

EN



11th European Development Fund

National Indicative Programme
(2014 – 2020)

For co-operation between the

**European Union
and the Republic of Zimbabwe**

GENERAL CLAUSES

The Government of The Republic of Zimbabwe and the European Commission hereby agree as follows:

- (1) The Government of the European Commission, (represented by *Ambassador Philippe Van Damme, Head of Delegation*), and the The Republic of Zimbabwe, (represented by *W.L. Manungo, Permanent Secretary in the Ministry of Finance*), and hereinafter referred to as the Parties, determined the general orientations for cooperation for the period 2014-20.

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

The National Indicative Programme is annexed to the present document.

- (2) As regards the indicative programmable financial resources which the European Union envisages to make available to The Republic of Zimbabwe for the period 2014-20, an amount of EUR 234 million is foreseen for the allocation referred to in Article 3.2 (a) of Annex IV of the ACP-EC Partnership Agreement (A-allocation). A B-allocation referred to in Article 3.2 (b) can be established to cover unforeseen needs. This allocation is at EUR 0 until a need arises. These allocations are not entitlements and may be revised by the Commission, following the mid-term and end-of-term reviews, in accordance with Article 5.7 of annex IV of the ACP-EC Partnership Agreement.
- (3) The A-allocation is destined to cover health, agricultural based economic development, governance and institutional building, measures in support of civil society and support measures, sectorial policies, programmes and projects. The National Indicative Programme concerns the resources of the A-allocation. It also takes into consideration financing from which The Republic of Zimbabwe benefits or could benefit under other European Union resources. It does not pre-empt financing decisions by the Commission.
- (4) The B-allocation is destined to cover unforeseen needs such as humanitarian, emergency and post emergency assistance, where such support cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate exogenous shocks. The B-allocation shall be established according to specific mechanisms and procedures and does therefore not constitute a part of the programming.
- (5) Pending the entry into force of the Internal Agreement between the Representatives of the Governments of the Member States of the European Union, meeting with the Council on the financing of European Union Aid under the multiannual financial framework for the period 2014 to 2020, financing decisions for projects and programmes can be taken by the Commission at the request of the Government of The Republic of Zimbabwe within the limits of the A- and B-allocations referred to in this document under the condition that sufficient financial resources are available in the transitional measures ("Bridging Facility") composed of uncommitted balances from the previous EDFs and from funds de-committed from projects or programmes under those EDFs. The respective projects and programmes shall be implemented according to the rules and procedures of the 10th EDF until the entry into force of the 11th EDF implementing rules and financial regulation.

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

Signatures

For the European Commission

For the Government of the Republic of
Zimbabwe

LIST OF ACRONYMS

ACP	Africa Caribbean and Pacific	MoJLA	Ministry of Justice and Legal Affairs
CAADP	Comprehensive African Agriculture Development Programme	MNCH	Maternal New-born and Child Health
CCM	Country Coordination Mechanism	MSME	Micro Small and Medium Enterprises
CIFA	Country Integrated Fiduciary Assessment	MT	Metric Tonne
CPAR	Country Procurement Assessment Report	NAO	National Authorising Officer
CSP	Country Strategy Paper	NCD	Non communicable Diseases
EC	European Commission	NHP	National Health Policy
EDF	European Development Fund	NHS	National Health Strategy
EIA	Environmental Impact Assessment	NIP	National Indicative Programme
EIB	European Investment Bank	NRM	Natural Resource Management
EMA	Environmental Management Agency	PEFA	Public Expenditure and Financial Accountability
ESA	Eastern and Southern Africa	PHE	Provincial Health Executives
EU	European Union	PFM	Public Finance Management
EUD	European Union Delegation	PICES	Poverty, Income, Consumption and Expenditure Survey
FDI	Foreign Direct Investment	RBF	Results Based Financing
FNC	Food and Nutrition Council	SADC	Southern African Development Community
FNS	Food and Nutrition Security	SAZ	Standard Association of Zimbabwe
GDP	Gross Domestic Product	SME	Small to Medium Enterprises
GFATM	Global Fund Against Tuberculosis and Malaria	SMP	Staff Monitored Programme
HDPCG	Health Development Partners Coordination Group	TCF	Technical Cooperation Facility
HRH	Human Resources for Health	TIZ	Transparency International Zimbabwe
HTF	Health Transition Fund	UNDP	United Nations Development Programme
i-EPA	Interim Economic Partnership Agreement	USD	United States Dollar
IFI	International Finance Institution	WHO	World Health Organisation
IMF	International Monetary Fund	ZAADDS	Zimbabwe Accelerated Arrears Clearance, Debt and Development Strategy
IOM	International Organisation for Migration	ZAIP	Zimbabwe Agriculture Investment Plan
LRRD	Link between Relief, Rehabilitation and Development	ZDHS	Zimbabwe Demographic and Health Survey
MDGs	Millennium Development Goals	Zim Asset	Zimbabwe Agenda for Sustainable Socio-Economic Transformation
MIC	Ministry of Industry and Commerce	ZMTRI	Zimbabwe Mining Revenue Transparency Initiative
MoAMID	Ministry of Agriculture, Mechanisation and Irrigation Development	ZUNDAF	Zimbabwe United Nations Development Assistance Framework
MoHCC	Ministry of Health and Child Care		

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1. THE OVERALL LINES OF EU RESPONSE

1.1 Strategic Objectives of the EU's Relationship with Zimbabwe

The EU's ultimate objective is the full normalisation of relations with Zimbabwe in the attainment of the country's aspirations which include consolidation of democracy, peace and stability, prosperity and sustainable development. When the Council of the European Union expressed concern over the violation of essential elements of Article 9 of the ACP-EC Partnership, appropriate measures were taken in February 2002 within the meaning of its Article 96, reorienting development finance cooperation towards direct support of the population, in particular in the social sectors, democratisation, respect for human rights and the rule of law¹. Similarly the Council of the European Union adopted restrictive measures against a limited number of persons and entities of Zimbabwe.

