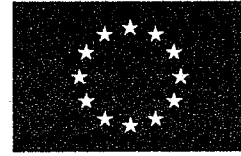


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11th EDF
National Indicative Programme
(2014 – 2020)
for co-operation between
the Kingdom of Swaziland
and
the European Union

GENERAL CLAUSES

The Government of The Kingdom of Swaziland and the European Commission hereby agree as follows:

- (1) The Government of The Kingdom of Swaziland and the European Commission, hereinafter referred to as the Parties, determined the general orientations for cooperation for the period 2014-2020.


These orientations which are included in the National Indicative Programme, concern the European Union Aid in favour of The Kingdom of Swaziland and were drawn up in accordance with the provisions of Articles 2 and 4 of Annex IV to the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000, revised and signed in Luxemburg on 25 June 2005 and revised and signed in Ouagadougou on 22 June 2010.

The National Indicative Programme is annexed to the present document.


- (2) As regards the indicative programmable financial resources which the European Union envisages to make available to The Kingdom of Swaziland for the period 2014-20, an amount of EUR 62 million is foreseen for the allocation referred to in Article 3.2 (a) of Annex IV of the ACP-EC Partnership Agreement (A-allocation). A B-allocation referred to in Article 3.2 (b) can be established to cover unforeseen needs. This allocation is at EUR 0 until a need arises. These allocations are not entitlements and may be revised by the Commission, following the mid-term and end-of-term reviews, in accordance with Article 5.7 of annex IV of the ACP-EC Partnership Agreement.
- (3) The A-allocation is destined to cover macroeconomic support, sectoral policies, programmes and projects. The National Indicative Programme concerns the resources of the A-allocation. It also takes into consideration financing from which The Kingdom of Swaziland benefits or could benefit under other European Union resources. It does not pre-empt financing decisions by the Commission.
- (4) The B-allocation is destined to cover unforeseen needs such as humanitarian, emergency and post emergency assistance, where such support cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate exogenous shocks. The B-allocation shall be established according to specific mechanisms and procedures and does therefore not constitute a part of the programming.
- (5) Pending the entry into force of the Internal Agreement between the Representatives of the Governments of the Member States of the European Union, meeting with the Council on the financing of European Union Aid under the multiannual financial framework for the period 2014 to 2020, financing decisions for projects and programmes can be taken by the Commission at the request of the Government of The Kingdom of Swaziland within the limits of the A- and B-allocations referred to in this document under the condition that sufficient financial resources are available in the transitional measures ("Bridging Facility") composed of uncommitted balances from the previous EDFs and from funds de-committed from projects or programmes under those EDFs. The respective projects and programmes shall be implemented according to the rules and procedures of the 10th EDF until the entry into force of the 11th EDF implementing rules and financial regulation.

- (6) The European Investment Bank may contribute to the implementation of the present National Indicative Programme by operations financed from the Investment Facility and/or from its own resources, in accordance with Articles 2c and 3 of the 11th EDF multi-annual financial framework for the period 2014-2020.
- (7) In accordance with Article 5 of Annex IV to the ACP-EC Partnership Agreement, the National Indicative Programme as well as the A-and B-allocations can be revised following the mid-term review and the end-of-term review or ad hoc reviews.

Done in Nairobi on 19 June 2014 in two originals in English language.



For the Government of the Kingdom of
Swaziland



For the European Commission

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LIST OF ACRONYMS

ACMS	Aid Coordination and Management Section	MDG	Millennium Development Goal
ACP	African, Caribbean and Pacific group of States	MEPD	Ministry of Economic Planning and Development
AIDS	Acquired Immunodeficiency Syndrome	MIF	Marketing Investment Fund
AMSP	Accompanying Measures for Sugar Protocol Countries	MoF	Ministry of Finance
CAADP	Comprehensive Africa Agricultural Development Programme	MTR	Mid-Term Review
CSO	Central Statistical Office	NAS,	National Adaptation Strategy
CSO/NSA	Civil Society Organisations/Non-State Actors	NCPs	Neighbourhood Care Points
CSO-LA	Civil Society Organisations and Local Authorities	NGO	Non-government Organisation
DSW	Department of Social Welfare	NIP	National Indicative Programme
EC	European Commission	NSAs	Non-State Actors
EDF	European Development Fund	OPEC	Organisation of the Petroleum Exporting Countries
EIDHR	European Instrument for Democracy and Human Rights	OVC	Orphaned and Vulnerable Children
EU	European Union	PRSAP	Poverty Reduction Strategy and Action Plan
FLEX	Fluctuations in Exchange Earnings	SACU	Southern Africa Customs Union
GCCA	Global Climate Change Alliance	SADC	Southern African Development Community
GDP	Gross Domestic Product	SADP	Swaziland Agricultural Development Programme
GIS	Geographic Information Systems	SET	Support to Education
GIZ	Gesellschaft für Internationale Zusammenarbeit GmbH	SNL	Swazi Nation Land
GNI	Gross National Income	SWAp	Sector Wide Approach
HDI	Human Development Index	TCF	Technical Cooperation Facility
HIV	Human Immunodeficiency Virus	TDL,	Title Deed Land
HRD	Human Resources Development	UN	United Nations
IDA	International Development Association	UNDP	United Nations Development Programme
IFAD	International Fund for Agricultural Development	USA	United State of America
IMF	International Monetary Fund	VAC	Vulnerability Assessment Committee
LUSIP	Lower Usuthu Smallholder Irrigation Project	WB	World Bank
M&E	Monitoring and Evaluation	WFP	World Food Programme

SWAZILAND – SUMMARY OF THE 11TH EDF NATIONAL INDICATIVE PROGRAMME (NIP)

With a relatively high per capita income, Swaziland is a lower middle income country with a highly unequal income distribution. The political system combines modern structures with traditional institutions. Poverty, unemployment and food insecurity are particularly prevalent in rural areas and it is linked to the high prevalence of HIV/AIDS. The country is economically dependent from South Africa and Southern African Customs Union revenues. Large public service wages bill, high government recurrent expenditures and weak tax collection affect growth and provision of basic social services.

