

AFRICAN DEVELOPMENT FUND



ZIMBABWE

STRENGTHENING INSTITUTIONS OF TRANSPARENCY AND ACCOUNTABILITY (SITA)

APPRAISAL REPORT

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Currency Equivalents

As of 07 May 2015

1 UA = USD 1.40

Fiscal Year

1st January – 31st December

Weights and Measurements

1 metric tonne	=	2204 pounds (lbs)
1 kilogramme (kg)	=	2.200 lbs
1 metre (m)	=	3.28 feet (ft)
1 millimetre (mm)	=	0.03937 inch (“)
1 kilometre (km)	=	0.62 mile

Acronyms and Abbreviations

ACCA	Association of Chartered Certified Accountants	PFAR	Project Fragility Assessment Report
ACBF	African Capacity Building Foundation	PFM	Public Financial Management
ADF	African Development Fund	PCU	Project Coordination Unit
AfDB	African Development Bank Group	PoZ	Parliament of Zimbabwe
CBPFEM	Capacity Building for Public Finance and Economic Management	PPP	Public Private Partnership
CIFA	Country Integrated Fiduciary Assessment	PSC	Project Steering Committee
CISA	Certified Information System Audit	SADC	Southern Africa Development Community
CPA	Certified Public Accountants	SAPST	Southern Africa Parliamentary Support Trust
CSI	Core Sector Indicator	SITA	Strengthening Institutions of Transparency and Accountability
CSO	Civil Society Organisation	SMP	Staff Monitoring Program
DfID	Department for International Development	TIZ	Transparency International-Zimbabwe Chapter
FM	Financial Management	UNDP	United Nations Development Program
GISP	Governance and Institutional Strengthening Project	UNICEF	United Nations International Children's Emergency Fund
GoZ	Government of Zimbabwe	USAID	United States Agency for International Development
GNU	Government of National Unity	USD	United States Dollar
HR	Human Resources	WLA	Women Law Association
ICAZ	Institute of Chartered Accountants of Zimbabwe	ZELA	Zimbabwe Environmental Law Association
IFMIS	Integrated Financial Management Information System	ZEPARU	Zimbabwe Economic Analysis Research Unit
IFRS	International Financial Reporting Standards	ZIM-ASSET	Zimbabwe Agenda for Sustainable Socioeconomic Transformation
IMF	International Monetary Fund	ZIMFUND	Zimbabwe Multi-donor Trust Fund
IPSAS	International Public Sector Accounting Standards	ZANU-PF	Zimbabwe African National Union – Patriotic Front
MoFED	Ministry of Finance and Economic Development	ZWFO	Zimbabwe Field Office
MDGs	Millennium Development Goals	ZWRC	Zimbabwe Women Resource Centre
OAG	Office of the Auditor General		
OPEV	Operations Evaluation Department (of AfDB)		
PEFA	Public Expenditure and Financial Accountability		

Grant Information

Client's information

RECIPIENT: Republic of Zimbabwe
EXECUTING AGENCY: Parliament of Zimbabwe

Financing plan

Source	Amount (UA)	Instrument
ADF ¹	2.0 Million	Grant
GoZ	0.3 Million	Contribution in Kind
TOTAL COST	2.3 Million	Grant

Timeframe - Main Milestones (expected)

Concept Note approval	April 2015
Appraisal	April 2015
Project approval	June 2015
Effectiveness	August 2015
Mid-term Review	June 2017
Completion	December 2018
Closing date	March 2019

¹ The Board of Directors approved, on 3rd December 2014, the use of the 50 percent of the performance-based allocation for capacity building prior to debt regularization (Ref: ADB/BD/WP/2014/187 and ADF/BD/WP/2014/113)

Project Summary

Paragraph	Topics covered
Project Overview	<p><u>Project name:</u> Strengthening Institutions of Transparency and Accountability (SITA) <u>Geographic scope:</u> Entire country <u>Implementation timeframe:</u> 2015-2018 <u>Total Project cost:</u> UA 2.2 million <u>Expected Outcomes and Outputs:</u> The expected outcome is greater public oversight and accountability in public finance and implementing gender sensitive policy. This will be achieved through the following output level results: (a) strengthened role of Parliament in law making, oversight and accountability; (b) enhanced capacity of Parliamentary women caucus; (c) enhanced capacity of the Auditor General; and (d) enhanced partnership between Parliament and Civil Society.</p> <p><u>Project direct beneficiaries:</u> The project will enhance the capacity of transparency and accountability institutions (the Parliament of Zimbabwe and the Office of Auditor General), and support Civil Society Organisations working in economic and financial governance, women rights and Parliamentary capacity building initiatives. The indirect beneficiaries are the general population of Zimbabwe, and the private sector who will also benefit from (a) a more transparent and accountable public sector service delivery, and (b) improved participation of civil society in the Parliamentary process.</p>
Needs Assessment	<p>The decade of significant economic decline (1999-2008) severely compromised basic service delivery, infrastructure maintenance, investment climate for private sector, governance and accountability. This has also affected the institutional capacity of public oversight and accountability institutions such as Parliament, Auditor General Office and Civil Society Organisations. The new Constitution of Zimbabwe (2013) expanded the core mandate of Parliament with the inclusion of clauses that strengthen its legislative, representative and oversight roles. In its Preamble, the Constitution recognises the need to entrench democratic, transparent and accountable governance as well as the rule of law. A significant majority of Members of Parliament (MPs) are new, and hence there is need for strong capacity development programs in order to ensure that the decisions of the legislature are anchored on knowledge and skill. A baseline study conducted in the Seventh Parliament indicated significant knowledge and skills gap amongst Parliamentarians that need to be addressed. The Bank's fragility assessment for Zimbabwe has identified lack of effective institutions and weak state capacity as key drivers of fragility. The Project will thus provide targeted support to selected portfolio committees, while the UNDP managed program will support the other Parliamentary committees. The capacity building support under the Project will include supporting: the establishment of a Parliament Budget Office; Parliamentary Legal Committee; Portfolio Committees on Finance and Economic Development; Public Accounts Committee; Mines and Energy; and the Parliamentary Women Caucus. These committees are key for improving economic and financial governance, promoting gender equity, and creating a conducive business enabling environment. Through well-targeted capacity building intervention, this Project will make a significant contribution to addressing institutional and human capacity constraints to effective delivery of the expanded mandate of Parliament.</p>
Bank's Added Value	<p>The project builds upon previous and on-going Bank supported capacity building programs and complements other Development Partners' interventions in Zimbabwe. The Bank's added value in providing this Project derives from a number of factors, including: (1) the Bank's previous experience in the country (e.g. the range of interventions under the ADF-12, FSF Pillar III, and the ZimFund), and other operations in Regional Member Countries have generated lessons learned which have been incorporated into the project design; (2) the presence of the Country Office has opened space for candid dialogue with Government, and for building partnership with other development partners. It has also enabled a strong understanding of the political context and technical issues which enriched the operational design; (3) the Bank's experience in contributing to building effective and resilient institutions of oversight and accountability; and (4) the Bank enjoys support from authorities as an African institution that is mandated to take a lead role in Zimbabwe's re-engagement with the international community. The Project will also contribute to address drivers of fragility in the governance sector by strengthening oversight institutions and building capacity in areas of accountability and debt management. It will also strengthen the trust between state institutions (such as the PoZ) and CSOs, thereby addressing issues of social dialogue.</p>
Knowledge Management	<p>The Project will contribute to knowledge building through skills and knowledge transfer from consultants, training providers, and research; supplemented by experience sharing visits and partnership arrangements with peer institutions in the Region. The Bank will capture and disseminate knowledge and experience through sharing the findings of supervision missions, progress reports, and the Project Completion Report. Lessons learned and experience gained will be available to inform future operations. The Bank will capture and disseminate knowledge through Result Based M&E, and Project Completion Report.</p>

VII. Result-based Logical Framework

Country and project name: Zimbabwe: Strengthening Institutions of Transparency and Accountability						
Purpose of the project : To Improve Transparency and Accountability in the Public Sector, and Promote Gender Equality						
RESULTS CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/MITIGATION MEASURES	
	Indicator (including CSI)	Baseline	Target			
IMPACT	Sustained economic recovery through improved public sector governance and gender equality	a. GDP growth b. Mo Ibrahim Index (accountability) c. Gender equality index	<u>2014</u> a) 3% b) 38.9 c) 0.516	<u>2019</u> a) 5% average (annual) b) 45 c) 0.605	IMF report Mo Ibrahim Index Human development report	Risk#1: Macroeconomic instability. Mitigation: Enhanced dialogue with IFIs. Support to sustain reform implementation including the IMF SMP
	OUTCOMES	Outcome 1: Greater public oversight and accountability in public finance and gender sensitive policy implemented	a. Legislative scrutiny of annual budget and audit reports b. Parliament gender policy	<u>2012</u> PI-26 C+ PI-27 C+ PI-28 D+ No Policy	<u>Target by 2018</u> PI-26 = B+ PI-27 = B+ PI-28 = B Administration of Parliament Gender policy developed and launched by 2018		PEFA report Parliament report
OUTPUTS	Component 1: Improved capacity and effectiveness of Parliament					
	Output 1.1 Strengthened role of parliament in law making, oversight and accountability	a) Establishment of Budget Office b) Training for MP c) Alignment of laws with the new constitutions d) Capacity development assessment and training manual	a) NA b) 10 in 2014 c) 200 laws due for alignment d) 2012 baseline survey	a) Budget Office established by 2016 b) 150 MP trained O/w all women MP (34%) by 2017 c) 10 laws aligned by 2017 d) Based line survey updated and training manual for MPs developed by 2017	Progress report Supervision report Parliament report	Risk 2: Implementation capacity constraints. Mitigation: PCU in place to manage and coordinate project implementation. Additional capacity building under the project. Bank's implementation support and supervision mission Risk 3: Fiduciary risk. Mitigation: Project support will improve fiduciary environment. PCU capacity and complemented by the use of third party (ACBF) to administer the special account. Compliance with the Bank's procurement of goods and services, annual audit reports and training.
	Output 1.2 Enhanced capacity of Parliamentary Women Caucus	a) Revision of laws with greater impact on women's right & gender equality b) Training for women caucus members c) Partnership MOU with CSOs	a) 10 laws due for amendment b) 10 MPs trained in 2014 c) Nil	a) 10 laws reviewed (2017) b) 38 women caucus members trained (2017) c) 2 MOU signed with 2 CSOs by 2017		
	Output 1.3 Enhanced demand-side accountability	(a) Partnership MOUs between PoZ and CSOs (b) # joint parliament training and studies published	a) 1 (2014) b) Nil	a) 5 MOUs signed (2017) b) 3 reports published (2015)		
	Component 2: Enhanced capacity and effectiveness of the Auditor General					Risk 4: Limited social dialogue and space: MoUs to be signed which will explicitly explain roles of all parties involved. Resources for supporting COSS engagement to be 'ring-fenced'.
	Output 2.1 Enhanced capacity of the Auditor General's Office	a) Training for auditors b) # value for money audit published c) Human resource policy developed and adopted	a) 25 auditors in 2014 b) 2 c) Nil	a) 100 auditors trained O/w 30% are female b) 5 value for money audit produced and published c) Human resource policy adopted by 2017	Progress reports Supervision report	
Component 3: Project Management Support					Risk 5: Funding overlap. Bank's engagement with the donor working group and joint implementation arrangement will ensure synergy and avoid duplication of funding.	
Output 3.1: Improved project implementation and coordination	Annual audit, quarterly progress report, and Impact assessment report	N/A	a) Annual audit report b) Impact/Result assessment report by 2017	Progress reports		

