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ZIMBABWE RECONSTRUCTION FUND

ANNUAL REPORT 2015



ACRONYMS

AA	Administrative Agreement
BE	Bank Executed
EPFMTRG	Economic Public Financial Management Technical Review Group
ICTRG	Investment Climate Technical Review Group
IFMIS	Integrated Financial Management Information System
ISN	Interim Strategy Note
OPC	Office of the President and Cabinet
PFM	Public Financial Management
PFMS	Public Financial Management System
POC	Policy Oversight Committee
PIU	Project Implementation Unit
PSIP	Public Sector Investment Program
PST	Project Steering Team
QER	Quality Enhancement Review
RDC	Rural District Council
RE	Recipient Executed
RVP	Regional Vice President
SPF	State and Peace-Building Fund
TA	Technical Assistance
TTL	Task Team Leader
TRG	Technical Review Group
ZIMASSET	Zimbabwe Agenda for Sustainable Socio- Economic Transformation
ZIMREF	Zimbabwe Reconstruction Fund
ZINWA	Zimbabwe National Water Authority

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INTRODUCTION

The **Zimbabwe Reconstruction Fund (ZIMREF)** is a country-specific umbrella-type multi-donor trust fund approved by the Board of Executive Directors of the World Bank on 9 May 2014. The development objective of ZIMREF is to: *contribute to strengthening Zimbabwe's systems for reconstruction and development with a focus on stabilization and reform, reconstruction, development and poverty alleviation.*

ZIMREF is the key instrument for implementing the World Bank Third Interim Strategy Note for Zimbabwe and for supporting the implementation of Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset).

Contributing donors comprise: Denmark, European Union, Germany, Norway, the State and Peace Building Fund, Sweden, Switzerland and the United Kingdom. To date, ZIMREF has raised contributions and programmed activities amounting to just over \$40.4 million. The Fund is expected to run until end December 2019. **Denmark are closing operations in Zimbabwe as part of a regional reorganization of their portfolio.** They will exit ZIMREF by June 30, 2016.

ZIMREF supports both recipient-executed (RE) and Bank-executed (BE) activities. To date, **eight (8) activities comprising around \$61.4 million have been approved under the Fund's four windows:** (i) Private Sector Productivity & Competitiveness; (ii) Governance, Efficiency & Effectiveness of Public Expenditure; (iii) Reduced Vulnerability & Enhanced Livelihoods; and (iv) Analytical, Policy & Advisory Work. Of these, four (4) activities have started implementation with the remaining four (4) expected to start in early 2016.

Output 1: The **Business Environment, Financial Sector and Investment Policy TA Program (BEFSIP)** aims to support implementation of *inter alia*, *Doing Business* reforms, building credit and capital markets infrastructure, and reforming investment policies.

Output 2: The **Capital Budgets Technical Assistance (TA) Program** aims to develop modern public investment planning, management and resource mobilization systems, improve state-owned enterprise governance and support development of a pipeline of feasible projects in transport and energy;

Output 3A: The **Public Financial Management Enhancement Project (PFM)** aims to continue modernization of key elements of the public financial management system in including coverage and reporting, internal and external audit, and Parliamentary and civil society oversight;

Output 3B: The **Public Procurement Modernization Reform Project** aims to support the modernization of public procurement regulatory framework and practices and pilot e-government procurement;

Output 4A: The **Results-based Budgeting TA Program** aims to support the introduction of program budgeting, as well as key reforms to strengthen the management of financing and public expenditures in key social sectors.