In recent times, there has been an incremental partnership especially in areas of trade and dual cooperation. The new Constitution, which came into effect in August 2013, offers a framework for further deepening the EU's engagement with a large number of Zimbabwean stakeholders, including the State, its institutions, as well as civil society. The values and principles contained in the Constitution represent progressive elements upon which the EU's future support will be built.

The EU remains committed to further re-engagement with Zimbabwe and this commitment has been reflected in consecutive decisions to ease restrictive and appropriate measures since 2010. These decisions have been taken in direct response to deliberate actions of the Government of Zimbabwe. The Article 96 appropriate measures lapsed on the 1st of November 2014. Through the signing of the NIP, the European Union will be able to provide further support to the Government of Zimbabwe in its efforts to implement crucial political and economic reforms.

The economic recovery experienced from 2009 through to 2012 slowed down in 2013. GDP growth decelerated in 2013 to 3.3% from 10.6% in 2012. According to the IMF growth is expected to remain flat in the medium term. Key risks include lower than expected tax collections, financial sector stress and global commodity prices. Agriculture and mining are expected to continue to drive the limited growth. In the manufacturing sector, recovery has been hamstrung by liquidity shortages and the difficulties of the country to attract foreign direct investment (FDI). Zimbabwe is in arrears with all major international financial institutions including the European Investment Bank (EIB) and therefore does not have access to concessional loans.

Trade is an important catalyst for growth and poverty reduction. The EU is currently Zimbabwe's third major trading partner. Zimbabwe signed and ratified the interim Economic Partnership Agreement (i-EPA), under the ESA region. The i-EPA is a major stepping stone to a wider and more comprehensive deal that supports sustainable development and fosters regional integration.

¹ EU Council Common Position (2002/148/EC) of 18 February 2002. OJ L 50 of 21.2.2002, p. 64.

The poverty report on the 2011-2012 PICES Survey² reveals that 72.3% of Zimbabweans are poor, whilst 16.2 % of the households are in extreme poverty. Divorced or widowed women and child headed households are found among these extremities. The 2013 United Nations Human Development Index (HDI) ranks Zimbabwe among low human development countries: 172nd out of 186 countries compared to 1998, when it ranked 130th out of 174 countries.

Some social indicators have however improved in recent years, pointing to a revitalization of the delivery of health services at district and rural level and to an increase in pupils' early learning in primary schools. Still, the food security situation remains a matter of concern with high levels of social exclusion, vulnerability and poverty.

In October 2013, the Government of Zimbabwe released its new economic blueprint, the "Zimbabwe Agenda for Sustainable Socio-Economic Transformation October 2013-December 2018" (Zim Asset). The plan aims at accelerating growth and prosperity around four strategic clusters and two sub-clusters: Food Security and Nutrition; Social Services and Poverty Eradication; Infrastructure and Utilities; Value addition and Beneficiation; Fiscal Reform Measures; and Public Administration, Governance and Performance Management. The vision of the programme is "an empowered society, a growing economy" and the mission "to provide an enabling environment for sustainable economic empowerment and social transformation to the people of Zimbabwe".

Following the suspension of the application of Cotonou Agreement's Article 96 appropriate measures by the European Council Decision of 24 July 2012, Zimbabwe and the EU launched the 11th EDF programming exercise in August 2012. The exercise's first phase was completed in October 2012 with the submission of a draft Country Strategy Paper (CSP) 2014-2020 agreed by the EU Delegation and the National Authorising Officer (NAO). The CSP identified three focal sectors of concentration for the 11th EDF in Zimbabwe: health, agriculture-based economic development, and governance and institution building. The selection builds on results achieved through previous EU support. The cooperation between the EU and Zimbabwe dates back to 1981, and since the EU has been always present with humanitarian and development programmes. There is a strong EU technical expertise in all three sectors and as such the EU has the possibility to contribute to shape policies, processes and outcomes.

In line with the objectives of the Cotonou Agreement, the strategic objective of the EU's development cooperation with Zimbabwe is to reduce and eventually eradicate poverty and to support peace and stability, by supporting inclusive and sustainable growth and promoting human rights, democracy and rule of law.

Consistent with EU development policies and in particular the European Consensus on Development³ and the Communication on "Increasing the impact of the EU Development Policy"⁴, the EU will concentrate its cooperation on three sectors, which have been jointly selected with the Government of Zimbabwe taking into account Zim Asset's priorities and the EU's international commitments towards development assistance effectiveness, including the goals agreed at the Busan High Level Forum:

² Poverty, Income, Consumption and Expenditure Survey, ZimStat 2013.

³ 2006/C 46/01 - Joint statement by the Council and the Representatives of the Governments of the Member States meeting within the Council, the European Parliament and the Commission on European Union Development Policy: 'The European Consensus'.