KEY ACTIVITIES	COMPONENTS	INPUTS
	<p>Component 1: Parliament</p> <ul style="list-style-type: none"> - Training and technical Assistance - Procurement and Supply of IT equipment and office furniture - Developing MOU to enhance partnership between Parliament and CSOs - Training workshop and consultation seminars - Technical assistance and commissioning research work <p>Component 2: Auditor General</p> <ul style="list-style-type: none"> - Staff Training and Professional Development Programs - Procurement and supply of hardware and management of information systems - Technical assistance <p>Component 3</p> <ul style="list-style-type: none"> - Monitoring and evaluation, staff training, audit, and impact assessment 	<p>ADF Grant : UA 2 million Government contribution : UA 0.3 million</p> <p>Component 1: UA 1.05 Million Component 2: UA 0.62 Million Component 3: UA 0.63 Million</p>

Table 1: Project Time Frame/Implementation Schedule
Zimbabwe: Strengthening Institutions of Transparency and Accountability

Activities/Years	2015	2016				2017				2018			Action by
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Project Processing and Management													
Grant approval													AfDB
Signing Protocol of Grant Agreement													AfDB & GoZ
Project Effectiveness and Launching													AfDB & GoZ
Supervision and Monitoring													AfDB
Mid-term Review													AfDB
Project Completion Report													AfDB & GoZ
Component 1: Improved Transparency in Public Finance													
A. Procurement of Good													GoZ
B. Training													GoZ
C. Technical Assistance													GoZ
Component 2: Increasing Transparency and Effectiveness in Economic and Sector Management													GoZ
A. Procurement of Goods													GoZ
B. Training													GoZ
C. Technical Assistance													GoZ
Component 3: Project Management Support													GoZ

REPORT AND RECOMMENDATION OF THE MANAGEMENT OF THE ADB GROUP TO THE BOARD OF DIRECTORS ON A PROPOSED GRANT TO ZIMBABWE FOR THE STRENGTHENING INSTITUTIONS OF TRANSPARENCY AND ACCOUNTABILITY PROJECT

Management submits the following Report and Recommendation on a proposed ADF Grant for UA 2.0 million to the Republic of Zimbabwe to finance the Strengthening Institutions of Transparency and Accountability (SITA) Project.

I. STRATEGIC THRUST AND RATIONALE

1.1 Project Linkages with Country Strategy and Objectives

1.1.1 **The proposed operation is aligned with the Country's Development Plan - the Zimbabwe Agenda for Socio-Economic Transformation (Zim-Asset, 2013-2018)**, which outlines the priorities for inclusive and sustainable economic growth. The overarching goal of the Plan is to reduce poverty, create jobs, maintain macroeconomic stability and restore the economy. To achieve this objective, the Government has identified key priority areas (Box 1) which are categorised into four clusters: Food Security and Nutrition; Social Services and Poverty Reduction; Infrastructure; and Value Addition and Beneficiation. To buttress these clusters, sub-clusters were developed for Fiscal Reform, and Public Administration and Governance Reforms. The key result areas of these sub clusters are, among others, improved transparency and accountability in the public sector; strengthening Parliament's oversight role; and improved efficiency and accountability in the use of public resources at all levels. The proposed operation falls under key result areas for strengthening role of Parliament to promote governance and accountability (Technical Annex A).

Box 1: National Development Priorities:

- Infrastructure development;
- Human development and poverty reduction;
- Employment creation;
- Entrepreneurship and investment promotion;
- Maintaining macroeconomic stability;
- Good governance and combating corruption;
- Prudent/Transparent natural resource management;
- ICT and science and technology; and
- Gender mainstreaming.

Source: MTP, 2011-2015

1.1.2 **The project fits firmly within the objectives and priorities of the Zimbabwe Country Brief (2014-2016)**. The Country Brief highlights the need to augment and consolidate Bank's support for governance and institutional capacity strengthening, with emphasis on public oversight and natural resources management. It is also consistent with the Bank's Long-Term Strategy, 2013-2022 (governance and accountability), Gender Strategy, 2014-2018 (gender mainstreaming), Governance Strategic Framework and Action Plan, 2014-2018 (public sector and economic management, and cross-cutting issues) and ADF-13 operational priorities to promote greater transparency and accountability through strengthening the Parliamentary oversight role, and demand-side governance. The project is also in line with the Bank Group's Strategy on Addressing Fragility and Building Resilience in Africa. A key focus of the strategy is strengthening state capacity, establishing effective institutions and promoting inclusiveness in order to build resilient societies. The Project will also support Government efforts towards inclusive growth through strengthening the role of Parliamentary women caucus to promote women's rights and gender equity.

1.1.3 **The Project is also consistent with Zimbabwe's Institutional Strategic Plan for Parliament (2014-2018), and the work plan of the Office of the Auditor General (OAG, 2015-2019)**. The strategic plan provides a framework for capacity building assistance by development partners, including the Bank. The top priorities and targets of the strategic plan include: (a) alignment of bills to the new Constitution; (b) establishment of a budget office; (c) capacity development support to Parliamentary portfolio committees; and (d) enhancing partnership between Parliament, the audit office and civil society organizations. The Parliamentary Public Accounts Committee relies heavily on the timely submission of the Auditor General's reports. It is therefore important to strengthen the institutional capacity of the Auditor General's Office to effectively conduct its work on the basis of modern audit methodologies. The capacity of civil society organisations is weak, the current state of engagement and dialogue between the state and CSOs needs improvement, and some of these CSOs are confrontational in their approach. The

proposed Project will directly address weaknesses and capacity gaps in Parliament and OAG, and facilitate partnership with CSOs working on economic governance..

1.2 Rationale for Bank's Involvement

1.2.1 In recent years, Zimbabwe has seen a number of political developments that include the signing of a tripartite Global Political Agreement, formation of a Government of National Unity (2009-2013) and a Parliament-led process of Constitution-making supported by Development Partners. A constitutional referendum was held in March 2013, and the new Constitution, which was approved by 94.5% of voters, came into force on 22nd May 2013 and culminated in harmonized elections held on 31st July 2013. The post-election period has brought closer collaboration between Development Partners and State institutions such as the Parliament of Zimbabwe. This closer collaboration is expected to further strengthen the robust Development Partners' assistance to the Parliamentary Support Program.

1.2.2 Although Zimbabwe was well on the path to middle income status in the 1980s and much of the 1990s, the country has since suffered from protracted fragility induced by recurrent cycles of political and economic crises. The decade of significant economic decline (1999-2008) severely compromised basic service delivery, infrastructure maintenance, investment climate for private sector, and governance and accountability. This has also negatively impacted the capacity and effectiveness of transparency and accountability institutions, including Parliament, National Audit Office, and Civil Society Organizations. However, during the past four years, relative political stability, the adoption of a multi-currency regime and economic reforms have generated need for re-building capacity of state institutions and non-state actors in Zimbabwe.

1.2.3 Government continues to implement structural and policy reforms aimed at tackling the country's economic challenges, supported by an International Monetary Fund Staff Monitored Program (SMP). The program has been under implementation since June 2013, offering the opportunity for Zimbabwe to establish a track record on macroeconomic management. Following the successful completion of SMP I, the main objective of SMP II is to strengthen the country's external position, as a prerequisite for arrears clearance, resumption of debt service and restoration of access to external financing. To this end, GoZ plans to implement a number of key structural reforms to consolidate the fiscal position, accumulate international reserves, restore confidence in the financial sector and mobilize support for resolving the country's external debt. By strengthening institutions of accountability, the Project will support the country's engagement with the international community including reform implementation under the SMP.

1.2.4 The proposed operation will complement and enhance the effectiveness of the Bank's ongoing projects in Zimbabwe, by focusing on the demand side of governance and assist improve PEFA ratings in areas of budget scrutiny and oversight (PI-26, 27 and 28 ranged from C+ to D+ in 2012). The ongoing Projects are focused on strengthening PFM capacity and mining sector transparency in the Ministries and Agencies (Box 2). However, there is need to complement these by looking at demand-side governance and strengthening oversight institutions, including support for enhancing the role of Parliament and the Audit Office.. There are also synergies with the multi-donor Parliament support program, in that the operation will provide technical assistance to selected portfolio committees (e.g. PAC, and portfolio committees on agriculture, mines and energy, and finance and economic development) ensuring complementarity with the Bank's portfolio in the country (PFM, and mining sector transparency).

Box 2: Bank’s ongoing support to governance and accountability in Zimbabwe

Since 2012, the Bank has approved two institutional support projects focusing on financial and economic governance. Both Projects were developed in an effort to strengthen institutional weaknesses in public finance and economic management. *The first project, “Capacity Building for Public Finance and Economic Management (CBPFEM),*² has been instrumental in strengthening the capacity for debt, revenue and financial management, as well as strengthening the economic statistical capacity to inform the policy debate and design of a framework for establishing Special Economic Zones to boost economic growth by creating an improved, more competitive investment climate.

*The second project “Governance and Institutional Strengthening Project (GISP)*³ continues to strengthen capacity and reform in the areas of public procurement and internal audit functions across government. It also promotes transparency in managing mining revenues, through provision of modern geological and cartographic equipment, training and economic sector studies to inform the policy and legal framework for transparent and accountable use of natural resources in the extractive industry. Assistance to the Reserve Bank of Zimbabwe, particularly the provision of ICT equipment and upgrading of the networking and core banking systems, has strengthened banking supervision capacity.

1.2.5 The project aims to improve transparency and accountability through strengthening public oversight institutions in Zimbabwe. The new Constitution expanded the core mandate of Parliament with the inclusion of clauses that strengthen its legislative, representative and oversight roles. In its Preamble, the Constitution of Zimbabwe (2013) recognises the need to entrench democratic, transparent and accountable governance as well as the rule of law (Box 3). A significant majority of Members of Parliament (MPs) are new, and hence there is need for strong capacity development programs in order to ensure that the decisions of the legislature are anchored on knowledge and skill. A baseline study conducted in the Seventh Parliament indicated significant knowledge and skills gap amongst Parliamentarians that need to be addressed. While all the Committees require support, the Project will provide targeted support to a selected number of portfolio committees, while the UNDP managed program will support the other Parliamentary committees. The capacity building under the Project will include supporting: the establishment of a Parliament Budget Office; Parliamentary Legal Committee; Portfolio Committees on Finance and Economic Development; Public Accounts Committee; Mines and Energy; and the Parliamentary Women Caucus. These committees are key for improving economic and financial governance, and promoting gender equity. Through well-targeted capacity building intervention, this Project will make a significant contribution to addressing institutional and human capacity constraints to effective delivery of the expanded mandate of Parliament.