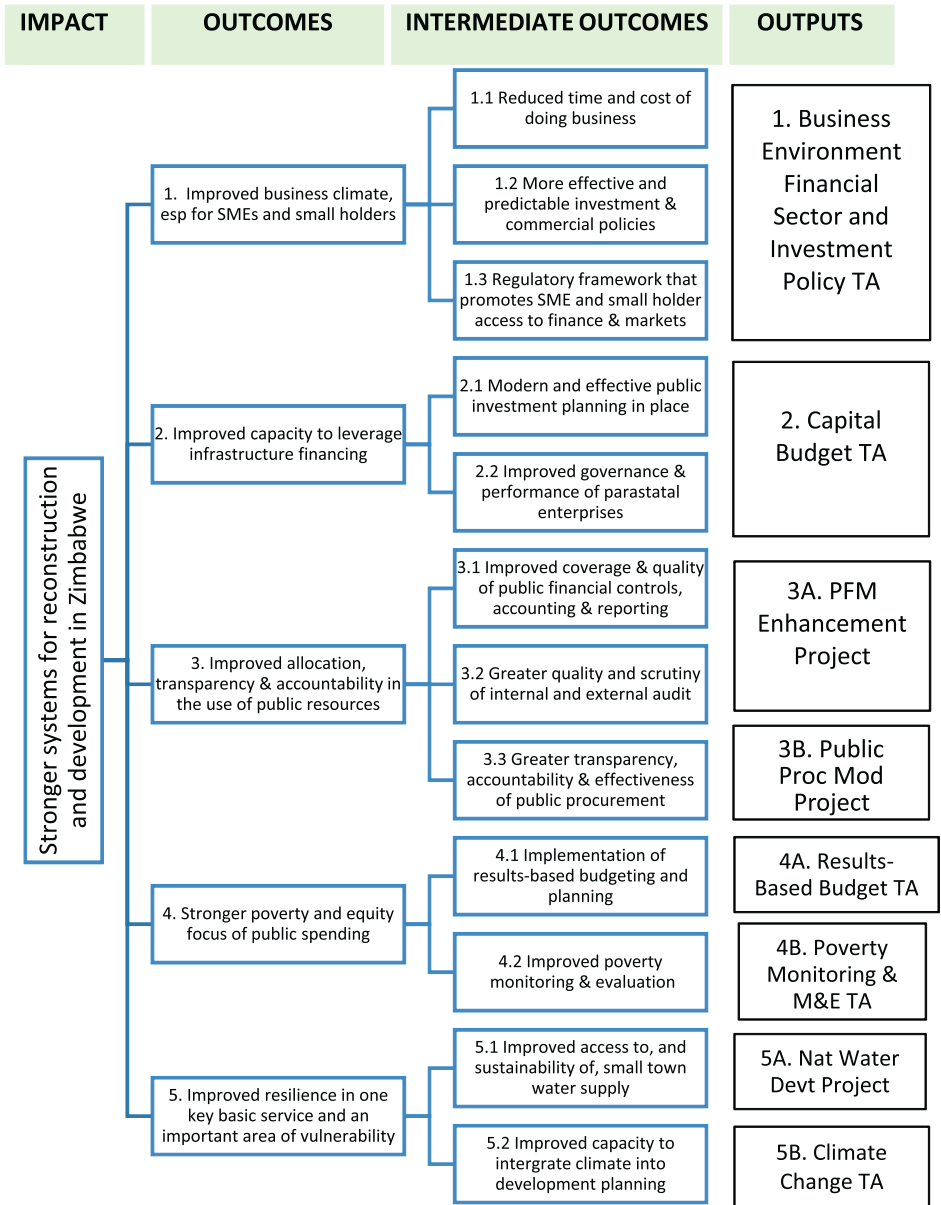
Output 4B: The **Poverty Analysis and ZIMASSET Monitoring and Evaluation TA Program** aims to improve the monitoring of poverty and shared prosperity outcomes and their integration into national strategy and planning documents.

Output 5A: The **National Water Development Project** aims to improve water supply in the small town sector, strengthen the Zimbabwe National Water Authority and the regulatory framework in the water sector.

Output 5B: The **Climate Change TA Program** aims to help develop Zimbabwe's climate policies, and its pipeline of climate adaptation investments, and mainstreaming of climate changes in investment planning.



Figure 1: A Schematic Overview of the High-Level Results Framework for ZIMREF.



TRUST FUND OPERATIONS

The **ZIMREF mobilized contributions of \$40.4 million** during 2015 from seven Donor contributors. Of this, \$39.4 million has been signed through Administrative Agreements and \$25.2 million has been paid in.

The **ZIMREF approved in principle eight projects and programs (see p4) amounting to about \$61.4 million**, comprising five (5) Bank-executed technical assistance (TA) programs amounting to \$14.4 million and the three (3) Recipient-executed (RE) projects amounting to \$43.2 million), with corporate fees and program management costs explaining the remainder. However, only \$22 million will be allocated to the Recipient-executed projects until further resources are mobilized.

Based on project disbursement projections, **an additional \$10 million will be needed during 2016, and \$7 million at end 2017**. As the Bank-executed technical assistance programs are based on cost estimates, it is imperative to review the disbursements periodically for cost savings that can contribute to closing the funding gap on the Recipient-executed projects.

By end 2015, ZIMREF disbursements stood at \$748,210.97. Given the decision to allocate the Fund to a limited number of fairly large programs, preparation times turned out much longer than anticipated. The first project was approved in August 2015. By year-end, three TA programs (BE) and one RE project had achieved final approval and started implementation. At the time of finalizing this report, the National Water Project had been signed and the BEFSIP TA program (BE) and PFM Project (RE) had attained final approval. The remaining Bank-executed Climate Change TA and Poverty Analysis and ZIMASSET M&E TA Programs are expected to be approved by the second quarter in 2016. However, these outstanding TA programs had initiated activities under the World Bank administrative budget while BEFSIP will be continuing work financed under other external funds which are to expire shortly. As such, it is expected that the disbursements should be quite brisk during 2016.