The programming exercise for the 11th EDF has been firmly guided by aid effectiveness principles, **Swaziland's Poverty Reduction Strategy and Action Plan (PRSAP) and the EU Agenda for Change**. The choice of sectors was the product of a comprehensive process. Important considerations have included aid effectiveness and the sector concentration of ongoing EU interventions. The **indicative allocation for the 11th EDF is of EUR 62 million**. The two focal sectors chosen are **agriculture and social protection**. The PRSAP attributes high importance to agriculture and food security. The Government underscored its commitment to social protection through the 2005 Constitution and in 2013 finalised the Disability Policy.

<i>Sector</i>	<i>Indicative allocation, EUR</i>
1. Agriculture (with emphasis on food security)	40 million
2. Social protection	15 million
Support measures	7 million
<i>Total</i>	62 million

The **agriculture sector** has large potential in Swaziland due to a favourable climate and abundant soils. However, this great potential is not realised because of a range of institutional, production and marketing-related factors. The EU will seek to address these challenges with the **objective** of promoting environmentally sound agricultural practices, eradicate food insecurity and contributing to sustainable economic growth. **Social protection** programmes have already been supported by the EU, in particular in the face of the HIV/AIDS epidemic. However, there is lack of a coherent articulated vision, no comprehensive national social protection strategy, coordination among different stakeholder is inadequate and implementation capacity remains limited. The various social protection schemes would gain in efficiency with more transparent targeting, rationalised delivery mechanisms, robust management information systems, comprehensive grievance procedures and coherent monitoring and evaluation frameworks. Programmes on social protection will seek to address these challenges with the **objective** of providing a higher level of social security and access to essential services.

Indicators and when possible baselines and targets are directly taken from the PSARP, although further work will be done during the formulation of specific actions given the weak capacity for collecting data. **Implementation** will look into the full operationalization of the agriculture sector working group and to promote coordination and policy dialogue in the sectors. The EU will further look to work with other donors active in the sectors.

For the 11th EDF programming, EUR 4,5million and EUR 3,5 million were requested respectively for the Civil Society Organisations and Local Authorities (CSO-LA) and EIDHR components. In light of the above, no specific allocation to civil society is foreseen. A **support facility (i.e. the Technical Cooperation Facility, TCF)** is foreseen for an indicative amount of EUR 3.5 million and an indicative amount of EUR 3.5 million is foreseen to support the National Authorizing Officer.

NATIONAL INDICATIVE PROGRAMME

1. THE OVERALL LINES FOR THE EU RESPONSE

1.1. Strategic objectives of the EU's relationship with the Partner Country

The existing frameworks have guided the EU's partnership with Swaziland. To improve aid effectiveness in the country, the European Union has recruited a monitoring and evaluation (M&E) officer at the Ministry of Economic Planning and Development to work on aid effectiveness issues and enhance monitoring of EU and other donor-funded programmes. In addition, the European Union has actively participated in annual aid effectiveness meetings between the administration and donors, using the 2012 meeting to discuss programming for the 11th European Development Fund (EDF). To support implementation of the Sector Wide Approach (SWAp), an important coordination mechanism for aid effectiveness, the EU has supported the placement of a SWAp coordinator in the education sector and will look to fully operationalise the Sector Working Group in the agriculture sector.

The European Union has also been consistent in its support to Swaziland to attain the MDGs. Most recently, in 2012, an additional EUR 7 million was committed under the EU MDG Initiative to upscale support to improve access to safe drinking water and sanitation facilities in needy areas of Swaziland (MDG 7). Finally, the programming exercise for the 11th EDF has been firmly guided by aid effectiveness principals, as elaborated in the Paris Declaration on Aid Effectiveness and the EU Agenda for Change, respectively.

1.2. The choice of sectors

The choice of sectors was the product of a comprehensive process that involved consultation with a wide range of stakeholders from the Government, the donor community, civil society and the private sector. Informing the choice of sector was Swaziland's Poverty Reduction Strategy and Action Plan (PRSAP) and the EU Agenda for Change. Important considerations included aid effectiveness principles and the sector concentration of ongoing and upcoming EU interventions in Swaziland.

Based on the EU's previous EDF packages and the Accompanying Measures for Sugar Protocol Countries (AMSP), as well as the aid effectiveness agenda, including comparative advantage and the division of labour, the majority of sectors were not considered strong options: governance (a EUR 8.2 million governance programme has already been developed and is due to begin in 2014); water and sanitation (a EUR 19 million programme is on-going and has been topped up in 2012 through the EU MDG initiative); health (a EUR 16.5 administrative agreement has recently been signed with the World Bank and the sector is largely covered); energy (sector being largely loan-oriented); and education (a EUR 12.5 million Support to Education and Training (II) Programme is on-going and was topped up by EUR 4 million of FLEX funds¹ that will allow the government to complete the roll out of Free Primary education by 2015). Access to education will be approached with focus on social protection focusing on the most vulnerable and vulnerable children.

¹ While it was justified to fund access to primary education under the 9th and 10th EDF, in line with MDG 2 to achieve universal primary education, funding activities to support universal access to secondary education is, however, not appropriate in a middle-income country, and it would likely be a costly process without an exit strategy. Focus on the most vulnerable and poorest children and adolescents to access secondary or vocational education appears more appropriate.

Consultations continued in an iterative manner between the NAO and the EU Delegation, the NAO and the administration, as well as between the NAO and non-state actors. On September 2012, the NAO submitted a substantiated proposal with the two chosen sectors, agriculture and social protection.

Both selected focal sectors will strive to engage local CSO/NSA in a holistic way: e.g. needs assessments and coordinated service delivery in line with the Cotonou Agreement, the Roots of Democracy and the Agenda for Change.²

The EU response and National Indicative Programme may be complemented by operations financed by the EIB from the Cotonou Investment Facility and/or its Own Resources

With the choice of the two focal sectors, continuity of EU interventions is attained: building up on the achievements of the previous agriculture programme and through the new focal sector "Social Protection" supporting equitable access to public services including education for the most vulnerable segments of the society .