Box 3: Strengthened role of Parliament in public sector transparency and accountability

Parliament plays a critical role in improving governance and accountability of public resources by providing checks and balances, especially relating to the executive. The primary responsibility of the Parliament of Zimbabwe is to enact laws, to represent people in the governance of the country and to exercise oversight in accordance with Constitutional provisions. Section 119(3) of the Constitution further provides that “*all institutions and agencies of the State and government at every level are accountable to Parliament*”. In addition, Section 298 of the Constitution provides principles that must guide all aspects of public finance in Zimbabwe, while Section 299 outlines Parliament’s oversight of State revenues and expenditure. Section 299 (Chapter 17) makes it an obligation on the part of Parliament to monitor and oversee expenditure by the State and all commissions and institutions and agencies of government at every level, including statutory bodies, government-controlled entities, provincial and metropolitan councils and local authorities. Such oversight has to ensure that all revenues are accounted for, all expenditure has been properly incurred and any limits and conditions on appropriations have been observed. The Public Finance Management Act gives Parliament great scope to monitor budget performance. The proposed operation aims to strengthen the role of the portfolio committee on finance and economic development, and the Public Accounts Committee on budget oversight and scrutiny. Furthermore, in light of the country’s debt overhang, Section 300 of the Constitution requires the Act of Parliament to prescribe terms and conditions under which the Government may guarantee loans. It is therefore critical for the Finance and Economic Development Portfolio Committee to be conversant with debt management, and also to take the lead in the enactment of an Act of Parliament that set limits on borrowings by the State, the public debt, and debt and obligations whose payment or repayment is guaranteed by the State. The Project intends to address capacity gap in debt management through training and technical assistance.

² CBPFEM was approved in December 2012 (Ref: ADF/BD/WP/2012/59) and effective on 23 January 2013

³ GISP was approved on 12 December 2013 (Ref: ADF/BD/WP/2013/145) and effective on 22 January 2014

1.2.6 As part of Parliamentary reform and capacity building, PoZ adopted a new Institutional Strategic Plan covering the period 2014-2018. The main priorities of the strategic plan include: (a) Alignment of Bills to the New Constitution- 400 pieces of legislation would need to be urgently aligned to the new Constitution. As such, strengthening the capacity of Members of Parliament (MPs) is a major priority to enable them to effectively review and scrutinize legislation to be brought before Parliament for alignment; (b) Improve accountability in the management of public resources, and in service delivery, through strengthening the capacity of Members of Parliament to track and monitor the use of public resources by all institutions of the state. This will involve support to establishing a Budget Office, and capacity development for the Parliamentary Committee on Finance and Economic Development, and the Public Accounts Committee (PAC). The Parliament Budget Office (PBO) was conceived to support the legislative, oversight and representative roles of Parliament through analysing and simplifying economic policies for MPs and the 26 Parliamentary Committees. This was in recognition of the gaps noted, in the capacity of Members, in budget analysis and economic literacy as highlighted by the Baseline Surveys done in 2010; the differences in the professional and educational backgrounds of MPs; and the need to bring Parliament at par with the Executive in terms of its expertise in the budgeting process; (c) Enhance capacity of the administrative arm of Parliament to provide effective and efficient services to MPs ; (d) Enhance the role of Parliament in national development; and (e) Modernize the work of Parliament through ICT, and strengthen its capacity to deliver its mandate effectively.

1.2.7 Despite progress in putting appropriate Constitutional provisions and ratifying conventions on gender, women remain under represented both in Parliament (34%) and in the cabinet (6%), ratios that are well below the 50% national target and the SADC protocol on gender and development to which Zimbabwe is a signatory. In addition, the representation of women in local authorities has decreased from 19 % in 2008 to 16% in 2013, due to the absence of a legislated quota at this level. The Zimbabwe Gender Commission, one of the Independent Commissions (Chapter 12 of the Constitution) aimed at ensuring gender equality and dealing with discrimination, is yet to be established. The Parliamentary Women Caucus is in place to spearhead gender mainstreaming issues, but it lacks capacity in a number of areas, including gender budgeting and mainstreaming and ICT.

1.2.8 The Office of the Auditor- General of Zimbabwe plays a vital role in strengthening public sector transparency and accountability. The Office is uniquely suited to provide independent views on the quality of public sector management, and the extent to which the executive branch of Government is operating within the law. Furthermore, the promulgation of the Audit Office Act (2011) resulted in the expansion of the Office's mandate to include the audit of Local Authorities and Public companies. Government expenditure from domestic resources is expected to increase by at least 10% per year during the 2015-2019 period. However, the lack of external audit capacity has been an issue raised in Public Finance Management (PFM) assessment. Recent and planned government reforms, including greater independence for the OAG, introduction of PFMS/IFMIS and performance audit, will all have significant implications for the organisation, role, functions and activities of the OAG. The Public Accounts Committee relies heavily on the timely submission of the Auditor General's reports. It is, therefore, important to strengthen the Office to effectively conduct audits using modern audit methodologies. The proposed Project will directly address these capacity gaps.

1.2.9 Enhancing demand-side governance, and strengthening the role of oversight institutions through fostering partnership between civil society and Parliament, is critical for sustaining the reforms. The new Constitution makes it mandatory for Parliament to facilitate public involvement in its legislative functions and processes, as well as in the activities of its committees. The Parliament is also supposed to ensure that the public is consulted on any bills under consideration. PoZ continues to strengthen its capacity for law- making, oversight and representation through building partnership with civil society organizations (CSOs). It is thus essential to invest in partnership and collaboration with CSOs working on economic and financial governance and gender issues, in order to effectively represent citizens' interests and give them greater voice on national issues. This will promote more open and participatory governance. However, Parliament lacks the capacity and resources to carry out its oversight responsibilities – particularly through the budget process and legislative leverage – to ensure that the needs of citizens, including the poor, are taken into account in the design and delivery of programs and services.

PoZ will continue to strengthen partnership with CSOs in the tasks of reviewing and aligning existing laws with the new Constitution, enhancing public oversight of the budget, and implementing Government policies and programs.

1.3 Development Partners Coordination

1.3.1 **Development partners’ engagement in Zimbabwe is coordinated, but aid financing is being channeled through a range of modalities that mostly bypass Government systems⁴.** Overseas Development Assistance was channeled through the Multi-Donor Trust Fund (ZimFund) administered by the Bank; the Analytical Multi-Donor Trust Fund managed by the World Bank; and the multi-donor support program for Parliament managed by UNDP. However, the Government set up a Cabinet committee (in June 2014) on aid coordination to oversee all aid inflows into the country. In addition, the Government is in the process of reviewing the aid architecture for effective development coordination. The Zim-Asset implementation also envisages the inclusion of all development partners and civil society.

1.3.2 **There is strong commitment by cooperating partners to support capacity development of the Parliament of Zimbabwe, Office of Auditor General and civil society organizations.** The main partners supporting capacity development of Parliament and other key accountability institutions in Zimbabwe, apart from the Bank, include Sweden, DFID, USAID, Switzerland, UNDP and European Union (Appendix IV). The Bank will continue deepening its collaboration with the development partners with a view to providing an effectively coordinated support to accountability institutions.

II. PROJECT DESCRIPTION

2.1 Project Components

2.1.1 Project Objectives: The project’s broad development objective is to improve transparency and accountability in the public sector and promote gender equality for inclusive and sustainable economic development. The specific objective is to improve institutional capacity and effectiveness of institutions of public oversight and accountability. The project has three mutually reinforcing components: (i) improved capacity and effectiveness of Parliament; (ii) enhanced capacity and effectiveness of the Office of Auditor General; and (iii) Project management support.

2.1.2 Project Components: The major activities under each component are summarized in Table 2 below, while the detailed description of project components and costs is presented in Technical Annex B.2.

Table 2: Project Components

Components	Activities
Component 1: Improved institutional capacity of Parliament (UA 1.05)	<p>Objective: Strengthen the institutional capacity and oversight function of Parliament.</p> <p>Sub component 1.1 Support to Establish a Parliamentary Budget Office. Key activities are:</p> <ul style="list-style-type: none"> • Provision of IT equipment and office furniture to budget office; • Budget office technical staff (budget officers, and economists) training and attachment; • Technical assistance and analytical work – budget and economic analysis <p>Sub component 1.2 Support to Parliamentary Committees. Key activities:</p> <ul style="list-style-type: none"> • Technical assistance to review and align existing legislation with the Constitution; • Training for Parliamentary Legal Committee, and Portfolio Committee on (a) Mines and Energy, (b) Finance and Economic Development, (c) Public Accounts Committee, and (d) Committee on Agriculture, mechanization and irrigation development; • Joint training with the PAC on interpreting audit reports and mechanisms for follow up and implementation of audit recommendations; • Support to Public Accounts Committee to analyze and review audited accounts; value for money audits; and post audit follow up action plans; • Training on economic policy, legal framework, and debt management; • Information and IT Center for parliamentary Committees Peer learning, twinning, and experience sharing/benchmarking visits.

⁴ Zimbabwe Public Expenditure Notes: Strengthening Institutions for the Preparation of Government Budget, 2011

Components	Activities
	<p>Sub component 1.3 Support to Zimbabwe Women Parliamentary Caucus to foster gender equality. Key activities under this component will include:</p> <ul style="list-style-type: none"> • Technical assistance to review and align existing legislation with greater impact on women’s rights and gender equality; • Technical assistance to enhance partnership between the Zimbabwe Women Parliamentary Caucus and professional women associations and bodies (e.g. business, lawyers, Ministry of Women Affairs, Gender and Community Development); and • Training on gender responsive budgeting, budget tracking, and gender mainstreaming <p>Sub component 1.4 Enhancing demand-side of accountability. Key activities include:</p> <ul style="list-style-type: none"> • Support to budget public hearing, seminars and workshops; • Support partnership and joint work between three Parliamentary portfolio committees, and local organizations working with Parliament (e.g. SAPST, ZELA, TIZ, ZEPARU, ZWRC, and ZWLA); • Support to parliament and civil society joint initiatives on budget transparency, monitoring and extractive industry governance, as well as engaging in debt relief processes; • Technical assistance and commissioning research work to promote public sector transparency and accountability;
Component 2: Strengthening capacity of the Office of the Auditor General (UA 620,000)	<p>Objective: Improve public finance oversight and accountability. Key activities will include:</p> <ul style="list-style-type: none"> • Training and professional development program (IFRS, IPSAS, Audit Flow, ACCA, ICAZ, CPA, CISA); • Technical assistance to develop Human Resource Policy; • Provision of IT equipment, management information system and audit flow.
Component 3: project management support (UA 630,000)	This will finance monitoring and evaluation activities, audit, hiring a procurement officer, and M&E specialist, provision of ICT hardware and software, publication of Parliamentary journals, staff training and operating costs.

2.2 Technical Solution Retained and Other Alternatives Explored

2.2.1 During project preparation and appraisal, several options were explored regarding the areas of intervention; the scope and focus of activities; the implementation modalities and value for money. Based on experience and lessons learned, as well as the other development partners’ planned activities, it was agreed that, in order to build on gains from previous Bank interventions, the proposed operation will be guided by: (a) selectivity and complementarity – to consolidate and complement the on-going Bank support to public finance and economic management by focusing on Parliament and Auditor General’s Office. There are also synergies with the multi-donor Parliamentary support program through providing targeted support to selected portfolio committees (i.e. Public Accounts Committee, Portfolio Committees on Finance and Economic Development as well as Mines and Energy; Agriculture; and Zimbabwe Parliamentary Women Caucus); (b) partnership with CSOs and training institutions to deliver capacity building support; and (c) focus on rebuilding systems, legal framework, and governance arrangements through peer learning, experience sharing visits, and technical assistance in applying new technologies and practices. A summary of the technical consideration and project design options is presented in Table 3 below.