The **ZIMREF Secretariat was established and fully staffed during 2015** with a full-time administrator, senior finance assistant, program assistant, communications specialist, and part-time monitoring and evaluation specialist and gender consultant. The Secretariat is located in the World Bank Country Office in Harare.

Denmark, one of the seven donors to ZIMREF, are closing operations in Zimbabwe as part of a regional reorganization of their portfolio. They will exit ZIMREF by June 30, 2016.

GOVERNANCE

ZIMREF has a local two-tier governance structure comprising a **Policy Oversight Committee (POC)** and **Technical Review Groups (TRGs)**, supported by a Secretariat based in Harare. The POC and TRGs comprise representatives from Government of Zimbabwe, Donor contributors and the World Bank.

During 2015 the **Policy Oversight Committee** was co-chaired by the Government of Zimbabwe and the UK Department of International Development (DFID). Since January 2016 The European Union took over from DFID the donor co-chairmanship of the POC. In 2015, the POC had three (3) meetings which approved eight (8) activities: three (3) Recipient-executed projects and five (5) Bank-executed technical assistance (TA) programs. These activities account for a total grant amount of \$61.4 million inclusive of corporate fees and program management costs, \$40.4 million has already been raised, and work is ongoing to plug the financing gap of \$21.0 million. The secretariat is optimistic that additional funding can be tapped from other Trust Funds that are managed by the Bank, notably in relation to the National Water Project and the Poverty Monitoring and ZIMASSET M&E TA program. The Secretariat is also hoping to raise additional resources from prospective Bilateral Donors, including Irish Aid and Canadian CIDA that have shown interest in contributing to ZIMREF.

During the year 2015, the POC also approved:

- the membership of the TRGs;
- the ZIMREF Strategic Results Framework;
- the definition of *consensus* for POC decision-making;
- participation of non-contributing donors as observers, viz African Development Bank and the Netherlands;
- a revision to the Operational Guidelines to allow for co-chairs to be appointed on a volunteer basis, clarify the new cost recovery structure and strengthen the POC's role in the approval process for Bank-executed TA programs, and transform the role of TRGs from approval to monitoring platforms for respective TA programs and Projects;
- delegation to the Secretariat approval of Just-in-Time Technical Assistance Requests costing less than \$30,000, up to a cumulative maximum of \$120,000 per year (no such approvals were granted);
- delegation to the TRGs approval of proposals costing between \$30,000 and \$100,000 (no such approvals were granted); and
- a decision to seek, from World Bank management, an adjustment of the limit for Program Management costs down from 10 percent of contributions to 6 percent.

Three (3) Technical Review Groups were set up in 2015 for Economic and Public Financial Management (EPFM-TRG), Investment Climate (IC-TRG) and Infrastructure (I-TRG). At the request of Government, these TRGs have also assumed a donor coordination function in addition to their ZIMREF governance.

The **Economic and Public Financial Management Technical Review Group (EPFM-TRG)** is currently chaired by the European Commission. During 2015, this TRG met three times to review and approve four (4) programs: Results-Based Budgeting TA, Public Procurement Modernization Project (RE Project and BE TA program), Public Financial Management Enhancement Project, Poverty Monitoring and ZIMASSET M&E TA. The membership of the TRG was expanded to all donors supporting public financial management thereby serving as a venue for donor coordination in that area.

The **Investment Climate Technical Review Group (IC-TRG)** is currently chaired by the Department for Foreign International Development (DfID). It met twice in 2015 and approved the Capital Budgets and the Business Climate, Financial Sector and Investment Policy TA programs.

The **Infrastructure Technical Review Group (I-TRG)** focusing on Infrastructure was approved by the POC on 10 September 2015. This TRG will review and monitor progress under the Climate Change TA, National Water Development Project, and infrastructure activities under the Capital Budgets TA. The I-TRG met for the first time on 1 March 2016 and approved the Climate Change TA.



SUMMARY OF RESULTS AND RISKS

The year 2015 was a preparatory year for ZIMREF, dedicated to setting up the Trust Fund, resource mobilization and program (output) preparation. As a result, there were very few targeted outcomes and milestones for 2015.

