategy. The TAF will also contribute to the rebuilding of the capacity of the National Authorising Officer (NAO) office, and to enhance the visibility of EU's development cooperation with Zimbabwe. Consultants will be engaged to assist with specific tasks related to: programming, project identification, preparation and assistance with tender procedures and with evaluation and monitoring or audit where this has not been provided for in the project itself, or the project has already been closed. It is proposed that these services be provided by consultants and/or individual experts in accordance with EDF procedures.
- b) **TSPP** (Training Support for Projects & Programmes) this will finance various educational or consultation actions such as seminars or consciousness-raising activities prior to or during the formulation of a project or programme such as Project Cycle Management

workshop of stakeholders in accordance with European Development Fund (EDF) procedures. Conferences and Seminars (CS) will include: (a) more general short-term training activities for ACP officials and/or non-state actors on topics related either to the priorities of the ACP-EU Partnership Agreement (aid effectiveness, democracy, environment, trade, etc.) or to EDF or other EU administrative and financial procedures and (b) participation by ACP officials or non-state actors in international meetings or seminars. The latter are normally organised by bodies or organisations other than the Commission (including UN bodies) –in accordance with EDF procedures.

2.2. CONTEXT

2.2.1. Country context

With the adoption of appropriate measures under Article 96 of the revised Cotonou Agreement by Council Decision 2002/148/EC as last amended by Council Decision 2014/96/EU, based on the conclusion of Article 96(2) consultations with the Republic of Zimbabwe on 11 January 2002, EU assistance to Zimbabwe was reoriented mainly to programmes and projects in direct support of the population, in particular in social sectors such as health and education (and from 2010 onwards to projects in support of the reforms contained in the Global Political Agreement). The EU support included in this Action Document is compliant with these conditions, and will not be affected by a suspension or lifting of the current limitations to the cooperation with the Government of Zimbabwe.

Following the suspension of the application of the Cotonou Agreement's Article 96 appropriate measures by the European Council Decision of 24 July 2012, Zimbabwe and the EU launched the 11th EDF programming exercise in August 2012. The exercise's first phase was completed in October 2012 with the submission of a draft Country Strategy Paper (CSP) 2014-2020 agreed by the EU Delegation and the NAO. The CSP identified three focal sectors of concentration for the 11th EDF in Zimbabwe: health, agriculture based economic development, and governance and Institution building. On the basis of the Country Strategy Paper, the 11th EDF National Indicative Programme (NIP) for Zimbabwe was formulated and submitted to the EDF Committee in November 2014, where it received a favourable opinion from EU Member States. The NIP has been adopted through a Commission Decision on 30 January 2015 (C/2015/345).

As indicated in Council Decision 2014/96/EU, the appropriate measures expired as of 1 November 2014.

The TCF proposed in this Action Fiche is consistent with the priorities agreed with the Government during the programming process.

Economic and social situation and poverty analysis

Following a decade of negative growth, the Zimbabwean economy rebounded to a positive growth trajectory after the adoption of measures to restore economic stability and growth through the Inclusive Government. The economy posted four consecutive years of strong positive growth from 2009 to 2012 averaging 9.8%. However, since 2013 the growth momentum has decelerated with economy being estimated to have grown by 3.2% (IMF estimates) and forecast to grow at 3.1% in 2014. The slowdown is due to underperformance in the agricultural sector together with other structural challenges such as a huge infrastructure

deficit, high external debt burden, liquidity constraints, lack of access to international lines of credit and lack of clarity on the implementation of the indigenization policy.¹

While the economic policy outlined by the new Government in the last quarter of 2013 has been positively received by the World Bank (WB) and the International Monetary Fund's (IMF's) staff monitored programme missions, there are serious doubts about the Government's capacity to generate enough revenues to cover the 2014 National Budget's USD 4.2 billion projected expenditures.

Although both GDP and HDI² are still low, some of Zimbabwe's social indicators have improved in the last two years. These include indicators pointing to a revitalization of the health services delivery at district and rural level and to an increase in pupils' early learning in primary schools. However, this is an improvement not mirrored in other key areas for poverty reduction. The food security situation is still a matter of particular concern, as 2.2 million Zimbabweans³ are food insecure in the peak of the lean season (December-January-March) 2013/2014. This represents 25% of the rural households and is a 6% higher compared to the previous year⁴.