1.2.1. Focal sector A: agriculture with emphasis on food security

The agriculture sector has large potential in Swaziland due to a favourable climate and good soils that allow for a variety of produce to be grown throughout the year, including baby vegetables, citrus fruit, cotton, sugar cane and maize. Furthermore, being a largely rural country, Swaziland has ample land that can be allocated for agricultural purposes³. However, despite Swaziland's undoubted comparative advantage in agriculture, this great potential is not realised because of a range of institutional, production and marketing-related factors.

Institutional constraints in the agriculture sector:

- A lack of capacity at the Ministry of Agriculture that struggles to deliver on its mandate;
- A low proportion of the national budget allocated to agricultural development, which is below the 10 percent stated in the Maputo Declaration (4 % in 2013-14);
- Insecure land tenure system and weak land allocation mechanism⁴.

Production challenges:

- Extreme weather events (floods and drought), land degradation, erosion and uncontrolled bushfires contribute to the vulnerability of the farming systems and food insecurity among the rural population;
- High and deterring costs of agricultural inputs;
- Lack of market information to inform production;
- Increasing pressures on and degradation of rangelands leading to poor livestock / dairy productivity;
- Dependence on rain-fed agriculture and weak earth dam infrastructure;
- Inadequate and poorly resourced government extension service and other support services (e.g. the government tractor hire service);
- HIV/AIDS epidemic has decreased productivity in a labour-intensive sector.

² Cotonou Agreement (6/2000, revised 2005 & 2010); the Roots of Democracy: Europe's engagement with CSO in external relations; and the Agenda for action (9/2008)

³ Over 70% of Swazis live in rural areas.

⁴ The size of allocated plots is small and national food security needs are not given strong consideration in land allocation.

Marketing constraints:

- Weak national marketing bodies;
- Limited access to markets, especially for smallholders who are not able to establish the necessary economics of scale.

Due to these factors, Swaziland is a food-insecure country with 29 % of the population not able to meet their minimum daily food requirements in 2009-10, rising to 37% in the Lubombo region. Domestic production of maize, the staple crop in Swaziland and mainly grown on Swazi Nation Land (SNL)⁵, is insufficient to meet domestic requirements, with a shortfall of 30,000 MT registered in 2011-12, according to the 2011 Vulnerability Assessment Committee (VAC) report, meaning the country is reliant on imports. This underperformance of the agriculture sector stifles economic growth, particularly given the forward and backward linkages with the agro-based manufacturing sector. The contribution of the agriculture sector to GDP has continuously decreased over the past decades, from 32 % in 1970 to 13% in 1989 to finally drop at 8.5% in 2008⁶.

The response by the EU will be to seek to address the institutional, production and marketing challenges mentioned above while promoting environmentally sound agricultural practices that mitigate and adapt to the changing climate. Sustainable agriculture and food security carried prominence in the EU Agenda for Change, where emphasis was placed on smallholder agriculture and rural livelihoods, the formation of producer groups, and the supply and marketing chain.

The EU already has a presence in the agriculture sector in Swaziland and will build on the experience and opportunities created by previous interventions to maximise synergies and effectiveness. The EU has been particularly active in the sugar sub-sector, contributing EUR 120 million through the Accompanying Measures for Sugar Protocol Countries to support implementation of Swaziland's National Adaptation Strategy (NAS), where focus was on increasing the productivity of small-scale sugarcane growers, developing irrigation infrastructure, establishing farmer companies, and improving road infrastructure to reduce costs of production. The establishment of farmer companies to group individual plots of modest size (average of 1.7 ha) in order to obtain the necessary economies of scale has been a success. It has also formalised the land allocation/utilisation arrangement, and facilitated the provision of business and agronomic skills to farmers. This new system of farming organisation will pave the way for other value chains to be developed under 11th EDF. The EU has supported the development of the Lower Usuthu Smallholder Irrigation Project (LUSIP) under the 8th EDF (feasibility study and supervision of works). The EU has further contributed to optimize this irrigation scheme with the land development of approximately 2,500 ha for smallholder sugar farming under the NAS. Under the 11th EDF, the EU will look to apply and build on the lessons learnt from these previous interventions, concentrating on other commodity chains, including in the LUSIP area where 1,500 ha has been allocated to crops other than sugar.

With the EUR 14.2 million Swaziland Agricultural Development Programme (SADP), the EU has also improved household farming practices through earth dam rehabilitation,

⁵ About 75% of land in Swaziland is SNL, which is communal land held by the King in trust for the nation and administered by chiefs. The rest of the land is Title Deed Land (TDL), where there is private ownership. Crop and livestock production on SNL is mainly subsistence-oriented; whereas production on TDL is market-oriented.

⁶ A Cost of Hunger Study conducted by the World Food Programme (WFP) in 2013 further estimated that the equivalent of 3.1% of Swaziland's GDP was lost in 2009 due to children under-nutrition.

demonstration sites for good agricultural practices and food and nutrition gardens⁷. The EU will look to ensure continuity where possible, particularly with regard to the earth dam and production activities initiated under SADP, that can be linked to the development of commodity chains proposed under this programme with special efforts dedicated to reducing food insecurity of subsistence farmers.

1.2.2. Focal sector B: social protection

Analysis of the last two rounds of the Swaziland Household Income and Expenditure, conducted in 2000/01 and 2009/10, indicates that the reduction of poverty in Swaziland has been slow, and the number of Swazis living in extreme poverty has actually increased over the past decade⁸. The survey suggests as much as 63% (down from 69% in 2000/1) of the population still live below the national poverty line, whilst 29% live in extreme poverty.

The burden of poverty falls disproportionately on the rural population, the elderly and children. For instance, 70% of children aged 15 and younger and 71% of persons aged 60 and over live in poverty. In-equality levels are very high, and the welfare of those living in extreme poverty has actually declined over the past decade. Reasons for the high poverty rates include poor governance, slow economic growth and associated high unemployment, drought, structural factors regarding land distribution and tenure, HIV/AIDS, high degrees of inequality, and the recent fiscal crisis experienced by Swaziland.