⁴ COM(2011) 637 final – Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Increasing the impact of EU Development Policy: an Agenda for Change.

- The EU will aim at improving health outcomes for the population of Zimbabwe by supporting the National Health System and increasing equitable access to quality health services.
- The EU will support economic development based on sustainable agriculture in order to assure food security, increase resilience of the most vulnerable populations (most of whom are women and children), contribute to employment creation and income generation, improve the supply of raw materials for industry, and contribute to improved export earnings.
- Finally, the EU will focus on institutional strengthening, fostering good governance in order to contribute to Zimbabwe's economic recovery, and to the consolidation of the democratic process, as well as peace and stability.

Particular attention will be paid to gender, youth, vulnerable groups and migration, as they are cross cutting thematic areas. Additionally, taking into account the importance of the Information and Communication Technologies (ICT) and their applications as drivers of inclusive and sustainable growth, attention will be also given to the deployment of ICTs in all sectors of concentration where appropriate.

Complementarity and synergy with pan-African and regional programmes will be sought, particularly regarding infrastructure, trade, food security, peace and security, electoral support, and migration issues.

In line with its commitment towards the Development Assistance Effectiveness Agenda, the EU will on the one hand support the Government's efforts to implement a development assistance coordination strategy, and on the other hand take forward the joint programming of its development assistance with EU Member States and other development partners.

1.2. Choice of Sectors

1.2.1 Health

The health indicators in the country, although progressively improving, are still reflecting a poor health situation. Life expectancy at birth declined from 62 years in 1990 to 43 years in 2006, mostly from increased adult mortality due to HIV and AIDS; under-five mortality and infant mortality rates at 84 and 57 deaths per 1,000 live births respectively and maternal mortality has more than trebled between 1994 and 2010-11 (960 deaths per 100,000 live births).

Zimbabwe has adopted a National Health Strategy for 2009-2015 (NHS), which is consistent with the EU's policy goals. It aims at providing access to quality and equitable health services to Zimbabweans, with a specific focus on achieving the Millennium Development Goals (MDGs) directly related to health. The NHS adopts a Primary Health Care approach and intends to strengthen the health system by systematically addressing the WHO six building blocks. The NHS identifies four major sector weaknesses in Zimbabwe: deficit of medical and managerial health professionals; irregular availability of essential medicines and medical supplies; inadequate provision and maintenance of equipment and infrastructure especially at peripheral level; and disrupted basic utilities and services. Furthermore, it recognizes that "user fees" continue to be a barrier to access health care for the majority of the population, particularly women and vulnerable groups. The national budget allocation to health continues to be insufficient and in 2014 represented only 8% of the national budget. The Government's

health allocation mainly covers recurrent costs and the investment deficit is particularly acute on health infrastructure, medical supplies and equipment.

In 2010, the Ministry of Health and Child Care (MoHCC) produced a "Health Sector Investment Case" that analysed the costs of the package of health services needed to achieve the MDGs. It concluded that, because of the limited resources, the Government budget allocation to health would not be enough to cover the NHS budget requirements. It is estimated that in addition to the current support by Government and development partners, the financial gap is at more than USD 200 million per year.

The EU humanitarian instrument was critical in addressing emergency health needs in Zimbabwe during the crisis that affected the public health system in 2008. As the system recovered in the following years, humanitarian interventions were progressively linked to development actions funded by the EU and other development partners, in particular through the Health Transition Fund (HTF; i.e. drugs and medicines supply to the peripheral level). However, there are still additional actions that the EU can take to finalise the transition from relief to development, notably in relation with building emergency preparedness capacities and early response of the MoHCC.

Taking into account the above, the overall objective of the EU support to the health sector in Zimbabwe is to improve health outcomes for the population. In line with the recommendations of the Commission Communication on increasing the impact of EU Development Policy⁵, the EU will focus its support to the MoHCC on increasing protection against health threats, on strengthening the national health system and on increasing equitable access of the whole population to quality health services, and in particular the NHS goals:

- Maternal, new-born and child health (MNCH), and nutrition.
- Essential medicines and medical supplies; including the support to the local production of essential medicines and medical supplies and contributing to the provision and maintenance of medical equipment.
- Development of human resources for the health sector.
- Health policy planning and finance, including in particular health policy and strategy development, implementation, and strengthening the emergency preparedness and rapid reaction capacity of the health system.
- Construction, rehabilitation, and maintenance of health facilities especially at primary care level.

1.2.2 Agriculture-based Economic Development

The rationale of focusing EU support on the agricultural sector is the recognition of its key role as a major engine of economic and social development in Zimbabwe. The sector provides livelihood for about 70% of the population, accounts for 23% of formal employment and supplies about 60% of raw materials to the industry. Agriculture also contributes 14 - 18.5% to the Gross Domestic Product (GDP) and approximately 33% of foreign earnings.

⁵ COM(2011) 637 final – Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Increasing the impact of EU Development Policy: an Agenda for Change.

However, agriculture's contribution to GDP has fallen from an average of 19% in 2000 to the present estimate of 13.6%. Factors contributing to low agricultural productivity in general and food security in particular are the limited access to inputs and credit, input/output market inefficiencies, lack of agricultural and rural infrastructure (irrigation, markets, feeder roads), and limited investments in land, and reduced adoption of good agricultural practices for sustainable agriculture.