National development policy

The Government approved in December 2013 a new economic development blueprint, the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset), which is envisaged to drive the national development agenda over the next five years. ZimAsset identifies 4 priority areas of intervention: food security and nutrition, social services and poverty eradication, infrastructure and utilities, and value addition and beneficiation. While Zim Asset's proposed interventions have been positively assessed by the WB, IMF, UN, its analysis of the causes of the deteriorating economic and social environment that Zimbabwe has experienced since 2000 appears to be quite simplistic as "illegal economic sanctions imposed by Western Countries" are identified as the main and only cause. Also, the feasibility of Zim Asset implementation raises a number of questions, particularly in relation to the Government's ability to fund it in the absence of a major international effort. Public service delivery, which has progressively improved since 2010, is very likely to continue to be heavily dependent on the donor community for the duration of ZimAsset. The Delegation's selected sectors of concentration for the 11th EDF are aligned to Zim Asset's priorities. The Government has clearly stated that ZimAsset is the basis on which it will engage with donors in the future.

2.2.2. Sector context: policies and challenges

Following the EU Council Decision adopted on February 2014 to remove art 96 appropriate measures for Zimbabwe in November 2014 unless the Council unanimously decides otherwise, and taking into account that donor funds have not been channelled through Government for the last 6 years, there is currently a lack of capacity within the Government of Zimbabwe to appropriately manage international aid, including EDF funds. Although, following the adoption of Zim Asset, the Government has announced plans to revive aid coordination, there has not been any aid coordination architecture in place in Zimbabwe in the last 10 Years. External expertise will be required to support the Government effort.

¹ African Development Bank monthly updates

² The 2013 United Nations Human Development Index (HDI) ranks Zimbabwe among low human development countries: 172nd out of 186 countries compared to 1998, when it ranked 130th out of 174 countries

³ ZIMVAC (Zimbabwe Vulnerability Assessment Committee) report 2013

⁴ Rural livelihoods assessment 2013, ZIMVAC 2013

There are a number of areas related to the sectors of concentration identified for the 11th EDF in which the Delegation would benefit from additional expertise. This would indicatively include private sector development, conflict prevention and peace and reconciliation, and identification and development of value chains. Expertise in additional areas may be requested by the Government of Zimbabwe in the future, in particular in relation to Zim Asset priorities.

While action to support the visibility of EU's aid is mostly mainstreamed in programmes under implementation, there are complementary opportunities to raise public awareness about the EU's development efforts by supporting low cost initiatives in the areas of concentration of EU aid that provide great value for money. These include contributing to the organization of sector workshops, training seminars, fairs or conferences.

2.3. LESSONS LEARNT

The TCF programme has been used since the 9th EDF. It has proved to be a flexible instrument that allows the Delegation to quickly respond to the needs for technical support in order to facilitate the preparation of new interventions or to assist in the implementation of our cooperation. In the past, TCF activities contributed to the funding of strategic studies and to the smooth preparation and implementation of ongoing activities including raising awareness of EU development programmes in Zimbabwe. In particular, expertise was crucial (i) in commissioning of detailed sector studies within the current cooperation framework; (ii) studies in the context of the 11th EDF programming exercise and (iii) attendance to workshops and conferences in the context of the preparatory works for the 11th EDF programming.

In addition, the previous TCF programme funded a contribution to a World Bank managed Analytical-Multi Donor Trust Fund (A-MDTF) whose objectives are (i) to contribute to analytical work on the key development challenges facing Zimbabwe and (ii) to develop, including through pilot activities, expertise that will enable both the Government of Zimbabwe and the donors to the Trust Fund to respond quickly to the Government of Zimbabwe priority needs.