To provide some kind of social protection to the vulnerable, and in the face of the HIV/AIDS epidemic, the Government introduced the Orphaned and Vulnerable Children (OVC) Education Grant Scheme that promotes access to primary and secondary education for orphans and vulnerable children. An Elderly Grants Programme has also been implemented by the Government since 2005, which provides E220/month to all elderly aged 60 years or older. Other programmes include a Public Assistance Scheme that provides a small amount of support to those with a disability and living in poverty, a School Feeding Programme, Neighbourhood Care Points (NCPs), and Military Pensions. Whilst these programmes do have strengths, a number of weaknesses exist that need addressing.

At the systems level, there is lack of a coherent articulated vision, and Swaziland has no comprehensive national social protection strategy. Coordination and collaboration between, and even within, different ministries and other stakeholder agencies is inadequate, leading to duplication, gaps and occasional policy incoherence. Benefit and social service schemes are fragmented, and there is insufficient coordination between the Government and the donor agencies involved. At the operational level, the implementation capacity remains limited, and there is much scope for improving existing social protection interventions to make them more efficient, effective, accountable and sustainable. The various social protection schemes would gain in efficiency with more transparent targeting, rationalised delivery mechanisms, robust management information systems, common registration processes, comprehensive grievance procedures and coherent monitoring and evaluation frameworks.

The existing social safety net provides relevant support, but simultaneously, there are important gaps in the system, in particular with regard to support to households with young children and groups living in situations of extreme deprivation, such as child-headed households. Furthermore, there is an absence of interventions targeting the working age population who are greatly affected by unemployment (unemployment stood at 29.5% in 2010, rising to 52% in the age group 15-24 years). Additionally, whilst the Government has

⁷ A Marketing Investment Fund (MIF) was also established to promote access to markets for small and medium scale farmers.

⁸ The World Bank (2012), Swaziland: using public transfers to reduce extreme poverty, Report No. 73973-SZ.

made commendable progress in increasing primary school enrolment, which provides a degree of social protection to young children, access to education for children with disabilities remains a major challenge⁹. The National Population Policy Framework for Swaziland (March 2002) estimated that as much as 49.6 % of people with disabilities had no formal education, only 32.2 % had primary education, 9.6 % had secondary education, and only 24.1 % were classified as employed. The basic rights of children/youth in conflict with the law, notably incarcerated children/youth need to be protected i.e access to quality education/ vocational training as well as basic living conditions.

This programme on social protection will seek to address the challenges mentioned above. On the component related to inclusive education, the EU will build on past interventions under the Support to Education (SET) Programmes that have increased access to primary education, including for orphaned and vulnerable children. Proposed interventions are aligned with the Commission Communication (2012) *Social protection in European Union development cooperation* that underscores the importance of social protection in reducing poverty and vulnerability. By increasing equity – for example, through social transfers and increased access to basic social services – and providing protection against risk, social protection can support poverty reduction and inclusive growth, as well as foster social cohesion and stability. The social protection sector also carries prominence in the *Agenda for change* and comes now as a complementary sector to health and education.

2. FINANCIAL OVERVIEW (INDICATIVE AMOUNTS)

<i>Sector</i>	<i>Indicative allocation EUR</i>
3. Agriculture (with emphasis on food security)	40 million
4. Social protection	15 million
Support measures	7 million
<i>Total</i>	62 million

3. EU SUPPORT PER SECTOR

3.1. Agriculture with emphasis on food security (Indicative amounts EUR 40 million)

3.1.1. Overall and specific objectives

Overall objective:

To eradicate food insecurity while contributing to sustainable economic growth

Specific objectives:

- SO1. Institutional capacities strengthened;
- SO2. Environmentally sound 'high-impact' commodity chains building resilience to climate risks established;
- SO3. Food security of subsistence farmers improved.

⁹ Children in conflict with the law can also struggle to access basic education.

3.1.2. *Expected results*

SO1. Institutional capacities strengthened

- R1.1 Sector Action Plan (CAADP) developed and implemented;
- R1.2 Ministry of Agriculture restructured;
- R1.3 Regulatory framework for land and water access reviewed and implemented.

SO2. Environmentally sound 'high-impact' commodity chains building resilience to climate risks established

- R2.1 Sustainable diversified production (not sugar cane) increased;
- R2.2 Storage and collection points established;
- R2.3 Marketing systems improved including access to fair trade and/or organic market.

SO 3. Food security of subsistence farmers improved

- R3.1 Access to agricultural land and water improved avoiding deforestation and land degradation;
- R3.2 Production and nutrition improved through good agriculture practices.

3.1.3. *Indicators*

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Annex 3. (* indicates PRSAP indicators, missing baselines and targets will be determined during identification phase of the actions in order to measure impact).

3.1.4. *Donor coordination and policy dialogue*

The EU will support the full operationalisation of the agriculture sector working group to promote coordination and policy dialogue in the sector. The EU will further look to work with other donors active in the sector, among them the International Fund for Agricultural Development (IFAD), the Export-Import Bank of India (Exim Bank) that has recently provided a loan to improve access to farming inputs, as well as the Republic of China (Taiwan) that implements an agricultural mission in the country.

3.1.5. *The Government's fiscal and policy commitments*

The PRSAP attributes high importance to agriculture and food security, as highlighted in Pillars 4 and 5 (empowering the poor to generate income and reduce inequalities; improving the quality of life of the poor) of the document. The Government will look to finalise a strategic plan for agricultural development to provide direction in the agriculture sector. The administration will also make efforts to achieve the Maputo Declaration target of allocating 10 % of the national budget to agricultural development.