Key preparation achievements for 2015, include the preparation and/or approval, signing and effectiveness for the three recipient executed projects — the Public Procurement Modernization Project (signed October 2015 and disbursing); the National Water Development Project (negotiated December 2015, approved and signed February 2016); the Public Financial Management Enhancement Project (prepared in 2015, negotiated in January 2016) – and preparation of three TA programs – Results Based Budgeting, Capital Budgets, and Poverty Monitoring and ZIMASSET M&E, which all started implementation in 2015.

Key outcome achievements for 2015 include: (i) the preparation of program-based budgets for three pilot ministries which were presented to Parliament alongside the 2016 National Budget; (ii) production of the Poverty Map in collaboration with UNICEF and ZIMSTAT using the 2011/12 PICES data; and (iii) design of the parastatal database.

Other noteworthy milestones during the year include:

- Provision of inputs to the Procurement Reform Bill & inputs to the Parastatal Corporate Governance Reform Bill which have subsequently been approved by Cabinet;
- Setting up the PIU in ZINWA and Project Steering Committee for the National Water Project, in addition to submission of the first package for civil works designs to the World Bank for clearance and the satisfactory preparation of all required environmental and social safeguard documents;

Update on program level risks. Six key risks for ZIMREF were identified in the **ZIMREF Board Paper** that was submitted for approval to the World Bank Board of Executive Directors, namely: political; funding; economic shocks, climate change, governance and fiduciary risks. Regarding the political risks, although the succession battles within the ruling party have intensified over 2015, there has not been much spillover into the reform areas supported by ZIMREF. At the same time, the Government's move toward re-engagement with the World Bank, IMF

and African Development Bank has accelerated and deepened the momentum in several areas supported by ZIMREF, which in turn is providing crucial technical and financial support to the reform effort.

Regarding funding shortfalls, the decision mid-year to fully program ZIMREF against an MDTF size of \$61.4 million has heightened this risk. The World Bank mobilized total commitments of US\$40.4 million during 2015 from seven donors, leaving a financing gap of US\$21 million, which needs to be filled in 2016/2017 in order not to delay implementation of approved programs. Expressions of interest in joining ZIMREF or co-financing ZIMREF-supported projects, have been received from Irish Aid, Saudi Fund and Arab Bank for Economic Development in Africa. In addition, ZIMREF is expected to make an additional application to the World Bank's State and Peace Building Fund.

Both external shocks and climate change risks have materialized as Zimbabwe faces cyclical commodity price declines compounded by the slowing of the Chinese economy, depreciation of the South African rand which has hit domestic production and job-creation, and two successive years of major droughts including el Nino. Meanwhile, the authorities have been pursuing a tight fiscal policy, as well as taking steps to reduce a very large public sector wage bill that crowds out development spending. Although the risks remain that this fiscal tightening and employment controls could hinder some of the ZIMREF-supported reform programs in the short run, Government has continued to push for those reforms that it sees as part of the solution to the long term fiscal and economic challenges, e.g. improving the business environment and the investment climate, reforming the state-owned enterprises, better expenditure policies across ministries, and more targeted public spending. As one of the ZIMREF design principles is to contribute to more efficient public spending, this has helped align the programs to the current challenges.

A similar approach has served also to reduce governance and fiduciary risks. By design, ZIMREF is addressing those key areas of public sector governance – procurement, financial management, budgeting, that would have been the strongest risks to its implementation. However ZIMREF has also opted to implement the three recipient-executed projects through government systems, exposing it to fiduciary risks but also seeking to strengthen government systems and promote greater alignment between government and donor programs. To effectively mitigate these risks, the World Bank prepared an *Assessment of the Zimbabwe Public Finance Management Systems for Investment Lending Projects* (May 2015) which concluded that the risk that “resources may not be used for

the intended purposes” could be adequately mitigated. During preparation of these projects, the Bank conducted standard fiduciary assessments and, for implementation, has established very conservative supervision parameters, such as low prior review thresholds, limited disbursement methods, low limits to balances in designated accounts. In addition the World Bank’s Fraud and Corruption rules will be fully applied.

Use of Country Systems

An early outcome of ZIMREF has been the preparation of three RE projects which will be implemented directly by the Government of Zimbabwe. These are among the first projects financed with donor resources for which financing will pass through the Government systems and in which Government agencies will have some control of funds. This result builds on earlier work under the *Analytical Multi-Donor Trust Fund* to support a renewal of public financial management systems, entitled *Assessment of the Zimbabwe Public Finance Management Systems for Investment Lending Projects*, (May 2015). The latter report concluded that, with an appropriate application of the safeguards available in World Bank fiduciary rules and regulations, the risk that “resources may not be used for the intended purposes” can be adequately mitigated. These projects will provide an important demonstration for other development partners who are considering moving beyond the current practice of implementing programs through third party agencies albeit more fully aligned with Government bodies.