Internal appreciation has shown that the following lessons have been learnt and taken into account in the elaboration of the present financing proposal:

- the Technical Cooperation Facility allows the Delegation to respond swiftly to ad hoc requirements that are recurrent in the rapidly evolving context of Zimbabwe
- The facility has also been a very important and flexible tool to respond to the need for raising awareness of EU development assistance through seizing communication and visibility actions that become available during implementation of our cooperation but were not foreseen at the design stage of our programmes and projects.
- The facility enabled quick responses to unexpected needs of the Non State Actors (NSAs), private sector and public institutions and to strengthen their capacities to better engage in the development process of the country.
- Timely and flexible technical assistance inputs for the identification and preparation of projects and programmes result in more efficient and effective implementation of projects.

2.4. COMPLEMENTARY ACTIONS

The TCF has allowed the EU to contribute to harmonized donor instruments that have supported a number of studies that have been critical in contributing to building a robust socio economic statistical base in Zimbabwe. These include:

- The A-MDTF, which is providing Technical Assistance as well as studies related to Government in five key areas: Zimbabwe Transition and Recovery, Transitional Funding for Human Development, Economic Management and Governance, Agrarian Sector and Infrastructure.
- The 2013 National Census, which has updated information on key population and socio economic indicators.
- The Demographic Health Survey, which is undertaken every five years and provides updated information on impact health indicators allowing tracking the progress of Zimbabwe to achieve related millennium development goals (MDGs).

The TCF is also complementary with the United Nations Development Programme (UNDP), support to Ministry of Finance to strengthen the "Zimbabwe Aid and Debt management Office" (ZADMO), the office of the Accountant general and of the Controller general.

2.5. DONOR COORDINATION

Coordination with Government

Zimbabwe does not have a general forum led by Government to facilitate donor coordination. Coordination takes place through like-minded donor informal groups, the most important of which is the "Arden" group that brings together the main development partners on a weekly basis. At sector level coordination is stronger, ranging from proper sector coordination groups chaired by senior Government officials that meet regularly (health, education) to ad hoc coordination meetings involving public and non-public sector stakeholders, as it is done in the agriculture sector.

Most of the development partners present in Zimbabwe are implementing aid in the framework of ad hoc short term strategies. These short term strategies are generally aligned to national development priorities, as defined in the past by the Medium Term Plan and now by the ZimAsset.

Concerning donor reporting in terms of disclosure of aid flows, a group of bilateral donors and Government of Zimbabwe agreed on a format Aid Flow Matrix in order to produce a quarterly aid disbursement report. This reporting is so far the only instrument providing reliable data on Aid flow to Zimbabwe. At the beginning of 2014, the EU delegation has assumed the responsibility of coordinating this reporting.

3. DETAILED DESCRIPTION

3.1. OBJECTIVES

The overall objective of the proposed project is the successful implementation of the EU-Zimbabwe development cooperation through the Bridging Facility and the 11th EDF National Indicative Programme which is expected to come on stream in 2015.

The project purpose is the identification and successful implementation of development aid

actions, improved awareness by means of training among key stakeholders on general development policy, trade and private sector development, PFM (Public Finance Management) issues and EU policies and initiatives.

3.2. EXPECTED RESULTS AND MAIN ACTIVITIES

To achieve the objectives above, the strategic approach will be to complement the technical capacity available within the Zimbabwean government and other donors led initiatives in order to achieve the following results:

The Technical Assistance Facility (TAF):

Expertise will be provided on a short and medium term basis and will be associated to pilot activities for the indicative themes presented below.

- 1) Successful identification, formulation and preparation of programmes to be supported under the 11th EDF.
- 2) Specific expertise in support of awareness actions of EU-Zimbabwe Development cooperation through seizing opportunities for communication and visibility
- 3) Specific expertise and assistance related to the pursuance of the EU's current support to governance, social sectors, and agriculture and food security sectors including economic analysis.
- 4) Specific Expertise for analytical studies and support in line with the Government of Zimbabwe priorities including support to PFM reforms.
- 5) In view of the new ACP-EU programming priorities, specific expertise and support for trade and private sector development.
- 6) Support related to the Economic Partnership Agreement (EPA) implementation: This could include a continuation of our support for the implementation of a Private Sector Development Start-up Support Programme.