3.1.6. *Environmental assessment*

The *Agenda for change* emphasises the importance of environmental protection in the context of sustainable development. All environmental aspects including mitigation of and adaptation to climate change will be considered in the implementation of the projects notably the choice of commodities, the types of agricultural practices promoted and the impact of irrigation infrastructures. Improvement of land and water governance is a key component of the programme in order to secure access to natural resources for the most vulnerable including subsistence farmers as well as reduce environmental degradation. A Strategic Environmental

Assessment will be conducted to provide a better understanding of the most relevant environmental parameters integrating as well the climate change dimension; also when needed, specific environmental assessments will be conducted.

3.1.7. Overall risk assessment

The proposed EU support builds on experience and opportunities created by previous interventions. The strategy covers several entry points: ministry, land administration and value chains for both the satisfaction of national food requirements, and the provision of a stable market for commercial farming. As a result, a number of risks have been internalised.

Risks that are difficult to internalise are extreme climatic events. Our mitigating strategy could be as recommended by climate mitigation specialists to support sustainable land and water management, including through small earth dams and water harvesting structures and the building of sector information on extreme climatic events, through the Department of Meteorology, in order to better plan and adapt to these events¹⁰.

The key risks identified for the sector intervention are the following: 1) lack of Government commitment to reform and development of agriculture in the face of fiscal constraints; 2) lack of consensus with regard to reform directions, and 3) difficulty in managing complex projects with multiple beneficiaries. Well designed technical assistance projects aiming at building capacity and fostering ownership among beneficiary partners will help mitigate the risks.

3.2. Social protection (Indicative amount EUR 15 million)

3.2.1. Overall and specific objectives

Overall objective:

By providing a higher level of social security and access to essential services, to enhance the capacity of the poor and vulnerable to live their lives free from hardship and indignity, to better manage shocks, and to overcome poverty and vulnerability.

Specific objectives:

- SO1. Institutional capacity, ownership and oversight functions of government are strengthened;
- SO2. Social protection provision is more efficient, sustainable and accountable all along lifecycle;
- SO3. The rights of the poorest and most vulnerable children and adolescents and those with special needs are protected.

3.2.2. Expected results

SO 1. Institutional capacity, ownership and oversight functions of government are strengthened

- R1.1 Management-level staff and social workers are better qualified, through training in social protection issues and exposure to similar and other contexts;
- R1.2 The organisational, regulatory and oversight functions of the Department of Social Welfare (DSW) operate more effectively at central, regional and community levels;

¹⁰ In the support to production, risks will be analysed, and in-built mitigation measures developed, depending on the related value chain parameters.

- R1.3 Inter-agency coordination between DSW, other social ministries and the Ministry of Finance (MoF) is more efficient (incl. social budgeting and multi-year projections for funding) and collaboration between development partners is better coordinated.
- R1.4 Improved systems are in place to manage, monitor and evaluate social protection programmes including Management Information System and Social audit and grievance procedures.

SO 2. Social protection provision is more efficient, sustainable and accountable, all along the lifecycle

- R2.1 A coherent national strategic, policy, legal, institutional and financial framework for social protection is in place;
- R2.2 Social protection provision is rationalised and harmonised to ensure effective coverage and transparent targeting (incl. Contributory social security schemes are re-designed, expanded and further developed)
- R2.3 Modern social protection delivery mechanisms are established with the support of the private sector where they have a comparative advantage (e.g. banks, post office and telecommunications providers);
and
- R2.4 Synergies between the government and civil society organisations and other non-state actors playing a role in the delivery of social services are reinforced, and civil society demand for comprehensive social protection is increased.

SO3. The rights of the poorest and most vulnerable children and adolescents and those with special needs are better protected

- R3.1 Families with children with special needs are better supported;
- R3.2 Social protection systems are in place to ensure improved access to education, and/or community-based rehabilitation, and/or special day centres for special education for the poorest and most vulnerable children and youth with disabilities.

3.2.3. Indicators

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Annex 3 (Missing baselines and targets will be determined during identification phase of the actions in order to measure impact)

3.2.4. Donor coordination and policy dialogue

UNICEF is an active player in the social protection arena, with a focus on child protection to combat abuse and neglect of children. The World Bank is another donor involved in social protection, presently increasing social safety net access for OVC through a pilot cash transfer mechanism¹¹. The EU will look to learn and build on from the results of this pilot, as well as utilise coordination platforms that may have been established.

¹¹ This intervention is funded through the World Bank's Health, HIV/AIDS and TB Project, co-financed by the EU.

3.2.5. *The Government's fiscal and policy commitments*

The Government underscored its commitment to social protection through the 2005 Constitution. Chapter III on the protection and promotion of fundamental human rights provided for the protection of children, the vulnerable, the elderly, the disabled and the needy. Specifically, under the "Rights of the Child", free primary education was guaranteed. More recently, in 2013, following pressure from disabled associations the Government finalised the Disability Policy to promote the active engagement of the disabled in national development. The Government will look to maintain present levels of social protection spending (about 2.2 percent of GDP), which compares favourably to other countries in the region.

3.2.6. *Environmental assessment*

Activities aiming at building a sustainable Social protection system have not an impact on environment. However, some activities directed to the poorest and aiming at lifting them out of poverty (e.g. public works) will be carefully assessed. When needed, environmental assessments will be conducted.

3.2.7. *Overall risk assessment*

The key risks identified for the sector intervention are the following: 1) Lack of Government commitment to reform and development of social protection in the face of fiscal constraints; 2) lack of consensus with regard to reform directions, 3) limited absorption capacity among beneficiary partners; 4) difficulty in managing complex projects with multiple beneficiaries; .

The risks can be mitigated by the design of a coherent and concise national strategic, policy, legal, institutional and financial framework and action plan identifying the objectives and measures to be undertaken with timelines. A further mitigation measure is the good design of technical assistance projects to build capacity and foster ownership among beneficiary partners.