RESULTS FRAMEWORK

Goals	Logic	Indicators	Baseline	Targets	Verification	Assumptions	Achievements/ Milestones in 2015
Strategic Objective: To contribute to strengthening Zimbabwe's systems for reconstruction and development.	Specific interventions in strengthening public financial management, public procurement, monitoring & evaluation systems, and public investment management aim at strengthening Government systems and increasing the efficiency of public expenditures.	Improved CPIA scores	2.7 (2015)	3.2 (2019)	Annual CPIA		
	Outcome 1.1: reduced time and cost to doing business	Overall distance to frontier on <i>Doing Business</i> % respondents who say that investment and commercial policies as improving	47% (2015)	60% (2019)	Annual <i>Doing Business Enterprise Surveys (2015/6, 2019)</i>	Improved regulatory and financial climate is sufficient to promote development and reconstruction; political risk factors do not overwhelm it.	Output 1- Business Environment, Financial Sector and Investment Policy TA prepared and approved in principle by POC, and subsequently approved by the RVP on March 8 2016.
Outcome 1: Improved Business Climate especially for MSMEs and Small holder farmers	Outcome 1.2: more effective and predictable investment and commercial policies	Distance to frontier for "Getting Credit" on <i>Doing Business</i>	40% (2015)	60% (2019)	Annual <i>Doing Business</i>		

Goals	Logic	Indicators	Baseline	Targets	Verification	Assumptions	Achievements/ Milestones in 2015
	Outcome 1.3: regulatory framework promotes SME and smallholder access to finance and markets	Share of female owned enterprises with access to formal financing	14 (2012)	30 (2019)	<i>Finscope (2012), Enterprise Surveys (2015/6, 2019)</i>	Political commitment to investment climate reform is sustained, and policy and regulatory recommendations are taken up by Government.	At the time of going to print, contracting for the baseline Enterprise Survey had been launched.
Output 1: Business Environment, Financial Sector & Investment Policy TA Program Implemented	Doing Business reform program implemented			2019		Vested interests are effectively co-opted into the reform process and do not succeed in preventing regulatory changes	BEFSIP TA program prepared and approved in principle by the POC, and reviewed by TRG (Final approval received on 8 March 2016)
	Inputs to revisions of Companies Act and Insolvency Act provided			Apr 2016			
	Two Enterprise Surveys conducted			2015, 2019			
	TA on new Mines and Minerals Act, new mining fiscal framework and initiative on revenue transparency delivered.			Jun 2017	Biannual TA program reviews	Regulatory changes are effectively communicated to all stakeholders	2016 Enterprise Survey preparation initiated
	Concept for a new omnibus investment law developed.			Dec 2016			
	TA for updating Indigenization policy for selected sectors provided			Dec 2016		Improved regulations & procedures are applied in practice by service providers, notaries	Collateral Registry customization procurement launched.
	Review of policies for SME development undertaken and small tax payers/informal tax payer strategy developed			Oct 2016			

Goals	Logic	Indicators	Baseline	Targets	Verification	Assumptions	Achievements/ Milestones in 2015
Outcome 2: Improved capacity to leverage financing for infrastructure	National financial literacy strategy and curriculum inputs formulated			Jun 2016		and/or commercial lawyers	
	Collateral registry software provided and staff trained			Dec 2017		Female owned SMEs and farms take advantage of newly available credit and financial products	
	Microfinance sector diagnosed			June 2016			
	Ecosystem assessment for warehouse receipts completed			Sep 2016			
	Outcome 2.1: modern and effective public investment planning in place	AfDB CPIA indicator on infrastructure policy & institutions	2.1 (2015)	3.0 (2019)	Annual AfDB CPIA score	Investment planning and SOE governance are key constraints to mobilizing infrastructure finance	Output 2: Capital Budgets TA program prepared and approved in 2015.
	Outcome 2.2: improved governance and performance of SEPs	Improved oversight of aggregate fiscal risk in SOEs (PEFA P1-9)	C (2015)	B(2019)	PEFA (2019)	Investment climate improves and lowers risk premium/cost of capital for infrastructure	