Table 3: Project Alternatives Considered and Reasons for Rejection

Alternative	Brief Description	Reason for Rejection
Establishing a parallel implementation arrangement/unit (PIU) solely for the project	Instead of setting up a parallel PIU, the PAR proposed to use the existing Project Coordination Unit and mechanisms developed for the multi-donor support program for the Parliament and Office of the Auditor General of Zimbabwe (2014 – 2017)	The proposed arrangement will increase synergy and achieve value for money as it allows effectively utilising existing staff and enhancing structures, reducing transaction costs, and coordination more effectively. The existing arrangement complies with the Bank’s fiduciary and legal requirements.
Pooling of resources through Multi-donor Trust Fund	ADF resources to be channelled through a Multi-donor Trust Fund (MDTF). The current funding arrangements are targeted to infrastructure, service delivery, and analytical work, as well as the	The Bank is currently managing programmatic MDTF (ZimFund) for infrastructure and the World Bank is managing the MDTF for analytical work and infrastructure. UNDP is managing a multi-donor support program for Parliament and Auditor General. Though there are opportunities for the Bank to

	broader capacity development of Parliament and Auditor General.	contribute towards the multi-donor support program for Parliament, it was agreed with stakeholders (including UNDP and other partners) that the Bank's support should be focused on specific portfolio committees and areas that are not covered under the multi-donor program. Further, it was agreed to use a common project coordination and management arrangements including review and reporting arrangements to reduce transaction cost.
ISP that include support to several institutions	Government requested for a capacity building project in areas such as procurement reform, result and delivery unit, Reserve Bank of Zimbabwe, state owned enterprises reform, special economic zone, and Parliament.	The recent OPEV evaluation and lessons from previous operation suggest that the need to avoid the risk of spreading projects too thinly across many beneficiary institutions, particularly where the overall funding envelope is limited. The proposed operation is focused and provide targeted capacity building support to Parliament and OAG.

2.3. Project type

2.3.1 **The proposed operation is an institutional support project designed to complement the ongoing institutional support projects (i.e. CBPFEM and GISP), and other partners' interventions, including the UNDP managed multi-donor support program for Parliament and Auditor General.** Through the proposed Project, PoZ and OAG have clearly identified and prioritised their respective capacity building needs and interventions. The Bank will thus play a major role in contributing to strengthening the governance framework by improving the oversight functions of Parliament and OAG.

2.4 Project Cost and Financing Arrangements

2.4.1 **The estimated total cost of the project, net of taxes and duties, is UA 2.3 million (including 13% GoZ's contribution).** A price contingency of 4%, and a physical contingency of 3%, have been factored in the project cost. Tables (4a) and (4b) present the estimated project cost by component and sources of finance, whereas Tables (4c) and (4d) present the estimated project costs by Category of Expenditure. Details of the Project cost by component and expenditure category are also presented in Technical Annex B2. The Bank will finance UA 2.0 million while the GoZ's contribution is expected to be UA 0.3 million.

Table 4(a): Project cost estimates by component

	(USD Million)			(UAC Million)				
	Local	Foreign	Total	Local	Foreign	Total	% Foreign	% of Total
Component 1: Improved Capacity and Effectiveness of Parliament								
1.1 Establishment of a Parliamentary Budget office	0.01	0.13	0.14	0.01	0.09	0.10	90%	4%
1.2 Support to Parliamentary Committees	0.25	0.49	0.74	0.18	0.35	0.53	66%	23%
1.3 Support to Zimbabwe Women Parliamentary Caucus	0.13	0.06	0.19	0.09	0.04	0.14	32%	6%
1.4 Enhance partnership and demand-side accountability	0.39	-	0.39	0.28	-	0.28	0%	12%
Sub Total (A)	0.79	0.68	1.47	0.56	0.48	1.05	46%	46%
Component 2: Enhanced Capacity and effectiveness of the Office of the Auditor General								
2.1 Professional development	0.42	0.36	0.78	0.30	0.26	0.56	47%	24%
2.2 Institutional Strengthening	0.06	0.03	0.09	0.04	0.02	0.06	38%	3%
Sub Total (B)	0.47	0.40	0.87	0.34	0.28	0.62	46%	27%
Component 3: Project Management Support								
3.1 Project management	0.40	0.02	0.42	0.29	0.01	0.30	4%	13%
3.2 ACBF Fund Admin Fees	0.05	-	0.05	0.04	-	0.04	0%	2%
3.3 GoZ Contribution	0.42	-	0.42	0.30	-	0.30	0%	13%
Sub Total (C)	0.87	0.02	0.89	0.62	0.01	0.63	2%	27%
Grand Total (A+B+C)	2.14	1.10	3.23	1.52	0.78	2.30	34%	100%

Table 4(b): Sources of financing

Source of Finance	(USD Million) inc. Contingency				(UAC Million) inc. Contingency			
	Local	Foreign	Total	Percent	Local	Foreign	Total	% of Total
ADF Grant	1.72	1.10	2.81	87%	1.22	0.78	2.00	87%
Government contribution	0.42	0.00	0.42	13%	0.30	0.00	0.30	13%
Total	2.14	1.10	3.23	100%	1.52	0.78	2.30	100%

Table 4(c): Project cost by category of expenditure

Category of expenditure	(USD Million)			(UAC Million)				
	Local	Foreign	Total	Local	Foreign	Total	% Foreign	% of Total
A. Goods	0.01	0.28	0.29	0.01	0.20	0.21	95%	9%
B. Services	1.52	0.74	2.26	1.08	0.51	1.61	32%	70%
C. Operating Cost	0.47	0.00	0.47	0.33	0.00	0.33	0%	14%
Baseline Cost	2.00	1.02	3.02	1.42	0.71	2.15	33%	93%
Contingencies (7%)	0.14	0.07	0.21	0.10	0.05	0.15	33%	7%
Grand Total	2.14	1.09	3.23	1.52	0.76	2.30	33%	100%

Table 4(d): Project Expenditure Schedule

	(USD Million)					(UAC Million)				
	2015	2016	2017	2018	Total	2015	2016	2017	2018	Total
Component 1: Improved Capacity and Effectiveness of Parliament										
1.1 Parliamentary Budget office	0.01	0.06	0.06	0.01	0.14	0.01	0.04	0.04	0.01	0.10
1.2 Parliamentary committees	0.08	0.30	0.30	0.08	0.75	0.05	0.21	0.21	0.05	0.53
1.3 Support to Zimbabwe Women Parliamentary Caucus	0.02	0.08	0.08	0.02	0.20	0.01	0.06	0.06	0.01	0.14
1.4 Enhance partnership and demand-side accountability	0.04	0.14	0.16	0.04	0.38	0.03	0.10	0.11	0.03	0.27
Sub Total (A)	0.15	0.58	0.59	0.15	1.47	0.11	0.41	0.42	0.11	1.05
Component 2: Enhanced Capacity and effectiveness of the Office of the Auditor General										
2.1 Professional development	0.08	0.30	0.32	0.08	0.78	0.06	0.21	0.22	0.06	0.55
2.2 Institutional strengthening	0.01	0.04	0.04	0.01	0.09	0.01	0.03	0.03	0.01	0.06
Sub Total (B)	0.09	0.34	0.35	0.09	0.87	0.06	0.24	0.25	0.06	0.62
Component 3: Project Management Support										
3.1 Support to the PoZ	0.04	0.17	0.16	0.04	0.41	0.03	0.12	0.12	0.03	0.30
3.2 ACBF Fund Admin Fees	0.01	0.02	0.02	0.01	0.05	0.00	0.01	0.01	0.00	0.04
3.3 GoZ Contribution	0.04	0.17	0.17	0.04	0.42	0.03	0.12	0.12	0.03	0.30
Sub Total (C)	0.09	0.36	0.35	0.09	0.89	0.06	0.26	0.26	0.06	0.64
Grand Total (A+B+C)	0.33	1.28	1.30	0.33	3.23	0.23	0.91	0.93	0.23	2.30

Note: Exchange Rates 1UA= 1.417 USD and *All figures includes price and physical contingencies

2.5. Project's Target Area and Population

The direct project beneficiaries are: the Parliament of Zimbabwe, the Office of Auditor General, and selected economic and financial governance and gender-related local civil society organisations (such as SAPST, ZELA, TIZ, ZEPARU, ZWRC, and WLA). The indirect beneficiaries are the general population of Zimbabwe, and the private sector, who will benefit from (a) a more transparent and accountable public sector service delivery, and (b) improved participation of civil society in the parliamentary process.

2.6 Participatory Process for Project Identification, Design and Implementation

2.6.1 A wide stakeholder consultation was held with various committees of Parliament, Office of the Auditor General, and representatives of Government of Zimbabwe, private sector, development partners and civil society organizations. The Project is prepared in line with the Parliament Institutional Strategic Plan and Bank's Country Brief which are products of consultative processes. Issues raised during consultations that have informed the design of the operation include: country ownership, alignment with the country's priorities, and demand-led capacity development. During project design stage, development

partners were consulted to solicit their inputs on the scope of the operation to ensure synergy and complementarity. A stakeholder analysis was carried out to understand the role of key actors and inform project design (Technical Annex B.7).

2.7 Bank Group Experience and Lessons Reflected in Project Design

2.7.1 **The main vehicles for Bank support to Zimbabwe over the last five years has been the Zimbabwe Multi Donor Trust Fund (ZimFund), the Transition Support Facility (TSF) and the 50% of the Performance Based Allocation (PBA) under ADF.** As of May 2015, the Bank’s active portfolio in Zimbabwe comprises thirteen (13) operations with a total value of UA 139.9 million (Appendix III). The average age of the portfolio is 2.3 years, and cumulative disbursement rate is 48%. The proposed operation will build on the current Bank Group strategic engagement and operational priorities to consolidate the gains and further support financial and economic governance reforms, in line with the Country Brief 2014-2016. The proposed operation will build on previous and ongoing Bank Group programs such as the CBPFEM and GISP. Lessons learned from ongoing and previous operations are summarized in Table 8 below.

2.7.2 **The design of this operation is guided by various analytical and diagnostic reports, as well as consultations during the Project preparation and appraisal missions (Appendix V).** The main analytical underpinning is provided by the Baseline Survey on Economic Literacy (2011), Baseline survey on capacity building requirement of the Committees of Parliament (2012), the Zimbabwe Fragility Assessment Report (draft 2014), and OPEV report on *Institutional Support Projects in the Governance Sector* (2013). The proposed Project has also benefitted from the experience and lessons from Bank operations in the areas of PFM and institutional support projects in other countries. Analysis of Bank experience is outlined in Technical Annex B.1 and serves to add strength to the messages summarized in Table 5 below.