4. MEASURES IN FAVOUR OF CIVIL SOCIETY

In line with the Cotonou Agreement, the European Union supports the full involvement of civil society in the development agenda in Swaziland. Presently, the EU is implementing a Non-State Actors (NSAs) programme, through centralised management, amounting to EUR 4.5 million. Civil society in Swaziland is also being promoted through the European Instrument for Democracy and Human Rights (EIDHR) with a support amounting to EUR 1 million. To improve the capacity of civil society to access EU and other funding sources as well as implement EU and other funded programmes, NSAs are further supported through a Capacity Building Programme under the 10th EDF (EUR 1 million). The Delegation has also requested for the 11th EDF programming EUR 4,5million and EUR 3,5 million respectively for the Civil Society Organisations and Local Authorities (CSO-LA) and EIDHR components.

In light of the above, and the provision of support to civil society proposed under the overall package of support to the National Authorising Officer (Section 6.2), no specific allocation to civil society is foreseen. The EU will support civil society in Swaziland using the instruments mentioned above and will fully mainstream NSAs into the framework of the two 11th EDF sectors. In this context, and notably in the framework of the social protection sector, synergies between the government and civil society and other non-state actors playing a role in the delivery of social services will be sought and civil society demand for comprehensive social protection will be stimulated. As for the Agriculture sector, the EU will also strive to coordinate with the NSAs and the government an articulated service delivery. The EU will

further continue to advocate for the involvement of civil society in the national development agenda.

5. B-ALLOCATION

A B-allocation may be included in the MIP for unforeseen needs (specifically relevant for fragility situations). This allocation is at EUR 0 until a need arises. In case of necessity, a financing decision to meet an unforeseen or urgent need can always be taken notwithstanding the status of the indicative B-allocation mentioned in the MIP.

6. SUPPORT MEASURES

6.1. Measures to support or accompany the programming, preparation or implementation of actions

A support facility (i.e. the Technical Cooperation Facility, TCF) that aims to support or accompany the programming, preparation or implementation of actions, is foreseen in the programming through a specific allocation. Based on previous and projected needs, an indicative amount of EUR 3.5 million is foreseen.

6.2. Support to the National Authorising Officer

The Ministry of Economic Planning and Development (MEPD), through the Aid Coordination and Management Section (ACMS), performs the role of NAO responsible for managing and coordinating external assistance provided to Swaziland by the EU. Under the 10th EDF, the European Union has supported the section, which has allowed the ACMS to manage the increased resources provided to Swaziland by the EU in recent years¹².

To further strengthen capacity at the ACMS to manage EU funds and discharge its mandate of donor management and coordination in the context of aid effectiveness, there is a need to provide support to the NAO. This support is to be given through a capacity building programme that will extend to government line ministries, NSAs and the private sector implementing complimentary programmes supported by the EU. An indicative amount of EUR 3.5 million is foreseen.

Attachments

1. Country at a glance (i.e. macroeconomic indicators and indicators derived from the MDGs, as well as possible other indicators relevant for the country, including risk indicators for disaster-prone countries).
2. Donor matrix showing the indicative allocations per sector.
3. Sector intervention framework and performance indicators.
4. Indicative timetable for commitment of funds.

¹² Swaziland's allocation under the 10th EDF increased to €63 million, from €33 million under the 9th EDF, which came in addition to €120 million under the EU sugar budget line, €14 million from Swaziland's Fluctuations in Exchange Earnings (FLEX) allocation in 2007, and €7 million from the EU MDG Initiative. Most programmes are now also implemented under decentralised management.

ANNEX 1: SWAZILAND AT A GLANCE

1.1 Table on Country indicators

	2007	2010	2011	2012
Population				
1. Total population ('000)	1,020	1,055	1,067	1,080
Annual change (%)	-	1.1	1.2	1.2
2. Proportion of population under 18 years (%)	45.9	45.0	44.7	44.4
3. Proportion of population living in rural areas	77.9	77.5	77.3	77.2
4. Dependency ratio ¹³	79.1	75.8	74.8	74.0
5. Total fertility rate	3.8	3.7	-	-
Domestic economy				
6. Nominal GDP (E' million) ¹⁴	21,515	28,491	30,314	32,406
7. Real GDP (E' million)	12,555	13,256	13,347	13,376
8. Real GDP (annual % change)	3.5	1.9	-0.6	1.7
9. GNI per Capita in \$ (World Bank Atlas method)	2,720	2,650	2,830	2,860
10. Unemployment rate (% of labour force, ILO definition)	28.2	28.5	-	-
11. Labour force participation rate (%)	51.8	56.7	-	-
12. Consumer price inflation (annual average change, %)	8.1	4.5	6.1	8.9
13. Consumer food inflation (annual average change, %)	16.6	0.4	6.0	13.1
14. Interest rate (for money, annual rate in %) ¹⁵	11.0	5.5	5.5	5.0
International transactions				
15. Exports of goods and services (% of GDP)	65.1	53.0	52.1	54.0
16. Imports of goods and services (% of GDP)	77.0	68.0	67.5	67.8
17. Current account balance (% of GDP)	4.6	10.3	8.8	3.3
18. Total stock of FDI (% change)	4.6	2.9	20.2	10.3
19. External debt (% of GDP)	13.7	8.9	9.7	8.6
20. Service of external debt (% of exports)	2.1	2.4	2.5	2.1
21. Foreign exchange reserves (months of imports)	3.7	2.8	2.3	2.9

¹³ The number of citizens aged between 0-14 years, plus those aged over 59 years, divided by the population of citizens aged between 15-59 years.

¹⁴ E represents the local Swazi currency, the Lilangeni. The end-October 2013 Euro-Lilangeni exchange rate stood at 13.6.

¹⁵ End period.