The Zimbabwe Agricultural Investment Plan (ZAIP) indicates a commitment for allocating 10% of the National Budget to Agriculture in line with the Comprehensive African Agricultural Development Programme (CAADP). Although agriculture has remained a top priority for Government, it has not yet been possible to achieve this threshold. From the total 2014 national budget (USD 4 billion), the estimated share for the Minister of Agriculture, Mechanisation and Irrigation Development (MoAMID) stands at USD 155,256,000 (about 4%), where most of the budgetary allocations are for staffing costs. Past allocations indicate that commitment to the agriculture sector have to date not surpassed the 4% contribution.

The trends of investment in the past decade has been on relief, input support for crops and livestock, measure of market linkages and small scale farmers training. This trend has not changed significantly, with minor contributions to direct infrastructure and other tangible investments.

The EU support to the agriculture-based economic development sector will be aligned with the MoAMID priorities and goals as described in Zim Asset, the draft Comprehensive Agriculture Policy, National Trade Policy, Industrial Development Policy and ZAIP in line with CAADP.

Over the years, the EU has significantly contributed to a constructive dialogue in the agriculture sector and to the setting up of an efficient network between various concerned stakeholders and the Government. In addition, the EU has been a lead donor in the promotion of initiatives related to agriculture, food security and natural resource management.

The EU support to the agriculture sector will include the three dimensions of social, economic and environmental sustainability. The overall purpose of EU support to agriculture-based economic development is the creation of a diversified, competitive and efficient sector which i) assures increased resilience, food security at both the household and national levels; ii) contributes to employment and income generation; iii) improves the supply of raw material for industry; iv) contributes to improved export earnings and therefore to enhanced economic growth and stability. The EU support will play a particular important role in the sector through the development of value chains while contributing to the creation of an enabling business environment.

Within the link between relief, rehabilitation and development (LRRD) framework, the food assistance provided through the EU humanitarian instrument has been progressively replaced by the EU's developmental response. This attempts to address structural factors underpinning the food security crisis through support among others to improve from the agricultural productivity. Would the food security situation deteriorate to life-threatening levels, the EU humanitarian instrument could be re-activated to address humanitarian needs.

EU assistance will mainstream environment-friendly practices and adaptation to climate change in all sectors through improving capacities of Environmental Management Agency (EMA) to conduct Environment Impact Assessment (EIA), enforce existing laws and review new policies.

1.2.3 Governance and Institution Building

Support to good governance, human rights and democratisation has been one of the pillars of EU development cooperation over the past years. Examples of this are the support provided to the implementation of the Global Political Agreement of 2008, the National Constitutional Process which saw the adoption of a new Constitution for Zimbabwe by way of referendum in March 2013, the strengthening of rule of law focusing on justice delivery addressing both the demand and supply sides, the support to the Parliament and to the newly created Zimbabwe Human Rights Commission (ZHRC) and the Zimbabwe Electoral Commission (ZEC). Funding of culture related initiatives has proven to be a good tool for dialogue and social inclusion, creation of job opportunities particularly for the youth and women as well as for the promotion of democracy and human rights.

The new Constitution adopted and signed into law on 22 May 2013 presents a new framework for engagement with a large number of Zimbabwean stakeholders, including the State and its institutions and civil society. The values and principles contained in the Constitution represent progressive elements upon which future support in the governance sector will be built. It promotes gender equality and women's rights and calls for equal participation of women and men in both the public and private sphere, including institutions and agencies of Government at all levels. The Constitution contains special measures to increase women's representation in politics and decision-making through a quota of sixty seats for women members of the National Assembly to be elected through a proportional representation system.

Public administration, governance and performance management is one of the Zim Asset sub-clusters aiming at improving policy formulation, advocacy and coordination; budgeting and resourcing; public sector modernisation and civil service reform; combating corruption and fostering good governance as well as building capacities for public sector institutions. Zim Asset also makes reference to strengthening Parliament's oversight role in public sector performance and under the Key Result Area 'Gender and Development', one of the strategies identified to achieve improved gender equality and equity is capacity building of elected women Members of Parliament and Councillors. Finally, it mentions under its section 7.2 Social Service Delivery and Poverty Eradication Cluster a justice-related outcome: Improved access to justice by the indigent persons.

In view of this, the overall objective for this sector is to strengthen institutions to foster good governance, promote human rights, democracy and rule of law in order to contribute to Zimbabwe's economic recovery, and to contribute to the consolidation of the democratic process as well as to peace and stability within the framework provided by the new Constitution.

In particular, the EU will provide support aimed at ensuring that Zimbabwe is on track with international best practices in public finance and public sector management, including the implementation of the IMF Staff Monitored Programme (SMP), in cooperation with other stakeholders such as: Non-State Actors, the International Financial Institutions (IFIs) and other co-operating partners, in line with national strategies and policies contained in Zim Asset.

Another essential element of this focal sector will be the strengthening of the rule of law and the respect for human rights through support to the judicial system, both on the demand and supply side through programmes supporting institutions as well as enhancing access to justice for the poor, especially women and vulnerable groups. The policy and legislative framework promotes gender equality as is evidenced by the existence of a plethora of laws which promote the rights of women such as the Legal Age of Majority Act and the Domestic

Violence Act. In April 2014, the Government established an Inter-ministerial Committee to develop mechanisms to address the unprecedented increase in reported cases of rape and sexual abuse of women and girls. One such mechanism is the National Plan of Action against Rape and Sexual Abuse which was adopted in June 2014.