Goals	Logic	Indicators	Baseline	Targets	Verification	Assumptions	Achievements/ Milestones in 2015
Output 2: Capital Budgets TA Program implemented	Methodology for public investment management recommended			Dec 2015		Political commitment is sustained, and TA recommendations are taken up by Govt	Agreement reached on methodology for public investment management TA.
	Public sector investment regulations, manuals and guidelines produced and staff trained in MOF and MDAs			Jun 2016			
	Consolidated database on parastatal enterprises established and up-to-date			Jun 2016		Vested interests in and around SOEs are effectively co-opted into the governance reform process and	Diagnosis on SOE governance completed, inputs to the Public Sector Corporate Governance Bill prepared, SOE database designed and data collection launched.
	Diagnostic report and action plan for parastatal governance framework completed			Dec 2015		do not prevent reforms.	
	Reforms of governance framework and RBM arrangements for parastatals prepared			Dec 2015	Biannual TA program reviews	Training programs are adequate for raising capacities of existing staff on PIM	Comments provided on the Joint Venture Bill.
	Advice provided on legal and regulatory frameworks for JVs/public partnerships and concessions			Jul 2016			

Goals	Logic	Indicators	Baseline	Targets	Verification	Assumptions	Achievements/ Milestones In 2015
Outcome 3: Improved allocation, transparency and accountability in the use of public resources	Outcome 3.1: Improved coverage and quality of public financial controls, accounting and reporting	PEFA P1-25: completeness, timeliness and accuracy of government financial statements and compliance to accounting standards	D (2015)	B (2019)	PEFA (2019)		
	Outcome 3.2: Greater quality and scrutiny of internal and external audit						
	Outcome 3.3: greater transparency accountability and effectiveness of public procurement	PEFA P1-21: Timely audit reports in line with international standards Share of audit recommendations acted on within next financial year Lower unit costs for goods on Standard Catalogue Shorter average procurement cycle for public purchases through competitive bidding	C (2015) t.b.d. t.b.d. t.b.d.	B (2018) 50% improvement by 2019 t.b.d. t.b.d.	PEFA (2019) OAG monitoring systems CPAR (2017/8)		Output 3A Public Financial Management Enhancement Project prepared and approved by POC, and ultimately cleared by the RVP for signing and implementation on March 24 2016.

Goals	Logic	Indicators	Baseline	Targets	Verification	Assumptions	Achievements/ Milestones in 2015
Output 3A: PFM Enhancement Project implemented	Activation and configuration of the business intelligence module of IFMIS			Jul 2016		Government maintains PFM reform momentum, with limited bureaucratic resistance and faster implementation of PFM framework	
	Tools for incorporating statutory & donor funds into financial reports provided			Oct 2016			
	PFM act amended and regulations issued to improve internal audit	to improve legal framework for internal audit		Aug 2017			
	New internal audit staff trained			Jan 2018			
	Strategic Plan for Office of Auditor General prepared			Dec 2016	Bi-annual World Bank supervision reports	Internal and external audit bodies are adequately funded	
	Audit procedures re-engineered, manuals revised and auditors trained in the use of modern techniques including CAATs			Jul 2017		Private audit firms are interested in supplying external audit functions	
	System to follow-up the implementation of audit finding/recommendations established			Nov 2018		Members of Parliament remain attentive to PFM governance across the electoral calendar	

Goals	Logic	Indicators	Baseline	Targets	Verification	Assumptions	Achievements/ Milestones in 2015
Output 3B: Public Procurement Modernization Project Implemented	<p>Phase 1 only, Phased 2 to be added later</p> <p>New Procurement Act enacted</p> <p>Procurement performance monitoring system established</p> <p>E-procurement (e-GP) strategy adopted by Government</p> <p>Training of selected Procurement Staff and Procurement Committees in high priority MDAs</p> <p>Goods and services placed in the Standard Catalogue for common procurement of goods and services</p> <p>Business Process reengineering completed & e-GP guidelines prepared</p> <p>e-GP readiness & public procurement baseline assessment conducted</p>			<p>July 2016</p> <p>Aug 2016</p> <p>Mar 2016</p> <p>Sep 2016</p> <p>Updated yearly</p> <p>Nov 2016</p> <p>Jan 2017</p>	<p>Bi-annual World Bank supervision reports</p>	<p>Procurement law is reformed in line with international best practice</p> <p>Vested interests are co-opted into reform process</p> <p>Private sector providers are responsive to new procurement framework</p> <p>Adequate staffing is available for effectively decentralizing procurement function</p> <p>Adequate capacity to prepare and undertake e-GP exists.</p>	<p>Output 3B Public Procurement Modernization Project prepared, approved and started implementation in the second half of 2016.</p> <p>Draft procurement bill prepared and is in the process of consultation with government stakeholders prior to tabling in Parliament.</p> <p>E-readiness assessment completed and work on the E-procurement Strategy initiated.</p>