Government				
22. Revenue and Grants (% of GDP) ¹⁶	32.5	25.2	25.2	36.7
23. Expenditure (% of GDP)	29.3	35.9	30.6	33.3
24. Fiscal Balance (% of GDP)	3.2	-10.7	-5.4	3.5
25. Total Public Domestic Debt (% of GDP)	2.4	4.4	5.9	6.4

1.2 Table of Indicators for the Millennium Development Goals

	2007	2010	2011	2012
Selected MDG Indicators				
1.1 Proportion of Population Living Below the National Poverty Line (%) – MDG 1	-	63.0	-	-
1.8 Prevalence of Underweight Children Under Five Years of Age (%) – MDG 1	5.4	5.8	-	-
2.1 Net Enrolment Ratio in Primary Education – MDG 2	-	92.0	93.1	
2.3 Literacy Rate of 15-24 Years Olds, Women and Men (%) – MDG 2	95.4	-	-	-
3.1 Ratio of Girls to Boys in Primary Education – MDG 3	0.92	0.91	0.90	-
3.3 Proportion of Seats held by Women in Parliament (%) – MDG 3	20	22	22	22 ¹⁷
4.1 Under-five Mortality Rate – MDG 4	120	104	-	-
5.1 Maternal Mortality Ratio – MDG 5	589	-	-	-
5.3 Contraceptive Prevalence Rate – MDG 5	50.6	65.2	-	-
6.1 HIV Prevalence among Population aged 15-24 Years – MDG 6	14.3	-	-	-
6.3 Proportion of Population aged 15-24 with Comprehensive Correct Knowledge of HIV/AIDS – MDG 6	52.2	55.9	-	-
6.5 Proportion of Population with Advanced HIV Infection with Access to Antiretroviral Drugs – MDG 6	-	-	79.5	91.1
6.9 Incidence Rate Associated with Tuberculosis – MDG 6	-	1287	1320	-
7.8 Proportion of Population using an Improved Drinking Water Source – MDG 7	63.9	67.3	-	-
7.9 Proportion of Population using an Improved Sanitation Facility – MDG 7	56.5	53.8	-	-

Sources:

Annual Education Census 2010 & 2011; ART Programme Annual Report 2011 & 2012; Central Bank of Swaziland Quarterly Review, June 2013; Central Bank of Swaziland Annual Report 2013; Central Statistical Office (CSO) Statistical News, September 2013; Government Estimates 2013/14; MEPA – Macroeconomic Analysis and Research Division; National Development Plan 2008/09-2011/12; Swaziland Demographic and Health Survey 2007; Swaziland Household Income and Expenditure Survey 2009/10; Swaziland Integrated Labour Force Survey 2007 & 2010; Swaziland Millennium Development Goals Progress Report 2010 & 2012; Swaziland Multiple Indicator Cluster Survey 2010; Swaziland Population and Housing Census 2007; Swaziland Population Projections 2007-2030; WHO Global Tuberculosis Control 2011; WHO Swaziland Update 2012: Intensifying TB Case Detection; World Bank Swaziland Dataset, October 2013.

¹⁶ 2007, 2010, 2011 and 2012 calendar years correspond to 2007/08, 2010/11, 2011/12 and 2012/13 fiscal years.

¹⁷ In September/October 2013, Swaziland held national elections. In the 2013-2018 Parliament, there are 14 female MPs, representing 15% of Parliament.

ANNEX 2: DONOR MATRIX, OCTOBER 2013

	Education and training	Health	Water and sanitation	Agriculture	Fuel and energy	Infra-structure	Governance ¹	ICT	Environment	Social protection	Capacity building ²	Cross-cutting	Multi-sector
African Development Bank				X									X
BADEA						X							
European Union	X	X	X	X		X	X			X	X		X
Global Fund		X											
Japan	X										X		
Republic of China (Taiwan)	X	X		X	X	X		X					
United Nations	X	X		X			X		X	X		X	X
United States		X											
World Bank		X					X			X			

Source: Aid Coordination & Management Section, Ministry of Economic Planning and Development

Notes: ¹ Includes both economic and local governance; ² Development Partners must have a separate and clear capacity building programme to qualify; ³ Provides funds to the health sector which are disbursed through the World Bank.

Annual (current or forecasted) financial disbursement must be above US\$ 100,000 for sector presence to be recognised (excludes instances where substantial technical cooperation is provided)

ANNEX 3: SECTOR INTERVENTION FRAMEWORK

Sector 1: <u>Agriculture with emphasis on Food Security</u>		
Overall Objective: To eradicate food insecurity while contributing to sustainable economic growth	- % of population who is food insecure reduced from 29% in 2009/10 to 15% by 2020	- Annual Vulnerability Assessment & Analysis (VAC) Report
Specific Objective 1: Strengthen institutional capacities		
Expected Results	Indicators	Means of Verification
R1.1 Sector Action Plan (CAADP) developed and implemented	- Implementation status of CAADP (target: costed Sector Action Plan and related M&E system approved by 2016)	- Implementation reports on the sector plan - Reports from the M&E system
R1.2 Ministry of Agriculture (MOA) restructured	- Implementation status of restructuring of MoA (targets: organigramme of MoA approved; Departmental roles defined and implemented by 2018)	- MoA reports
R1.3 Regulatory framework for land and water access reviewed and implemented	- Implementation status of regulatory framework for land and water access (targets: Land Policy approved by 2018 * and regulatory framework for land and water access implemented by 2020)	- Land Policy - Ministry of Natural Resources and Energy (MNRE) reports; - Land Management Board (LMB) reports
Strategic Objective 2: Support environmentally sound 'high-impact' commodity chains building resilience to climate risks established		
Expected Results	Indicators	Means of Verification
R2.1 Sustainable diversified production (not sugar cane) increased	- Number of efficiently run Non Sugar Cane (NSC) farmer associations and cooperatives	- Farmer Company reports; - MOA and other reports;
R2.2 Storage and collection points established	- Number of storage and collection points (Target for vegetables: from 1 in 2013 to 5 by 2020)	- NAMBOARD and other marketing institution reports
R2.3 Marketing systems improved including access to fair trade and/or organic market	- Number of smallholders selling to agro-processors (Target for fresh produce: 400 in 2013 to 1, 000 by 2020)	- NAMBOARD and other marketing institution reports; farm surveys;
Strategic Objective 3: Improve food security of subsistence farmers		
Expected Results	Indicators	Means of Verification
R3.1 Access to land and water improved avoiding deforestation and land degradation	- Number of functioning earth dams (baseline to be established as 86 have been built but no official number on the functioning ones)* with downstream land use plans - Number of access points to water for human and cattle consumption; - ha of agricultural SNL with formal land allocation documentation	- Farm surveys; - MOA reports; - MNRE reports; - LMB reports