Table 5: Lessons learned from the previous and ongoing Bank interventions

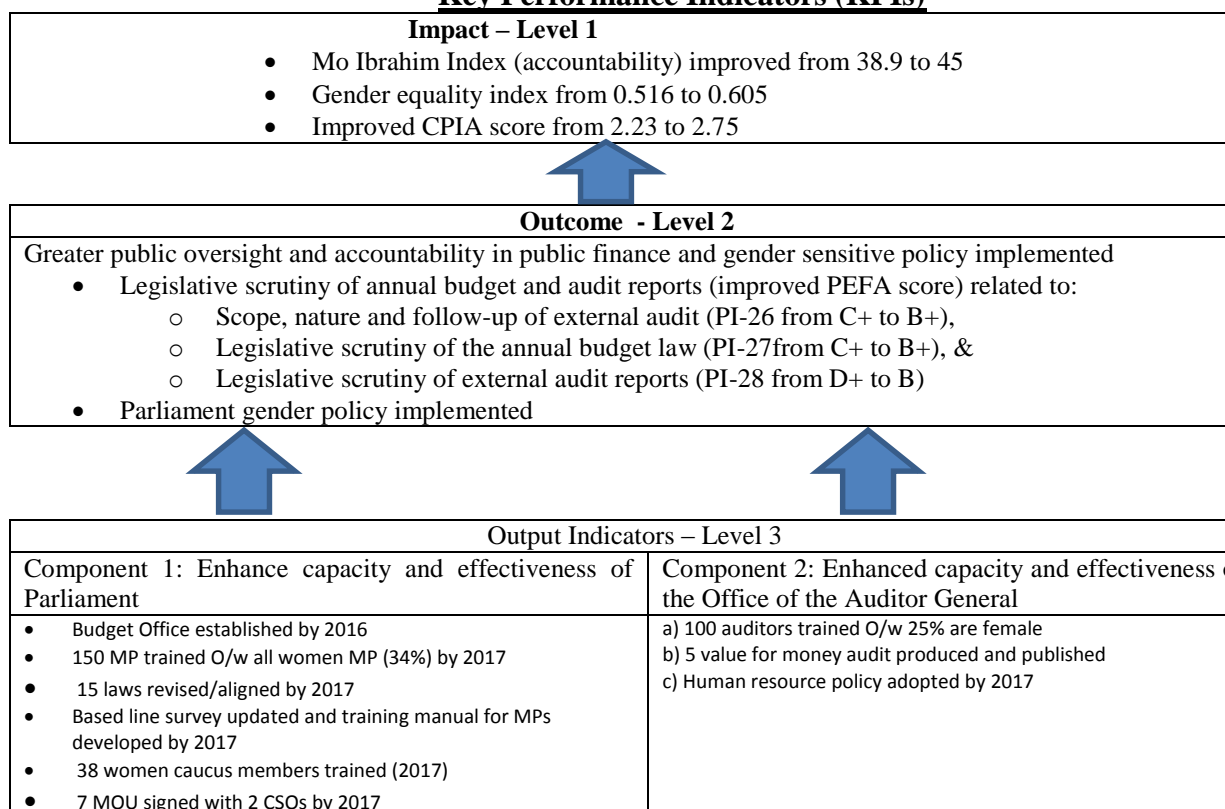
Lessons learned	Actions taken to integrate lessons into the PAR
The Bank Group’s engagement in economic governance has to be stepped up to consolidate the gains and further improve governance and accountability as envisioned in the Zim-Asset.	The project will complement the ongoing support to public financial management reform through strengthening the role of parliament, auditor general and civil society in the legislative scrutiny of the public finances laws and audit reports.
The Bank Group’s leadership role remains critical in debt relief, arrears clearance, and re-engagement. This includes the need to engage Parliament and civil society in the arrears clearance and debt relief processes and overseeing debt management.	The project will provide training on debt management as well as debt relief, arrears clearance and role of multilateral institutions in economic development and Zimbabwe’s re-engagement with the international community.
The existing instruments to address fragility and build resilience remain relevant to Zimbabwe, but necessary to continue to stress capacity building of state and non-state actors, and inclusive service delivery.	The project will provide technical assistance and capacity building support to institutions of transparency and accountability (e.g. Parliament, civil society) which are critical players in promoting political inclusion to address fragility and build state resilience.
Need to address implementation capacity constraints by reinforcing procurement capacity and improving awareness of project implementation procedures and requirements.	A specific management support component has been incorporated into the Project to enhance implementation capacity. This includes hiring a procurement specialist, and M&E Officer. In addition, a detailed Project operations manual will be prepared to clearly outline procurement processes, controls, review and approval, and administrative arrangements. The Bank will organise training sessions on procurement, financial management and disbursement and result management and reporting requirement during the launching and supervision missions. The Bank through ZWFO will continue to provide regular implementation support.

Avoidance of start-up delays by simplification of the conditions precedent to first disbursement	The Project has been carefully designed by limiting the number of conditions so that beneficiary institutions are able to focus on implementation of the capacity building activities within the Project timeframe.
Avoid spreading projects too thinly across a large number of institutions.	The proposed capacity building support under the Country Brief is grouped into two separate projects – SITA and GISP II to reduce fragmentation across large number of beneficiary institutions and improve project management and result monitoring. The proposed project, SITA, is more focused and has two main components with two beneficiary institutions.
Strengthen country ownership, coordination and leadership for managing capacity development.	The project is aligned with the Bank’s Country Brief and the Parliament Strategic Plan and the capacity building surveys results. Areas of interventions in this project are demand driven. Beneficiary departments were requested to submit capacity building proposals to inform design of the operation and ensure ownership. In addition, the Bank carried out extensive consultation with GoZ and non-state actors, and put in place mechanisms to enhance coordination and leadership in managing the capacity building interventions. The Project therefore focuses on policy (OAG HR policy), reviewing the legal and institutional framework (alignment of existing legislations with the new Constitution), putting in place new structures (Parliamentary budget office) and skill development to enhance use of country systems. It also promotes partnership and collaboration with the training institutions and CSOs to sustain the capacity building efforts.

2.8 Project’s Performance Indicators

The key performance indicators identified, and the expected outcomes at Project Completion, are set out in the Logical Framework and Results Monitoring Framework (Technical Annex B7). A summary of the expected outcomes and related outputs for each Project component is summarised below:

Key Performance Indicators (KPIs)



Source: SITA Result Measurement Framework.

3. PROJECT FEASIBILITY

3.1 Economic and Financial Performance

3.1.1 **While it is difficult to carry out credible and rigorous cost-benefit and financial analyses for capacity building interventions, the economic and financial benefits, and ramifications, accruing from the Project will be much higher than the UA 2.3 million.** Whereas the costs are quantifiable (section 2.4), the benefits are both direct and indirect, ultimately delivered in improved capacity and performance in public finance, enhanced oversight, improved banking supervision and surveillance, and mining development. The economic justification of the proposed project is its contribution to a better functioning of government through improved transparency and accountability, which are key pillars of good governance. Overall, the benefits of the project will derive from (a) enhanced capacity and effectiveness of Parliament; (b) enhanced capacity and effectiveness of the Office of the Auditor General; and (c) enhanced partnership and participation of civil society in parliamentary processes. The Project will also, by supporting the development of sustainable human resource capacity, ensure that its benefits will be sustained over time.

3.2 Environmental and Social Impacts

3.2.1 Environment and Climate Change: The proposed Project is environmentally classified as Category 3 by ORQR. The Project will not have a negative impact on the environment as its activities are limited to training, technical assistance, studies and procurement of computer hardware (Technical Annex B.7). The activities envisaged under the project, focusing on human and institutional capacity building, will not have negative impact on the climate.

3.2.2 Social: The Project is intended to contribute to economic growth through improved capacity of key institutions responsible for transparency and accountability in the public sector. The Project aims to contribute to building the capacity of selected committees of Parliament to enhance their capacity in law-making and oversight in public finance. The social and poverty-reducing impact will be indirect, but significant: by bringing together the supply-and-demand-side of governance, the Project will improve efficiency and effectiveness of public expenditure through strengthening legislative scrutiny of the budget. No negative social impacts are expected from project implementation (Technical Annex B.7).

3.2.3 Gender: GoZ is committed to the promotion of gender equality to ensure that all stakeholders are able to fully contribute to, and benefit from, the country's development. The National Policy on Gender provides for the promotion of full and equal participation of all gender groups. Women remain under-represented both in Parliament (34%) and in the cabinet (6%). These ratios are well below the 50% national target, and the provisions of the SADC protocol on gender and development to which Zimbabwe is a signatory. Yet Zimbabwe's Constitution has strong gender equality and women's rights provisions (Technical Annex B2). The Project will therefore support partnership between the Parliamentary Women Caucus and CSOs such as the Zimbabwe Women Lawyers Association to promote women's rights and gender equality. This will involve some level of CSO participation in budget formulation and execution, and in revision and alignment of laws with the new Constitution. The Project will also provide technical assistance to review legislations with impact on women's rights and gender equality⁵. These legislations were identified by the Parliamentary Women Caucus, the Zimbabwe Women Lawyers Association and the Ministry of Women Affairs, Gender and Community Development. Training will also be provided to strengthen collaboration between Parliamentarians and CSOs on gender mainstreaming, gender responsive budgeting, budget oversight and tracking and accountability to citizens.

3.2.4. Involuntary Resettlement: The Project will not result in any population displacement.

⁵ These include: Marriage Act, Child Abduction Act, Children's Act, Married Persons Property Act, Customary Marriage Act, Customary Law and Local Courts Act, Property and Inheritance Laws, Administration of Estates Act and the Deceased Estates Succession Act, and Citizenship of Zimbabwe Act.

4. IMPLEMENTATION

4.1 Implementation Arrangements

4.1.1 The project will be implemented over a period of three years between September 2015 and December 2018. The Parliament of Zimbabwe, through the Office of Clerk of Parliament, is the lead executing agency for Project Implementation in collaboration with the Office of the Auditor General and CSOs partners. The existing implementation arrangements for the on-going UNDP Parliament support program will be used to manage the proposed operation. A Project Steering Committee (PSC) and Project Board are already in place to provide strategic oversight and policy guidance. The PSC will approve annual work plans for beneficiary institutions. In this regard, an adequately staffed Project Coordination Unit⁶ (PCU), has been established within the Office of Clerk of Parliament to oversee day-to-day Project implementation and portfolio management, including procurement, financial management, and monitoring and results reporting. The PCU will also provide secretarial service to facilitate the functions of the PSC and Project Board. The African Capacity-Building Foundation (ACBF) is an integral implementation partner under the on-going project, responsible for management of the Special Account. This arrangement will be extended to the proposed project. Technical Annex B3 provides details of the implementation arrangements.

4.2 Financial Management, Disbursement and Audit Arrangements

4.2.1 An assessment of the financial management arrangement for the ongoing projects was undertaken covering budgeting, accounting, internal controls, reporting and external audit. The full assessment report is provided in Technical Annex B4. The assessment concluded that the arrangement meets the Bank's requirements. Thus, the implementation of the proposed Project will maintain and use existing arrangements and legal instruments. This includes: (i) the PCU responsible for all financial management aspects of the project, including budgeting; and (ii) a sound internal control environment, including preparation of quarterly Interim Financial Reports and annual Financial Statements. Project financial management will be overseen by the Finance and Budget Officer within the PCU, under the supervision of the Program Manager and Clerk of Parliament.