Goals	Logic	Indicators	Baseline	Targets	Verification	Assumptions	Achievements/ Milestones in 2015
Outcome 4: Stronger poverty and equity focus of public spending.	Outcome 4.1: Budget allocated in line with programs and results	Number of ministries using RBB in Budget preparation	None (2015)	3 (2016), 9 (2017), All (2018)	Annual National Budget		Output4A: Result-based Budgeting TA program prepared and approved in 2015, and started implementation.
	Outcome 4.2: Improved poverty monitoring and evaluation	Zimbabwe Poverty Strategy process institutionalized Equity and pro-poor indicators for health and education spending developed and being used in Government reporting	No poverty strategy	Strategy issued 2016, updated 2018	OPC MoFED and Government Financial Statements		Development of the new National Health Strategy 2016-20 at advanced stage. Establishment of Teaching Professions Council at advanced stage. Output 4B: Poverty Monitoring & ZIMASSET M&E TA prepared, approved and started implementation.

Goals	Logic	Indicators	Baseline	Targets	Verification	Assumptions	Achievements/ Milestones in 2015
Output 4A. Results Based-Budgeting TA implemented.	Chart of accounts updated, users trained and using the new system			3 (2016) 9 (2017) All (2018)	Budget Statements and Blue Book	Short-term fiscal pressures do not divert effort from medium-term planning	Three pilot ministries (Primary & Secondary Education, Health & Child Care, and Public Service, Labour & Social Welfare) prepared and included parallel program-based budgets in the 2016 National Budget, presented in November 2015.
Output 4b: Poverty Monitoring and ZIMASSET M&E	Monitored programs' Output & results indicators defined & aligned to existing financial resources and used in government reporting			3 (2015) 9 (2016) All (2017)	MoFED, Line Ministries response, project reports	Pro-poor shifts in resources are not met with overwhelming political resistance	
Output 4b: Poverty Monitoring and ZIMASSET M&E	Formulation of ZIMASSET annual action plans linked to the national budget			Jan 2017	OPC	Re-engagement process effectively supports the increased attention to poverty issues in national planning apparatus	Several technical missions fielded to support (i) the finalization of the 2011 poverty map, design of the publication; and (ii) redesign of the household survey.
Output 4b: Poverty Monitoring and ZIMASSET M&E	New household survey conducted in 2016 and plans in place for achieving higher frequency poverty monitoring approved			Oct 2016	ZIMSTAT	Government moves toward more open data policies	ZIMREF also sponsored the Poverty Map launch event, and a study trip to attend WB's Public Sector M&E Conference in Cape Town.
Output 4b: Poverty Monitoring and ZIMASSET M&E	Sector ministry strategic plans linked to the budget and aligned to ZIMASSET			Jan 2017	Line ministries		Output 5A National Water Project prepared, reviewed and approved by POC, and ultimately signed on March 8 2016.
Outcome 5. Improved resilience in a key basic service	Outcome 5.1: Improved access to, & sustainability of, small town water supply.	Number of people with new and improved water supply in targeted areas	0	50,000 persons	ZINWA project reports		
Outcome 5. Improved resilience in a key basic service	Outcome 5.2: Stronger basis of accessing climate financing	Value of critical adaptation projects prepared for financing	0	t.b.d.	Public Investment Management system		Output 5B Climate Change TA approved in principle by POC.

Goals	Logic	Indicators	Baseline	Targets	Verification	Assumptions	Achievements/ Milestones in 2015
Outputs 5.A National Water Development Project implemented.	Water supply systems in seven growth centers rehabilitated and upgraded.			2019		Identified projects are viable given the capacity and willingness to pay in the target communities.	National Water Project prepared in 2015 and approved in early 2016, including bidding documents for first procurements, environmental and social management documents.
	Sanitation plans prepared for seven growth centers and sanitation systems in two growth centers rehabilitated.			2019		Private sector finds identified works projects financially attractive.	
	Service agreements between targeted local authorities implemented			April 2016		Reform momentum for water sector is maintained	
	Local government capacity to oversee water supply strengthened in seven growth centers: spatial plans updated, sanitation promotion and hygiene education delivered, training of local government officials undertaken.			Jan 2018	Bi-annual World Bank supervision reports	Vested interests at the community level do not succeed in derailing local reforms for improved service deliver.	PIU and steering committee established, and key ZINWA staff appointed.
	Regulatory and commercial functions of ZINWA separated and new water utility regulator in place			Feb 2018			First package of civil works contracts designs submitted to World Bank for clearance.
Outputs 5.B Climate Change TA implemented	ZINWA billing systems strengthened			Nov 2016			
	Master Plan for Water Resources completed.			Aug 2016			
	Strategy for Climate Financing adopted			Jun 2017		Growth in global adaptation financing is sufficient to maintain Govt interest in preparing investments and mainstreaming climate into investment planning	TA program presented to POC for approval in principle.
Output 5.B Climate Change TA implemented	Identification of investments in integrated land management and climate smart agriculture.			Dec 2017	Biannual TA program reviews		