<p>R3.2 Production and nutrition improved through good agriculture practices</p>	<ul style="list-style-type: none"> - Number of smallholder farmers employing good agricultural practices - Yield for maize (t/ha) increased (target: from 1.17 t/ha in 2013 to 2 t/ha in 2018) - Number of households growing nutritious crops and trees* / producing milk 	<ul style="list-style-type: none"> - Farm surveys; - MOA and other reports - VAC reports; - CSO reports - Swaziland National Nutrition Council reports
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<p>Sector 2: Social Protection</p>		
<p>Overall Objective:</p> <p>By providing a higher level of social security and access to essential services, to enhance the capacity of the poor and vulnerable to live their lives free from hardship and indignity, to better manage shocks, and to overcome poverty and vulnerability.</p>	<ul style="list-style-type: none"> - Decreased percentage of persons and households living in poverty; - Decreased number of vulnerable children; - Decreased number of cases of child neglect, abuse and domestic violence; - Increased coverage of social protection; - Decrease in inequality concerning the distribution of wealth and income. 	<p>Swaziland Income and Expenditure Survey (SHIS);</p> <p>Administrative statistics of the DSW and the MoLSS;</p> <p>Statistics concerning the coverage of social protection (number of persons included in social insurance, amount of contributions paid, number of households receiving benefits and services).</p>
<p>Specific Objective 1: Institutional capacity, ownership and oversight functions of government are strengthened</p>		
<p>Expected Results</p>	<p>Indicators</p>	<p>Means of Verification</p>
<p>R1.1 Management-level staff and social workers are better qualified, through training in social protection issues and exposure to similar and other contexts</p>	<ul style="list-style-type: none"> - Number of trained Government staff working in social protection; 	<ul style="list-style-type: none"> - Administrative statistics of DSW; - Job descriptions of DSW staff
<p>R1.2 The organisational, regulatory and oversight functions of the Department of Social Welfare (DSW) operate more effectively at central, regional and community levels</p>	<ul style="list-style-type: none"> - Implementation status of restructure of DSW (targets: Organisational structure is designed and staff of DSW have job descriptions corresponding international best practice) 	<ul style="list-style-type: none"> - Performance evaluation of the DSW organisation, conducted at the end of 11th EDF.
<p>R1.3 Inter-agency coordination between DSW, other social ministries and the Ministry of Finance (MoF) is more efficient; incl. social budgeting and multi-year projections for funding and collaboration between development partners is better coordinated.</p>	<ul style="list-style-type: none"> - Status of inter-agency coordination (target: Inter-ministerial working arrangements are established and functional); 	<ul style="list-style-type: none"> - Description of working arrangements;
<p>R1.4 Improved systems are in place to manage, monitor and evaluate social protection programmes including Management Information System and Social audit and grievance procedures.</p>	<ul style="list-style-type: none"> - Status of monitoring and evaluation systems (target: Regular, timely and reliable monitoring reports based on holistic management information system, Guidelines concerning appeal and grievance procedures approved); 	<ul style="list-style-type: none"> - Monitoring and evaluation reports.

Specific Objective 2: Social protection provision is more efficient, sustainable and accountable all along lifecycle		
Expected Results	Indicators	Means of Verification
R2.1 A coherent national strategic, policy, legal, institutional and financial framework for social protection is in place	- Status of framework for social protection (target: Legislative, policy and institutional frameworks are approved;	- Legislative and regulation documents or drafts for these documents;
R2.2 Social protection provision is rationalised and harmonised to ensure effective coverage and transparent targeting (incl. Contributory social security schemes are re-designed, expanded and further developed)	- The share of administrative costs of total programme costs is reduced; - Coverage of programmes (incl. coverage of social insurance) and take-up ratio of benefits and services (number of beneficiaries served as percentage of potentially eligible population);	- Social protection statistics collected by DSW, MoLSS and the - Central Office for Statistics; - Population survey data (Swaziland Household Income and Expenditure Survey SHIES); - Evaluation reports. - Medium term budget frameworks for social protection
R2.3 Modern social protection delivery mechanisms are established with the support of the private sector where they have a comparative advantage (e.g. banks, post office and telecommunications providers)	- percentage of cash transfers delivered electronically or by post offices	- Administrative statistics of DSW and MoLSS. - MoUs and contracts with private service provider organisations.
R2.4 Synergies between the government and civil society organisations and other non-state actors playing a role in the delivery of social services are reinforced, and civil society demand for comprehensive social protection is increased	- Number of coordination meetings held between government and civil society on issues of social protection;	- Minutes of coordination meetings.
Specific Objective 3: The rights of the poorest and most vulnerable children and adolescents and those with special needs are protected		
Expected Results	Indicators	Means of Verification
R3.1 Families with children with special needs are better supported	- Percentage of families with children with special needs receiving support.	- Statistics of DSW and MoET on service provision.
R3.2 Social protection systems are in place to ensure improved access to education, and/or community-based rehabilitation, and/or special day centres for special education for the poorest and most vulnerable children and youth with disabilities	- Rates of school enrolment, attendance and completion, especially for the poorest and most vulnerable children and those with special needs; - Participation rates in vocational training, especially for the poor and vulnerable youth	- MoET administrative statistics.

The results, indicators and means of verification specified in the present annex may need to evolve to take into account changes intervening during the programming period.

ANNEX 4: INDICATIVE TIME TABLE FOR COMMITMENTS OF FUNDS

	Indicative Allocation	2014		2015		2016		2017	
		1	2	1	2	1	2	1	2
Sector									
1. Agriculture (with emphasis on Food Security)	€40 M		12		10		10		8
2. Social Protection	€15 M		5.8		5		4.2		
Support Measures									
3. Measures to support the programming, preparation or implementation of actions	€3.5 M		1		2.5				
4. Support to the National Authorising Officer	€3.5 M				3.5				
TOTAL	€62 M		18.8		21		14.2		8