As part of efforts to strengthen and contribute to progress in the democratic process, peace and stability, the EU will provide assistance to Parliament and relevant independent Commissions in the framework of the new Constitution. The EU will also support the promotion of national identity and shared values in Zimbabwean society through the preservation of cultural heritage (including local languages) and promotion of cultural diversity.

Finally, building on current programmes and in coordination with current and future Pan-African and regional programmes, support will be provided to improve the migration policies and improve protection to vulnerable migrants, particularly women.

The identification and implementation of these programming orientations will take place in the context of a national, Government-led development assistance coordination policy, having as reference major policy commitments at regional level and the commitments of the global development assistance effectiveness agenda.

2. FINANCIAL OVERVIEW (Indicative amounts)

Sector 1: Health	EUR 88 million
Sector 2: Agriculture-based Economic Development	EUR 88 million
Sector 3: Governance and Institution building	EUR 45 million
Measures in favour of civil society	EUR 6 million
(Support to Non-Governmental Actors)	
Support measures	
Support to the NAO Office	EUR 3 million
Technical Cooperation Facility	EUR 4 million

3. EU SUPPORT PER SECTOR

3.1 Health

(Indicative amount EUR 88 million)

The EU support to the health sector aims at supporting Government's efforts to provide basic services for the population of Zimbabwe. It will be fully aligned with Zim Asset and with the MoHCC's vision and goals as described in the National Health Strategy 2009-2015. The NHS is based on a Primary Health Care approach and identifies 33 goals in 4 areas for action: (i) Determinants of Health; (ii) Diseases and Population; (iii) Health System; and (iv) Inclusive Implementation.

3.1.1 The following overall and specific objectives will be pursued:

Overall objective

The overall objective is to contribute to the improvement of health outcomes for all the population of Zimbabwe.

Specific objectives

SO1. To increase the protection of both women and men against health threats.

SO2. To strengthen and further develop the national health system.

SO3. To reduce inequalities, including gender-based inequalities, in access to quality health services.

3.1.2. For each of the specific objectives the main expected results are:

Specific objective 1: To increase the protection of both women and men against health threats.

Result 1.1: Increased population access to maternal, neonatal and child health services in quantity and quality, including a comprehensive approach to sexual and reproductive health.

Result 1.2: Epidemic diseases timely detected and controlled and burden of Non Communicable diseases (NCD) reduced.

Result 1.3 Increased Population coverage related to preventable conditions/diseases.

Result 1.4 Reduced percentage of under-five children wasted and/or stunted.

Specific objective 2: To strengthen and further develop the National Health system.

Result 2.1 Improved organization and management of services.

Result 2.2 Improved quality and availability of services provided by health facilities.

Result 2.3 Human resources for health numbers, skills and distribution optimized.

Result 2.4 Primary Health Care infrastructure, including availability of basic services (water/electricity/waste management) adequate according to the level of care.

Specific objective 3: To reduce inequalities in access to quality health services.

Result 3.1 Improved access to and better utilization of health services by the most at risk groups of the population.

Result 3.2 Better health sector governance, management and financing.

Result 3.3 Sound policies, strategies and regulations for the health sector in place.

Result.3.4 Enhanced community participation and involvement in improving health and quality of life.

3.1.3. For each result, the main indicators are:

See annex 3

3.1.4. Development Partner coordination and policy dialogue are:

Development partner and Government policy dialogue takes place through the Health Partners Development Forum chaired by the Minister, which brings together all the sector stakeholders on a bi-annual basis. The Health Development Partners Coordination Group (HDPCG) meets every two months and facilitates coordination and information sharing among bi- and multilateral development partners. MoHCC Annual Plans are discussed in bi-annual meetings organized by the MoHCC, chaired by the Permanent Secretary and attended by all Provincial Health Executives (PHEs), development partners, and other stakeholders including relevant state and para-state institutions, and civil society organizations. Programmes' specific platforms for health partners' coordination and over-sighting are the GFATM-CCM, the HTF Steering Committee, the Zimbabwe United Nations Development Assistance Framework (ZUNDAF) meetings, and the Integrated Support Programme Steering Committee, which membership includes Government institutions, health development partners, civil society organization, people living with specific conditions, national and international agencies, private sector, etc.

There is no overall lead development partner for the sector although an informal division of labour is in place. USAID and the Global Fund focus on fighting HIV/AIDs, malaria and tuberculosis through bilateral programmes; while the EU and its Member States and the rest of the development partners have pooled their fund in the Health Transition Fund that focuses on strengthening the health systems, and reducing the child and maternal mortality as well as the prevalence of other communicable diseases. There is therefore a reasonable degree of harmonization within the sector which could be further improved by strengthening the role of the Health Coordination Group and increasing the frequency of its meetings.

3.1.5. The Government's financial and policy commitments are the following:

The estimated expenditure for the MoHCC under the 2014 National Budget is of USD 337,005,000, which is in line with the last years' trends and represents 8.16% of the National Budget.

- Develop a National Health Care financing policy and strategy. Commit 15% of the National Budget to health in line with Abuja Declaration.
- Implement decentralization of financial management of health facilities.
- Define a cost package of core health services for each level of care and prioritize services accordingly.
- Adopt a 2016-2020 National Health Strategy, which is developed in an inclusive manner and linked to Zim Asset.
- Effective enforcement of non-user fee policy for a clearly defined health service package.