4.2.2 Disbursement shall be predominantly through the Direct Payment method, particularly for technical assistance and equipment related expenditure. A separate USD Account shall be opened by a selected third party (ACBF) with a commercial bank acceptable to the Bank. This Account shall deal with expenditures for which the direct Payment method will be unfeasible, and will cover mainly per-diem and travel expenses for beneficiary institution staff going for training and workshop related activities.

4.2.3 This Account shall be opened and managed by ACBF on a 'pass through' basis, i.e. the PCU will submit all requests to ACBF for payments to be made directly to beneficiaries, and funds from and/or to this account shall not be co-mingled with funds in any other accounts. Bank disbursement rules, as contained in the Disbursement Handbook, shall be complied with by ACBF in managing the Special Account. This arrangement shall be governed by an Agreement between the Bank and ACBF. Such an arrangement, i.e. whereby a third party (ACBF) manages funds on behalf of the Bank, has been utilized, and found fit for purpose, in the ongoing and previous projects funded under the Transition Support Facility Pillar III (support to Zimbabwe National Statistics Agency).

4.2.4 An external qualified audit firm will be recruited under Terms of Reference and procurement procedures acceptable to the Bank. The annual audited financial statements, together with the auditor's report and management letter, will be submitted to the Bank no later than six months after the end of each financial year. A separate audit opinion will be issued with respect to project Financial Statements, Statement of Expenditures (expenditure eligibility testing) and internal controls environment. Technical Annex B4 provides further details on the financial management, disbursement and audit arrangements.

4.3 Procurement Arrangements

⁶ The PCU is co-funded by the UNDP, Office of the Clerk of Parliament and it is staffed with a Project Manager, Budget and Finance Officer a Program Assistant/Secretary and a Driver.

4.3.1 All procurement of goods and acquisition of consulting services financed by the Bank will be in accordance with the Bank’s Rules and Procedures: “Rules and Procedures for Procurement of Goods and Works”, dated May 2008 (revised July 2012); and “Rules and Procedures for the Use of Consultants”, dated May 2008 (revised July 2012); as amended from time to time, using the relevant Bank Standard Bidding Documents, and the provisions stipulated in the Financing Agreement. The PCU will be responsible for managing the procurement of goods, consulting services and training. An assessment of the capacity of the PCU to implement procurement actions for the project has been carried out by the Bank. The assessment reviewed the organizational structure for implementing the project and the capacity of project staff responsible for procurement activities. The PCU will hire a Procurement Specialist to strengthen the capacity to carry out procurement. Detailed procurement arrangements are presented in Technical Annex B5.

4.4 Monitoring and Evaluation

4.4.1 The PCU will be responsible for Project monitoring and evaluation, using the project Results Monitoring Framework (Technical Annex B7) and the result-based logical framework. The PCU will have a dedicated M&E specialist. The periodic performance assessment and result reporting will be carried out by the PCU. Quarterly and annual project implementation reports will also be prepared and submitted to the Bank in line with the Bank’s standard format for implementation progress report. The Bank will carry out a monitoring and supervision mission at least twice a year, in collaboration with other development partners in Zimbabwe (e.g. UNDP). The Zimbabwe Field Office will play an active role in the coordination, country dialogue, and project supervision and monitoring. A project completion report will be prepared to evaluate progress against outputs and outcomes and draw lessons for possible follow-up operation. Table 6 presents the project implementation and monitoring schedule.

Table 6: Project Implementation Schedule

Task / Milestone	Responsible Party	Time Frame
Grant Approval	AfDB	June 2015
Grant Effectiveness	AfDB/GoZ	August 2015
Project Launching	AfDB/GoZ	September 2015
Procurement of goods and services	GoZ	September 2015 – June 2018
Technical assistance and training	GoZ	January 2016 – June 2018
Annual Audit Report	GoZ	June 2017, 2018, and 2019 and
Supervision Mission	AfDB/GoZ	June/December 2016, 2017 & 2018
Mid-term Review	AfDB/GoZ	June 2017
Project Completion Report	AfDB/GoZ	December 2018

4.5 Governance

4.5.1 Strengthening state capacity and building effective institutions is at the core of addressing fragility and building resilience. Weak institutions and governance, limited social dialogue between government and civil societies, gender inequality, skills flight and high public debt are key drivers of fragility that affect an effective functioning of the state. The project will address the risks stemming from root causes of fragility through strengthening the role of oversight institutions including the Parliament and Auditor General’s Office. It will also support review and alignment of relevant legislations to the new Constitution, build capacity, empower women and promote engagement of public institutions with civil society organizations. Regarding project implementation, monitoring, review and audit, the project has put in place a robust governance arrangement, as outlined in sections 4.1 and 4.2. The implementing entity (PoZ) has been assessed as having adequate capacity to implement the Project. Controls and oversight will be further strengthened through ZWFO participation in Project Steering Committee and Project Board meetings. Potential risks to Project governance may arise from the procurement processes, and from hiring consultants and organising training and capacity building activities. Risks will be mitigated through the preparation of a detailed procurement plan, annual work program and training plan, and the application of the agreed procurement rules and procedures. Further training will be provided to PCU core staff during Project launch to ensure that they are fully conversant with all requirements and regulations. Compliance with these controls will be reviewed during supervision missions. An independent audit of project financial reports and procurement reviews will be undertaken every year.

4.6 Sustainability

The proposed operation responds to demand-led capacity building initiatives, and is informed by baseline surveys and planning processes that identified key challenges and constraints in Parliament and other accountability institutions in Zimbabwe. Significant attention has been paid to sustainability in the project design, through adopting a holistic approach and greater focus on rebuilding systems, legal framework, governance structures and skills and competencies. Support to the establishment of a Parliamentary budget office is aimed at enhancing institutional capacity within Parliament, providing analytical and advisory services to the Portfolio Committees on economic and public finance issues. The training will involve core staff of the Clerk of Parliament who is responsible for providing technical support to MPs. The training modules, and training of trainers program, will be designed to ensure that knowledge and skills are transferred. The project will enhance partnership with local training institutions and civil society organisations to develop and deliver training programs in a sustainable manner.

4.7 Risk Management

The potential project risks and mitigation measures are summarized in Table 7.

Table 7: Risks and Mitigation Measures

Description of Risk	Probability/ Impact	Mitigation
Risk 1: Macroeconomic instability due to policy reversals and failure to continue with ongoing policy reforms. This may lead to slow pace towards sealing a deal with international community & delay IFIs and creditors' conditions for arrears clearance eligibility.	Medium / High	GOZ's renewed commitment to maintain a sound fiscal, monetary and sectoral policy; and continued implementation of the country's accelerated arrears clearance, debt and development strategy. Enhanced efforts to maintain dialogue between Government and donor community as well as Bank's and other partners' support of reform will help the country to remain on track with the implementation of reform actions agreed under the SMP II.
Risk 2: Implementation capacity constraints and lack of absorptive capacity and staff retention.	Medium / Medium	PCU is in place to manage and coordinate project implementation. The PCU is fully staffed with a Project Manager, Budget and Finance Officer, Program Secretary and a Driver. The Bank, through ZWFO, will provide hands-on project implementation support. The project will also finance a Procurement Specialist, M&E Specialist posts.
Risk 3: Fiduciary risk due to weak public financial management system.	Medium / Medium	The project will contribute to strengthen PFM system. PCU capacity complemented by the use of third party (ACBF) to administer the special account. Compliance with the Bank's rules for procurement of goods and services, annual audit reports and training.
Risk 4: Limited social dialogue and space for CSOs to support implementation of Project Activities	Medium / Medium	MoUs to be signed between Parliament and some civil society organisations working in the areas of economic governance will provide the platform for cooperation, joint work on governance and accountability.
Risk 5: Funding overlap to some components of the project.	Medium / Medium	Bank will enhance its engagement with the donor working group to strengthen a coordinated donor support to Parliament. The project will co-finance the existing implementation arrangement with the UNDP managed multi-donor support program to ensure synergy and mitigate the risk of overlap. Annual work plan and budget will be jointly reviewed and approved to maximise synergy and impact.

4.8 Knowledge Management

4.8.1 The Proposed project will build knowledge and develop skills in specific areas related to policy and legislative review, budget analysis, gender mainstreaming and budgeting, audit, as well as public sector

transparency and accountability. The implementation of the proposed project will focus on building systems, legal framework, governance structures and skills and competencies. This will be achieved in a number of ways: *First*, the support to Parliament capacity building involves establishing a parliamentary budget office to provide independent, objective and professional advice to the portfolio committees on matters related to the budget and other money bills. *Second*, training and study tours will improve legislators' ability to interpret, review and make better decisions on the budget process. *Third*, the Project will also support the development of parliament training modules to ensure continuous knowledge building and sustainability.

4.8.2 The Project will enhance partnership and collaboration with academics, non-governmental organisations to share experience and analyse economic, public finance and public policy which will feed into parliamentary committees. The Project support to development of management information systems and use of information technology will contribute to knowledge building in Parliament. Furthermore, support to CSOs will contribute to evidence-based policy-making process and promote accountability in Zimbabwe. In this regard, the project will assist parliament and CSOs to develop effective mechanisms for engagement and greater stakeholder participation in Parliamentary process. In addition, specialised training and professional development program for auditors will be developed to improve knowledge and skills in value for money audit practices. Public hearings and seminars will be organised to broaden understanding of the role of parliament and citizens participation in the parliamentary process. Project implementation and results will be closely monitored and captured through the agreed M&E mechanism, including quarterly progress reporting, six-monthly supervision missions, the mid-term review, and audit and project completion reports. These activities will contribute to knowledge management and generate lessons to inform future interventions.

V LEGAL INSTRUMENTS AND AUTHORITY

5.1 Legal Instrument

The legal framework of the project will be governed by a Protocol of Agreement between the Republic of Zimbabwe and the African Development Fund for a Grant of UA 2.0 million.

5.2 Conditions Associated with Bank's Intervention

5.2.1 Conditions Precedent to Entry into Force: The Protocol of Agreement shall enter into force on the date of its signature by the Republic of Zimbabwe and the African Development Fund.

5.2.2 Conditions Precedent to First Disbursement: The first disbursement of the grant shall be conditional upon the entry into force of the Protocol of Agreement, and the fulfilment of the following conditions, in form and substance satisfactory to the Fund:

Box 4: Conditions Precedent to First Disbursement

- (a) Evidence of entry into an agreement between the Fund and the African Capacity Building Foundation (ACBF) that sets out the terms and conditions upon which the ACBF will facilitate disbursements to the Recipient that are not made by direct payment from the Fund; and
- (b) Evidence of having opened a USD special account by the ACBF dedicated to receive proceeds of the Grant that will not be directly disbursed by the Fund.

Other Conditions

Within three (3) months of the signing of the Protocol of Agreement, the Parliament of Zimbabwe shall hire a Procurement Specialist, and a Monitoring and Evaluation Officer, each with the terms of reference and qualification satisfactory to the Fund.

Within six (6) months of the signing of the Protocol of Agreement, the Parliament of Zimbabwe shall (a) establish Memoranda of Understandings (MoUs) to enhance partnership and collaboration with national CSOs working with Parliament on gender equality, and public sector transparency and accountability; and (b) develop a Project Implementation Manual.

5.3 Undertakings

The Recipient shall maintain the existence and functioning of the Project Steering Committee, and the Project Board for the SITA and the UNDP Multi Donor Support Program.