The Training Support for Projects and Programmes (TSPP):

- 1) Strengthening the capacities of concerned line ministries/ agencies and of non-state actors to ensure timely and cost-effective preparation/implementation of EU funded development actions.
- 2) Enabling Government officials, NSA and other stakeholders to attend conference and seminars on EU-ACP initiatives.
- 3) Support training activities and educational actions and consultation processes such as seminars or awareness-raising activities prior to or during the implementation of an operational project or programme

The list above under the TAF and the TSPP is not limited and according to needs further expertise could be identified at a later stage during the implementation period of the TCF.

3.3. RISKS AND ASSUMPTIONS

It is assumed that the relative political and economic stability currently prevailing in Zimbabwe will continue. However there is a risk that current economic challenges facing the economy, in particular the high levels of unemployment due to closure of companies that are

suffering from lack of capital could lead to unrest. Should this be the case, the indicative themes on which the TCF would focus would be adapted as relevant.

The quality of short-term technical assistance is a pre-requisite for the facility to be effective. In order to ensure appropriate standards of assistance, detailed terms of reference will need to be prepared and continuous monitoring of the assignment guaranteed.

3.4. CROSSCUTTING ISSUES

Particular attention will be given in project identification to environmental sustainability, gender equality, good governance and human rights, and HIV in order to ensure mainstreaming in future actions. The TCF may finance the participation of stakeholders to HIV, and environment related events. The TCF may also reinforce capacities within these fields through training and technical assistance.

Gender mainstreaming will be considered at the moment of the preparation of each of the contracts that will implement the TCF. In view of the specific nature of the TCF (multi-sector support), the gender equality screening checklist has not been added to this Action Fiche.

3.5. STAKEHOLDERS

The main stakeholders are in the first instance the Government of Zimbabwe and the people of Zimbabwe as partners in EU-Zimbabwe cooperation. Further than the technical assistance that will improve Government capacities and knowledge in some key areas, they will benefit from a more effective EU aid because of the Technical Cooperation Facility providing the means for a sounder project preparation and implementation. Other important stakeholders include implementing partners of EU development assistance and civil society (both private sector and NGOs) with whom the EU will collaborate to deliver development assistance benefits through a better planned and implementation process.

4. IMPLEMENTATION ISSUES

4.1. Financing Agreement

In order to implement this action, it is **not** foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the Cotonou Agreement.

4.2. Indicative operational implementation period

The indicative operational implementation period of this action, during which the activities described in sections 3.2. and 4.3. will be carried out, is **36 months** from the date of entry into force of the financing agreement or, where none is concluded, from the adoption of this Action Document, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements. The relevant Committee shall be informed of the extension of the operational implementation period within one month of that extension being granted.

4.3. Implementation components and modules

4.3.1. Procurement (direct management)

Subject	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Providing short and medium term expertise, training support, conferences, seminars and visibility in relation to the objectives of the action fiche as described in section 3.1 and 3.2.	Services	10	Starting the 1 st quarter of 2015 and throughout 2015

4.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act shall apply.

4.5. Budget and calendar

The total project cost is estimated at EUR 1 000 000. It shall be financed from the EDF Bridging Facility.

The indicative project budget is broken down as follows:

Component	Amount (EUR)
4.3.1. – Procurement (direct management)	910 000
- TAF – Technical Assistance Facility	500 000
- TSPP – Training Support for Projects & programmes and CS - Conferences and Seminars and visibility	410 000
4.8. – Evaluation and Audit	40 000
Contingencies	50 000
TOTAL	1 000 000

4.6. Performance monitoring

The performance monitoring will be defined according to the expected results and activities specified in the Terms of References of service contracts contracted for the implementation of this actions.

4.7. Evaluation and audit

A provision of funds has been reserved for evaluation and audit for the expenditures occurred under this facility and of other EU funded actions. An evaluation of this technical cooperation facility will be conducted at the end of the period of implementation (EUR 20 000). A provision for audit is included in the budget (EUR 20 000).

Subject	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Evaluations	Services	1	3 rd quarter of 2015
Audits	Services	1	3 rd quarter of 2015

4.8. Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated before the start of implementation and supported with the budget indicated in section 4.5 above.

The measures shall be implemented either (a) by the Commission, and/or (b) by the partner country, contractors, service contract beneficiaries and entrusted entities. Appropriate contractual obligations shall be included in service contracts.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

The cost of the Communication and Visibility will be included in point TSPP.