3.1.6. Environmental assessment

Environmental impact assessments will be carried out for major infrastructure works in line with EU guidelines.

3.1.7. The overall risk assessment of the sector intervention:

<u>Risk</u>	<u>Mitigation measure</u>
<p><u>Government policy and capacity</u></p> <p>Weak sector coordination capacity.</p>	<p>Harmonize and integrate existing different information sharing and coordination platforms and mechanisms.</p> <p>Ensure availability of technical assistance.</p>
<p><u>Finance</u></p> <p>Macroeconomic environment not stable enough for MoHCC to be able to drive the implementation of the National Health Policy.</p> <p>Budget allocation to the health sector remains insufficient not reaching 15% as per Abuja Declaration.</p> <p>HRH salary scale and non-financial benefits insufficient to retain staff in their working stations.</p>	<p>Engaging with Government to help overall national economic recovery.</p> <p>Enhance dialogue between Government and EU about equitable national budget redistribution in favour of social services.</p> <p>Support HRH policy implementation and sustainability</p>
<p><u>Environmental and climate change:</u></p> <p>Possible negative environmental impact of new health infrastructure works.</p>	<p>An environmental impact assessments will be carried out for major infrastructure works in line with EU guidelines.</p>

3.2 Agriculture-based Economic Development

(Indicative amount EUR 88 million)

The EU support to agriculture-based economic development aims at the creation of a diversified, competitive and efficient sector which i) assures food security at both the household and national levels; ii) contributes to employment and income generation; iii) improves the supply of raw material for industry; iv) contributes to improved export earnings and therefore to enhanced economic growth and stability. The EU support will play a particular important role in the sector through the development of value chains and contributing to creating an enabling business environment.

3.2.1 The following overall and specific objectives will be pursued:

Overall objective

The overall objective is to contribute to creating a diversified, competitive and efficient agricultural sector that contributes to inclusive economic growth and revenue generation.

Specific objectives

SO1. Improved policy framework to enable sustainable agricultural growth and natural resources management.

SO2. Enhanced competitiveness of the agriculture sector through improved value chains (inputs, production, processing, marketing and trade) and an improved business/marketing environment taking advantage of opportunities arising from i-EPA implementation.

SO3. Enhanced resilience, food security and reduced under-nutrition in children.

3.2.2. For each of the specific objectives the main expected results are:

Specific objective 1: Improved policy framework to enable sustainable agricultural growth and natural resources management.

Result 1.1 Sector policies and risk analysis in the area of agriculture, natural resources environment and climate change are reviewed, developed and/or mainstreamed.

Result 1.2 Strategic partnerships facilitated for increased investment in and financing of the agricultural sector.

Specific objective 2: Enhanced competitiveness of the agriculture sector through improved value chains (inputs, production, processing, marketing and trade) and an improved business and trade environment taking advantage of opportunities arising from i-EPA implementation.

Result 2.1 Increased capacity of farmers and improved access to inputs and services for the development of a productive and competitive agriculture sector.

Result 2.2 Increased competitiveness of agri-businesses (input, output, service delivery, processing, marketing) making use of opportunities arising from regional integration and implementation of the i-EPA (EU-ESA).

Result 2.3 Natural resources are sustainably managed and contribute to economic development and poverty reduction.

Specific objective 3: Enhanced resilience, food security and reduced under-nutrition in children.

Result 3.1 Increased resilience and reduction in number of food insecure households, through livelihood interventions.

Result 3.2 Prevalence of stunting decreased for targeted beneficiaries.

For each result, the main indicators are:

See annex 3

3.2.3. Development Partner coordination and policy dialogue are:

Development partner coordination takes place through the National Agriculture Steering Committee on Agricultural Interventions and a number of thematic working sub-groups (livestock, irrigation, etc.). With regards to Land issues, dialogue with Government takes place in the Steering Committee (Project Board) which has been set up for the EU/UNDP funded support to the Ministry of Lands and Rural Resettlement. A Food and Nutrition Council (FNC), under the Office of the President and Cabinet, coordinates food and nutrition

related issues with respective Ministries (Agriculture and Health). The development partners are present at the level of FNC advisory group and its subcommittees. The Ministry of Environment, Water and Climate conducts regular coordination meetings with development partners. The EU coordinates its actions in the above areas with other development partners and in particular with the EU Member States, through regular meetings and joint monitoring.

Policy dialogue is being developed with the Ministry of Agriculture, Mechanisation and Irrigation Development and the Ministry of Land and Rural Resettlement, through the National Agriculture Steering Committee, which is expected to pave the way for a Government led coordination structure and policy dialogue for the agricultural sector following the CAADP model. A CAADP compact was signed by Government and other stakeholders (including EU) in November 2013.

3.2.5. The Government's financial and policy commitments are:

The Zimbabwe Agricultural Investment Plan, endorsed by Government after final stakeholder consultation, includes a commitment to allocating 10% of the National Budget to Agriculture in line with CAADP. The estimated expenditure for the Ministry of Agriculture, Mechanisation and Irrigation Development under the 2014 National Budget is of USD 155,256,000 which is in line with the last years' trends and represents 3.77% of the National Budget.