5.4 Compliance with Bank Policies

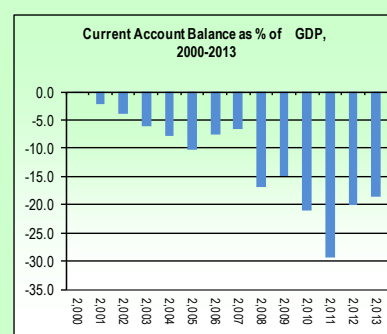
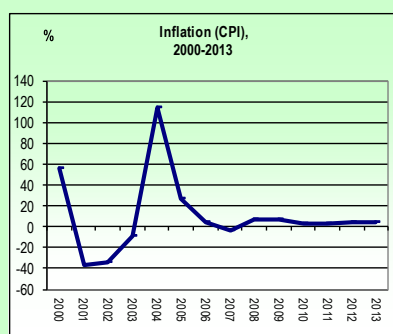
The project complies with all applicable Bank policies.

VI. RECOMMENDATION

Management recommends that the Board of Directors approve the proposed Grant of UA 2.0 million to the Republic of Zimbabwe for the purposes, and subject to the conditions, stipulated in this report.

Appendix I
Zimbabwe
Selected Macroeconomic Indicators

Indicators	Unit	2000	2008	2009	2010	2011	2012	2013 (e)
National Accounts								
GNI at Current Prices	Million US \$	6,127	4,091	4,898	6,146	7,882	8,921	...
GNI per Capita	US\$	490	320	380	470	590	650	...
GDP at Current Prices	Million US \$	6,065	5,221	8,157	9,445	10,956	12,472	10,363
GDP at 2000 Constant prices	Million US \$	6,065	3,269	3,475	3,808	4,212	4,397	4,559
Real GDP Growth Rate	%	-44.4	-17.7	6.3	9.6	10.6	4.4	3.7
Real per Capita GDP Growth Rate	%	-45.0	-18.0	5.4	8.0	8.3	1.7	0.6
Gross Domestic Investment	% GDP	13.1	8.2	15.1	23.9	22.4	13.5	13.4
Public Investment	% GDP	0.6	2.0	1.4	2.7	2.7	1.7	1.7
Private Investment	% GDP	12.5	6.2	13.7	21.2	19.7	11.8	11.7
Gross National Savings	% GDP	...	...	...	...	...	...	...
Prices and Money								
Inflation (CPI)	%	55.9	7.3	6.5	3.0	3.5	3.7	4.1
Exchange Rate (Annual Average)	local currency/US\$	0.0	#####	...	...	...	...	...
Monetary Growth (M2)	%	65.1	#####	...	...	...	...	...
Money and Quasi Money as % of GDP	%	28.8	143078.0	...	...	...	...	...
Government Finance								
Total Revenue and Grants	% GDP	...	2.5	11.9	23.3	26.7	28.0	27.4
Total Expenditure and Net Lending	% GDP	...	4.9	14.0	24.5	29.1	29.3	29.3
Overall Deficit (-) / Surplus (+)	% GDP	...	-2.4	-2.1	-1.2	-2.4	-1.3	-1.9
External Sector								
Exports Volume Growth (Goods)	%	...	...	...	...	...	...	...
Imports Volume Growth (Goods)	%	...	...	...	...	...	...	...
Terms of Trade Growth	%	...	...	...	...	...	...	...
Current Account Balance	Million US \$	-20	-888	-1,224	-1,998	-3,216	-2,502	-1,919
Current Account Balance	% GDP	-0.3	-17.0	-15.0	-21.2	-29.3	-20.1	-18.5
External Reserves	months of imports	1.1	0.3	2.7	1.5	0.9	0.9	1.0
Debt and Financial Flows								
Debt Service	% exports	...	33.6	40.7	14.4	12.2	17.9	17.3
External Debt	% GDP	57.0	122.3	97.2	84.4	77.8	70.3	87.5
Net Total Financial Flows	Million US \$	213	623	642	761	725	...	...
Net Official Development Assistance	Million US \$	176	612	736	732	718	...	...
Net Foreign Direct Investment	Million US \$	23	52	105	166	387	400	...



Source : AfDB Statistics Department; IMF: World Economic Outlook, October 2013 and International Financial Statistics, October 2013; AfDB Statistics Department: Development Data Portal Database, March 2014. United Nations: OECD, Reporting System Division.

Notes: ... Data Not Available (e) Estimations

Last Update: April 2014

Appendix II: Progress Towards Achieving the MDGs

Social Context

Zimbabwe: Progress Towards achieving the MDGs

	1990 ¹	2000 ²	2012 ³
Goal 1: Eradicate extreme poverty and hunger			
Employment to population ratio, 15+, total (%)	52.3	51.8	51.8
Malnutrition prevalence, weight for age (% of children under 5)	35.1	27.2	26.7
Poverty headcount ratio at \$1.25 a day (PPP) (% of population)	49.2	64.4	...
Gini Coefficient	...	...	43.7
Prevalence of undernourishment (% of population)	16.0	9.0	6.0
Goal 2: Achieve universal primary education			
Literacy rate, youth female (% of females ages 15-24)	62.5	60.5	65.3
Literacy rate, adult total (% of people ages 15 and above)	55.4	54.8	60.8
Primary completion rate, total (% of relevant age group)	...	76.8	79.2
Total enrollment, primary (% net)	...	66.5	62.1
Goal 3: Promote gender equality and empower women			
Proportion of seats held by women in national parliaments (%)	...	7.0	7.0
Ratio of female to male primary enrollment	83.5	84.3	91.0
Ratio of female to male secondary enrollment	77.8	80.5	88.1
Goal 4: Reduce child mortality			
Immunization, measles (% of children ages 12-23 months)	44.0	37.0	71.0
Mortality rate, infant (per 1,000 live births)	125.5	103.7	89.9
Mortality rate, under-5 (per 1,000)	210.1	170.0	144.9

Sources : ADB Statistics Department Databases; World Bank: World Development Indicators;UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports,

Zimbabwe

Table 4 (Cont'd) : Progress Towards achieving the MDGs

	1990 ¹	2000 ²	2012 ³
Goal 5: Improve maternal health			
Births attended by skilled health staff (% of total)	33.0	35.2	...
Contraceptive prevalence (% of women ages 15-49)	13.4	12.6	14.6
Maternal mortality ratio (modeled estimate, per 100,000)	1100.0	980.0	840.0
Goal 6: Combat HIV/AIDS, malaria, and other diseases			
Incidence of tuberculosis (per 100,000 people)	139.0	180.0	133.0
Prevalence of HIV, female (% ages 15-24)	...	...	2.3
Prevalence of HIV, male (% ages 15-24)	...	...	0.8
Prevalence of HIV, total (% of population)	4.0	3.7	3.6
Goal 7: Ensure environmental sustainability			
CO2 emissions (kg per PPP \$ of GDP)	2.6	1.2	0.8
Improved sanitation facilities (% of population with access)	36.0	33.0	31.0
Improved water source (% of population with access)	50.0	56.0	58.0
Goal 8: Develop a global partnership for development			
Net total ODA/OA per capita (current US\$)	1.9	4.2	13.0
Internet users (per 1000 people)	...	13.0	284.0
Mobile cellular subscriptions (per 1000 people)	0.1	67.1	551.0
Telephone lines (per 1000 people)	3.7	7.5	6.6

Sources : ADB Statistics Department Databases; World Bank: World Development Indicators;UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports.

1 Latest year available in the period 1990-1995; 2 Latest year available in the period 2000-2004; 3 Latest year available in the period 2005-2012

Annex III: Status of Bank of Group Active Operations in Zimbabwe (as of 28th May 2015)

#	Sector/Operations	Funding Window	Approval Date	Completion Date	Amount App. (UA)	Amount Dis. (UA)	Disbursement Rate	Age	IP (Impl.Progress)	DO (Dev. Objectives)
AGRICULTURE SECTOR					5,759,581	5,759,581	100.0%	3.6		
1	LAKE HARVEST PROJECT	ADB Loan	10/26/2011	11/26/2020	5,759,581	5,759,581	100.0%	3.6	1.56	1.5
MULTI SECTOR					22,581,053	7,790,370	34.5%	2.7		
2	ZIM-FUND PROCUREMENT AGENT	ADF Grant	6/24/2011	12/31/2015	1,000,000	900,900	90.1%	3.9		
3	TECHNICAL ASSISTANCE IN ZADMO	ADF Grant	8/9/2011	6/30/2016	192,811	150,315	78.0%	3.8		
4	T.A FOR HIPC ELIGIBILITY ASSESSMENT	ADF Grant	7/30/2013	6/30/2015	68,242	27,352	40.1%	1.8		
5	CAPACITY BUILD. PROJECT FOR PFDEM	ADF Grant	12/5/2012	6/30/2016	16,120,000	4,616,203	28.6%	2.5	Satisfactory	Satisfactory
6	GOVERNANCE AND INSTITUTIONAL PROJECT	ADF Grant	12/12/2013	12/30/2016	5,200,000	2,095,600	40.3%	1.5	Satisfactory	Satisfactory
POWER SECTOR					62,378,714	23,236,500	37.3%	1.8		
7	POWER INFRASTRUCTURE REHAB PROJECT PHASE I	ZIMFUND	6/30/2011	6/30/2015	25,198,165	22,045,874	87.5%	3.9	Highly Satisfactory	Satisfactory
8	EMERGENCY POWER INFRASTRUCTURE REHAB Phase II	ZIMFUND	12/18/2013	12/31/2017	11,101,591	97,694	0.9%	1.4	Not yet supervised	Not yet supervised
	EPIRP PHASE I SUPPLEMENTARY GRANT	ZIMFUND	12/18/2013	12/31/2015	3,318,958	1,092,932	32.9%	1.4	Highly Satisfactory	Satisfactory
9	MULTINATIONAL KARIBA DAM REHABILITATION PROJECT	ADF Grant	12/15/2014	12/31/2025	22,760,000	-	0.0%	0.5		
SOCIAL SECTOR					2,700,000	361,800	13.4%	1.4		
10	YOUTH AND TOURISM ENHANCEMENT PROJECT	ADF Grant	12/18/2013	6/30/2017	2,700,000	361,800	13.4%	1.4	Satisfactory	Satisfactory
TRNASPORT SECTOR					880,000	-	0.0%	1.4		
11	TRANSPORT SECTOR MASTER PLAN STUDY	ADF Grant	12/18/2013	12/31/2018	880,000	-	0.0%	1.4	Satisfactory	Satisfactory
WATER SUPPL/SANIT					45,678,513	29,403,058	64.4%	2.6		
12	URGENT WATER SUP. & SAN. REHABILITATION PHASE I	ZIMFUND	4/7/2011	6/30/2015	21,347,165	19,383,225	90.8%	4.2	Highly Satisfactory	Satisfactory
13	URGENT WATER SUPPLY AND SANITATION REHAB PHASE II	ZIMFUND	10/7/2013	12/31/2017	14,283,760	157,121	1.1%	1.6	Satisfactory	Satisfactory
	SUPPLEMENTARY FINANCING TO UWSSRP PHASE I	ZIMFUND	7/17/2013	6/30/2015	10,047,588	9,862,712	98.2%	1.9	Highly Satisfactory	Satisfactory
GRAND TOTAL					139,977,861	66,551,309	47.5%	2.3		