With regards to the land policy, the Government is committed to:

- Finalise the adoption and implementation of the land tenure security policies and regulation;
 - Review and streamline the land administration structure and regulations;
 - Complete the backlog on land valuation and compensation;
 - Review and strengthen the dispute and conflict resolution systems, structures and procedure; and
 - Strengthen service delivery capacities of the Ministry of Land and Rural Resettlement.
- The Ministry of Industry and Commerce (MIC) is in charge of implementation of all bilateral, regional and international trade agreements; implementation of the National Policies, i.e. the Trade and Industrial Development Policy.

3.2.6. Environmental assessment

Strategic environmental assessments will be carried out at a sector policy level and environmental impact assessment for some EU supported agricultural interventions, when needed, in line with EU guidelines.

3.2.7. The overall risk assessment of the sector intervention:

Risk	Mitigation measure
In its present mode, land tenure in the country does not encourage private investment in agriculture. Consequently the contribution of that sector to GDP remains compressed/low.	Ensure and continue adequate level of engagement with Government on implementation of land reform policies. Dissemination of information to concerned stakeholders to ensure adequate level of risk analysis and adoption of alternative instruments for collateral and investments.
Insufficient national budget allocations to the agricultural sector and other related Ministries.	Facilitate adequate level of engagement and commitment from the donor community to ensure that key sectors such as agriculture are adequately supported in Zimbabwe; Assist the Government to ensure strengthening of their Public Financial Management (PFM) capacities and performance in key sectors management.
Lack of adequate institutional coordination.	EU will continue and/or reinforce the institutional dialogue (both at policy and operational level) to ensure adequate coordination with all concerned stakeholders.
Climate change will negatively impacts performances in the agriculture sector.	EU will pursue dialogue to enhance development and implementation of Climate change adaptation policies (i.e. DRR – Disaster Risks Reduction).

3.3 Governance and Institution Building

(Indicative amount EUR 45 million)

The EU support to the governance sector will seek to align to Zimbabwe's national priorities and objectives set out in the new Constitution, in the national development policy frameworks and in other Government sector plans.

3.3.1 The following overall and specific objectives will be pursued:

Overall objective

The overall objective is to strengthen public institutions to foster good governance, accountability and transparency in order to contribute to Zimbabwe's economic recovery, and to the consolidation of the democratic process, as well as to peace and stability.

Specific objectives

SO1. To support the implementation of public finance management reforms required to maintain macro-economic stability.

SO2. To support rule of law through judicial reforms and increased access to justice for all without discrimination.

SO3. To contribute to the consolidation of the democratic process, the promotion of national identity and shared values as well as to peace and stability.

SO4. To support the strengthening of the migration governance framework.

3.3.2. For each of the specific objectives the main expected results are:

Specific objective 1: To support the implementation of public finance management reforms required to maintain macro-economic stability.

Result 1.1: Efficiency, transparency and equity in national resources allocations improved, through PFM and Public Sector Management reform processes.

Specific objective 2: To support rule of law through judicial reforms and increased access to justice.

Result 2.1 Increased judicial competence, integrity and professionalism.

Result 2.2 Enhanced capacity of all the population, particularly women and vulnerable groups to exercise their rights and access justice.

Result 2.3 Enhanced efficiency, transparency, and accountability in the justice/court delivery systems.

Specific objective 3: To contribute to the consolidation of the democratic process, the promotion of national identity and shared values as well as to peace and stability.

Result 3.1 Strengthened capacity and independence of the Parliament to effectively perform its duties under the Constitution in particular in law-making, executive oversight and representation.

Result 3.2 National processes of peace and reconciliation addressed in a gender sensitive manner.

Result 3.3 Strengthened capacity of the electoral administration to conduct free and fair elections in a transparent and inclusive way.

Result 3.4 Strengthened capacity and independence of the relevant Constitutional Commissions to effectively perform their mandates.

Specific objective 4: To support the strengthening of the migration governance framework.

Result 4.1 Strengthened institutional capacity and adoption of a coherent and gender sensitive policy and legislative framework for a comprehensive approach to migration.

Result 4.2 Enhanced participation and contribution of Zimbabwean women and men in the diaspora in national development initiatives, including engagement with the Government.

3.3.3. For each result, the main indicators are:

See Annex 3

3.3.4. Development Partner coordination and policy dialogue are the following:

There has been no policy dialogue with Government in the governance sector. Future sector co-ordination will move from programme-specific to sector-wide co-ordination under the lead of the Government in line with the development assistance effectiveness principles.

In the area of Public Financial Management, coordination mechanisms are currently based on bilateral and multilateral initiatives.

The definition of national policies under this focal sector must be inclusive, nationally-owned and participatory-based through the involvement of non-state actors and democratic institutions and relevant stakeholder aiming for policy dialogue.

3.3.5. The Government's financial and policy commitments are:

Zimbabwe is still recovering from an economic crisis that led to dollarization and tight national cash budget operations with very limited resources available, especially for capital investment. Government has however been committed to finance key democratic processes and oversight institutions. Their existence and policy scope are clearly defined and guaranteed in the new Constitution. Government's financial commitment towards the projects and programmes under this sector will be agreed at the identification phase.

The new national development plan, Zim Asset, includes commitments to launch and implement a National Corporate Governance Framework that will result in the re-invention of Government and private sector business to be more people friendly.

In addition, the “Zimbabwe Accelerated Arrears Clearance, Debt and Development Strategy” (ZAADDS) seek to address the country's debt overhang which is one of the main economic policy challenges. The Government has also expressed commitment to mining revenue transparency and accountability e.g. the new Diamond Policy which was approved and published in late 2012.

In June 2013, the Government of Zimbabwe signed its first Staff-Monitored Program (SMP) with the IMF, which ended in June 2014. It focused on strengthening the public finances in a sustainable way, maintaining the primary deficit at 0,3% of GDP and avoiding new non-concessional external debt, while protecting priority social spending. It also included Cabinet approval of amendments to the Mines and Mineral Act, the Public Management Bill and Banking Act. All targets and benchmarks for the final review were met. A second SMP was signed in November 2014 covering the period until end of 2015.

3.3.6. When needed, the appropriate type of environmental assessment

The components of this focal sector do not require an environmental assessment.

3.3.7. The overall risk assessment of the sector intervention:

The result framework of this focal sector is based on a number of assumptions, which include:

ASSUMPTION/RISK	MITIGATION MEASURES
All relevant Government bodies are committed to engage in identification and implementation of the activities.	Continued dialogue with the Government.
Following the adoption of Sector Strategic Plans, clear sector plans and/or policy orientations are defined with a transparent and consultative approach and they are shared with all relevant stakeholders.	Continued dialogue with the Government.
Relevant partner institutions, especially those defined in the new Constitution will be effectively established, and the enabling legal instruments enacted.	Support provided for the drafting of new legislation and setting-up of the new Commissions.
Government will revamp coordination with development partners, in line with development assistance effectiveness principles.	Continued dialogue with Government and other donors.
Human and financial resources are available.	Capacity building support provided.

4. MEASURES IN FAVOUR OF CIVIL SOCIETY⁶

In line with the revised Cotonou Agreement and its Annex IV, an indicative amount of EUR 6 million is set aside to support civil society organisations. Additionally, further funding to civil society may be allocated under the three focal sectors in order to reach 5% target of the total NIP allocation in support to civil society organisations. Support shall be provided to their participation in public policy formulation, transparency and accountability, service delivery, inclusive and sustainable growth, and conflict prevention and peace building within the framework of the Constitution and as contribution to the implementation of Zim Asset. Women's organisations should be specially taken into account as they play a key role in fostering women's rights, women's empowerment and for the promotion of gender equality. In addition, social partners, trade unions and employers' organisations will also be taken into account to acknowledge their pivotal contribution to creating decent work conditions.

These programmes will complement actions jointly agreed in this National Indicative Programme. Priorities will be agreed by the NAO and the EU.

The contribution of civil society to development requires the strengthening of community based organizations and non-profit non-governmental organizations in all spheres of cooperation. This will entail the following:

- Encouraging and supporting the creation and development of such organisations.

⁶ Measures in favour of civil society should be understood as support to civil society. The EU considers civil society organisations (CSOs) to include all non-State, not-for-profit structures, non-partisan and non-violent, through which people organise to pursue shared objectives and ideals, whether political, cultural, social or economic.

- Establishing arrangements for involving such organisations in the design, implementation and evaluation of development strategies and programmes.

5. B-ALLOCATION

This NIP does not include an initial B allocation. In case of necessity, the EU, after consultation with the Government of Zimbabwe, will consider whether the adoption of a Financing Decision to meet an unforeseen or urgent need should be taken.

6. SUPPORT MEASURES

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

EUR 4 million is allocated for a Technical Cooperation Facility (TCF), which will aim to support or accompany the programming, preparation or implementation of actions within the three NIP sectors of concentration. Key result areas and activities foreseen under this support include the following:

- a) The successful identification, formulation and preparation of programmes to be supported under the EU-Zimbabwe 11th EDF NIP.
- b) Specific expertise and assistance in Government policy making and implementation.
- c) Specific Expertise for analytical studies and support in line with the Government of Zimbabwe priorities as enunciated in Zim Asset, including support to PFM reforms.
- d) Mainstreaming of gender including the identification of actions and gender disaggregated indicators.
- e) Strengthening of risk analyses and the identification of mitigating measures in the preparation of new projects and programmes.

6.2. Support to the National Authorising Officer

An indicative maximum amount of EUR 3 million may be allocated to support the NAO. Key result areas and activities foreseen under this support include the following;

- a) Strengthening the capacities of the NAO and the concerned line ministries/ agencies to ensure timely and cost-effective preparation/implementation of actions.
- b) Support to the programming and coordination of cooperation between the EU and NAO including monitoring and evaluation of development partner funded programmes.
- c) Strengthening the NAO functions of development assistance coordination and reporting of development assistance flows.
- d) Enabling Government officials, civil society and other stakeholders to attend conference and seminars on EU-ACP initiatives.

Above support measures may include when relevant statistical capacity building in order to strengthen the implementation, monitoring and evaluation of programmes and projects financed under the NIP.

7. ANNEXES

- ANNEX 1. COUNTRY AT GLANCE
- ANNEX 2. DONOR MATRIX SHOWING INDICATIVE ALLOCATIONS PER SECTOR
- ANNEX 3. SECTOR INTERVENTION FRAMEWORK AND PERFORMANCE INDICATORS
- ANNEX 4. INDICATIVE TIMETABLE FOR COMMITMENTS
- ANNEX 5. CONSULTATIONS WITH GOVERNMENT, NON-STATE ACTORS AND PRIVATE SECTOR