Appendix IV: Similar Projects Financed by the Bank and other Development Partners in Zimbabwe

DONOR	PROJECT TITLE	AMOUNT	INTERVENTION AREAS
AfDB	Capacity Building for Public Finance and Economic Management under the Fragile State Pillar I (2012-2015)	UA 16.12 million	To strengthen accounting and reporting functions of the Accountant General Department, debt management, public sector investment, revenue management, statistics and regional integration. Status: Implementation started in August 2013 and it is well underway.
	Governance and Institutional Strengthening Project		
	Technical assistance to Zimbabwe Aid and Debt Management Office, under the Fragile State Facility Pillar III (2011-2014)	UA 190,000	Targeted technical assistance to strengthen implementation of the debt management strategy.
	Grant Support for Technical Assistance to Finance Zimbabwe HIPC Eligibility Assessment Project	UA68,242.00	To undertake a debt sustainability analysis and build national capacity to design, update and implement debt strategy.
IMF	Technical Assistance and Staff Monitored Program	-	Technical assistance in the areas of PFM reform, modernizing the payroll and human resource management systems, tax policy and administration, and increasing transparency in diamond revenues
World Bank	Support to PFM reform through the Analytical Multi-Donor Trust Fund (2010-2014)	USD 2.3 million 2010 - 2015	Public Expenditure Review (2012-13), CIFA (2012), payroll, e-procurement, procurement training and standard bidding document, accounting and reporting/PFMS/IFMIS, external audit, parliamentary committee, and budget management
UNDP	Strengthening Institutional Capacity for Development Effectiveness and Accountability (2013 – 2016)	US\$18.5m	Support to IFMS, accounting and reporting function of the Accountant General, Human Resource and Skill Development (training of accountants), aid management and coordination, Results Based Management (RBM) systems, MTP monitoring and evaluation, national statistics, external audit and parliamentary committee.
EC	Aid coordination	-	Capacity building support to strengthen aid management and coordination
DFID UK	Strengthening capable government program	US\$ 19m (2010-2013)	Support to budget planning and result based budgeting, parliamentary committee, aid management, skills development and analytical (including contribution to A-MDTF)
Australian Aid	Revenue management. Project completion date end 2013	-	Capacity building support to ZIMRA to enhance tax administration and collection.
USAID	Support to evidence-based economic policy analysis and management	-	Capacity building support to ZIMSTAT and ZEPARU to enhance capacity for evidence-based policy analysis and management
Netherlands	Budget oversight and participation	-	Support to Parliamentary Budget and Finance Committee
ACBF	Public sector capacity building		Support to IPFMS, budget formulation and monitoring, public sector training institutions/ZIPAM, aid coordination and regional integration.

Appendix V: Analytical Work and Underpinnings

Component/Reform	Analytical Work	Institution
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Areas		
Strategic Framework	Country Brief (2014-2016)	AfDB
	Zimbabwe Agenda for Sustainable Socio-Economic Transformation (Zim-Asset, 2013–2018).	Government of Zimbabwe
	Parliament Institutional Strategic Plan (2014-2018)	Parliament of Zimbabwe
Sector Analytical Reports	Baseline survey on economic literacy (2011)	Parliament of Zimbabwe
	Baseline survey on capacity building requirement of the Committees of Parliament (2012),	Parliament of Zimbabwe
	OPEV Institutional Support Projects in the Governance Sector (2013)	AfDB
	Zimbabwe Fragility Assessment Report (draft 2014)	AfDB
	Zimbabwe Public Expenditure Notes: Strengthening Institutions for the Preparation of Government Budget (2011)	World Bank
Others	IMF Staff Monitored Program (2014)	IMF
	Multi-donor support program for Parliament (2015-2018)	UNDP

Appendix VI: Zimbabwe Project Fragility Assessment Report (PFAR)

Methodology for drivers of fragility assessment

The project fragility assessment (PFA) of the Strengthening Institutions of Transparency and Accountability (SITA) is informed by the Country Fragility Assessment. The PFA was carried out in accordance with the draft Guidelines on the Application of Fragility Lens issued by ORTS.1 in May 2015. The assessment is aimed at identifying entry points for programs to address, mitigate, or adapt to drivers of fragility as well as program/project areas that can have the greatest impact in building resilience.

Key project/sector drivers of fragility (and indicators)

1. **Weak institutions and poor governance:** There is lack of transparency and accountability in public financial management (PFM), which played a significant role in the escalation of public debt (both domestic and external), influenced the size and improper usage of domestic debt and driven unclear public borrowing and spending. There is also limited transparency on how external debt is being acquired and the role of anti-corruption legislation.
2. **High public debt and liquidity crisis:** The current high levels of public domestic and external debt (USD7bn of which USD5bn are accumulated arrears) arose from the combination of the effects of the economic blockade on Zimbabwe, failed policies (on land and fiscal management) which had created an economic crisis. The government's efforts to avert economic decline through increased spending, especially in agriculture, widened the fiscal deficit. Deficit financing actions by the Reserve Bank through increased money supply led to hyperinflation and ultimately to a confidence crisis in its economy which brought about a multi-currency regime and a liquidity crisis. A high debt level and liquidity crunch in the midst of a contracting economy and domestic revenues, have rendered Zimbabwe incapable of servicing its debt and ineligible to take up more debt. In turn, this has resulted in a limited fiscal space, that translates into poor services delivery (in health, education and water and sanitation) and limited capital spending that further aggravates the cost of critical services (e.g. electricity, transportation and communications) for business development and that makes economic recovery even harder. In addition, there is lack of capacity by parliament on debt management and legislative framework to set limits on borrowings by the state or public debt and obligations whose repayment is guaranteed by the State.
3. **Skills exodus:** Zimbabwe has suffered massive skills flight, estimated at over 3 million people (about a third of the population) since the advent of the economic crisis and political tensions. The massive emigration has particularly involved skilled people (55% had an education degree and were aged 30 and above) who have emigrated to South Africa, USA, UK and Australia. This has resulted in a reduced productive capacity in many critical economic and social sectors, especially in engineering, education, finance and health. The public sector has been hard hit, reflected in diminished public service delivery. The continued economic decline will even make it harder to absorb new labor market entrants or reverse the flight. There are ongoing concerted efforts by the government and to some extent by development partners to use capacity and attract skills in the diaspora but the situation remains desperate.
4. **Limited social dialogue:** Social dialogue between government and CSOs is limited and fragmented. There is mutual distrust between the government and CSOs. This is partly because CSOs, especially those working on human rights and governance, are often funded by non-national actors and sometimes take an approach partisan stance to donor views, a fact that can give the impression of CSOs being beholden to agendas that are external and separate from the interest of local constituencies. CSOs often work in isolation which limits effective and sustained collaboration amongst themselves and government. There is also lack of human capacity and financial resources for CSOs to coherently analyze social, political and development phenomena and to effectively engage with the government.
5. **Gender inequality:** Gender inequality in Zimbabwe remains high and there is limited inclusion of

women in political decision making. Zimbabwe's Constitution has strong gender equality and women's rights provisions yet, women representation in political decision making is still, well below the 50% national target and SADC protocol on gender and development to which Zimbabwe is a signatory. Women also have little access to economic opportunities, which contributes to increased poverty and limited empowerment of women. With about one third of households in Zimbabwe are headed by women, which indicate the high impact of economic and social pressures on the family unit and the high cost this has exacted on women.

Linkages of Drivers of Fragility and Design Responsiveness

Key areas of the Project linked to addressing root causes of fragility as identified in Qualitative Fragility Assessment of the Zimbabwe and Knowledge of the Project Area		
Driver of Fragility	Downside risks stemming from the root causes of fragility	Proposed Project interventions
Weak institutions and poor governance	<ul style="list-style-type: none"> (a) Weak fiscal regime (b) Increased borrowing (domestic and external) (c) Huge public spending (d) Ineffective anti-corruption legislation (e) Weak oversight bodies (parliament and public auditors) (f) Lack of mining beneficiation system and outdated regulatory framework (g) Lack of transparency in the mining licensing agreements and accrued revenues (h) (i) Lack of independence of the Auditor General to scrutinize executive branch and regularly conduct performance audits 	<p>Component 1 & 2:</p> <p>Establishment of parliament budget office and various committees including Parliamentary Women Caucus</p> <p>Training and twinning programmes of different parliamentary committees</p> <p>Budget and economic analysis study</p> <p>Training of the various committees of the parliament including on legal frameworks, debt management and support on review and alignment of existing legislations, budget and audit reviews</p> <p>Training and professional development of the Comptroller and Auditor General,</p> <p>Development of human resource policy</p> <p>Study on promotion of public sector transparency and accountability</p>
High public debt and liquidity crisis	<ul style="list-style-type: none"> (a) High unsustainable debt levels (b) Lack of legislation to set limits on borrowings by the State and debt and obligations payments or guaranteed by the State (c) Increased fiscal deficit through expenditures in agriculture (d) Liquidity crunch, contracting economy and decreased domestic revenues (e) Limited capital and high recurrent spending (a) Multi-currency regime limits the application of effective monetary policy 	<p>Component 1:</p> <p>Training of parliamentarians on budget processes including scrutiny</p> <p>Participation of parliamentarians and civil societies on debt relief processes</p> <p>Increased awareness, transparency and accountability in debt acquisition, state revenues and expenditures</p> <p>Technical assistance and training of parliamentarians on debt management</p> <p>Enactment of Act of Parliament that set limits on borrowings by the State.</p>
Limited social dialogue	<ul style="list-style-type: none"> (b) Existence of mistrust between government & CSOs. (c) Partisan dialogue (d) Perceived excessive influence of the international donor organizations on CSOs (e) Lack of CSOs human and financial capacity. (f) Limited public access to information and political freedom 	<p>Component 1: Sub Component 1.4</p> <p>Public budget hearing, seminars and workshops</p> <p>Partnerships and joint work of parliament and local organizations (CSOs)</p> <p>Joint initiatives between parliament and CSOs in budgetary process, extractive industry and debt relief</p>

	(j)	
Skills flight	<ul style="list-style-type: none"> (a) Economic decline and political tension (b) Lack of jobs or economic opportunities (c) Lack of incentives to attract diaspora (a) Weak institutional and human capacity restoration 	<p>Component 1, 2 & 3</p> <p>Training of parliamentarians, auditor general, civil society and project team to enhance public service delivery</p>
Gender inequality	<ul style="list-style-type: none"> (b) Low women empowerment (c) Low women participation in political decision making, social and economic opportunities (d) Capacity of women to effectively participate in political decision making 	<p>Component 1: Sub Component 1.3 & Component 2</p> <p>Review and alignment of legislations with gender impacts on women's rights and equality</p> <p>Promotion of partnerships between parliamentary women and professional women associations</p> <p>Training on gender responsive budgeting</p> <p>Provide more training to women on public finance oversight and accountability</p>

Assessment conclusion

The project does not have dual objective on fragility nor specific fragility indicators for monitoring and evaluation but the design has duly incorporated the key drivers of fragility. The M & E budget has taken into account the cost of monitoring the implementation of the related interventions. Follow up will be made to ensure actions are taken on the implementation of these activities.

Appendix VII: Map of Zimbabwe