PROGRAM ACTIVITIES

**Eight activities (US\$60 million) were identified and approved.
These include three projects which will be implemented
using the Government of Zimbabwe systems
– the first in many years.**

PROGRAM ACTIVITIES (OUTPUTS)

1. Business Environment, Financial Sector & Investment Policy TA

The Business Environment, Financial Sector and Investment Policy (BEFSIP) is a \$3.2 million Bank-executed TA program that was approved on March 8, 2016. BEFSIP aims to improve the business climate for the private sector, especially for microenterprises, SMEs, and agricultural small holders by: (i) reducing the time and cost of *Doing Business*; (ii) introducing more effective and predictable investment and commercial policies; and (iii) strengthening the regulatory framework and financial infrastructure for expanded access to financial services and markets for the Ministry of Small and Medium Enterprises and smallholders. The program comprises four components namely: (i) Business Climate, (ii) Investment Policy and Strategy, (iii) Access to Finance and (iv) Market Institutional Development. The main counterparts include: Office of the President and Cabinet (OPC) leading the *Doing Business* reforms and investment policy work; Reserve Bank of Zimbabwe on the access to finance work; Ministry of Finance and Economic Development on the mining fiscal framework and SME sectors; the Zimbabwe Investment Authority, Ministry of SME Development, and Ministry of Mines and Mineral Development, among others.

This program is supported by the Finance & Markets and Trade and Competitiveness Global Practices within the World Bank and the IFC.



BEFSIP builds on the achievements of a DFID-funded ‘externally-funded output’ or “EFO” entitled Business Enabling Environment and Policy (BEEP). The latter

supported the *Doing Business* reforms and various activities in the financial sector including establishment of a credit registry, a diagnostic study on consumer protection and financial inclusion, a Report on Observations of Standards and Codes on insolvency and creditor rights.

One of the components under BEFSIP pertains to the provision of TA support for land governance and administration. In that regard, BEFSIP builds on previous and ongoing UNDP/EU support to the Ministry of Lands and Rural Resettlement (MLLR) in the areas of undertaking a National Land Audit; establishing a Land Registry; crafting a compensation mechanism and designing a dispute resolution mechanism. The project also supported South-South learning for Zimbabwean officials with counterparts in Kenya and Brazil.

Progress to date. BEFSP was approved in principle by the POC on March 23 2015, approved in full by the IC-TRG on November 5 2015, returned to the POC for no-objection, and was approved by the African Region Vice Presidency in the Bank on March 8 2016. In addition to the work on the Land Governance and Administration and the collateral registry that have started off under alternative financing, BEFSIP is expected to begin implementation in earnest in the first quarter of 2016.



2. Capital Budget TA

This \$4.3 million Bank-executed TA program aims to improve Zimbabwe's capacity to leverage much needed infrastructure financing by working on the Public Investment Management (PIM) system and state owned enterprise governance. The program will help MoFED to develop guidelines and manuals for the full public investment cycle and to train line ministry staff. It will provide technical assistance and policy advice to improve the regulatory framework for joint ventures and public private partnerships in key sectors, and to help with specific investment proposals. The program will also support the reform of state-owned enterprises and parastatals (SEPs). This will range from a baseline stock-take, through reviews of corporate governance compliance, the new National Code of Corporate Governance and of the exercise of Government's ownership function, to providing advice on strategic options for the whole portfolio and for specific enterprises. The program will focus on two main areas of infrastructure development, namely, transport and energy.



The main counterparts are the Ministry of Finance and Economic Development (MOFED) and the Office of the President and Cabinet (OPC), Ministry of Transport and Infrastructural Development, and of Energy and Power Development. Within the World Bank, this program is supported by the Governance, Energy & Extractives, Transport & ICT, and Food & Agriculture Global Practices.

The African Development Bank is working with the Office of the President and Cabinet (OPC) on a new project to support corporate governance and state enterprise reform. This new program is aware of the ongoing World Bank TA support to the OPC in these areas, and looks set to scale up assistance in this area for development impact. The AfDB and World Bank teams have started dialogue to establish how much has been completed under the Capital Budgets program so that there is no duplication in the upcoming AfDB project. The two program teams have agreed to enhance coordination through joint participation in TRG quarterly meetings and sitting in each other's project steering committees.

Progress to date. The program was approved by the POC in principle in March 2015, by the TRG in June 2015, and by Bank management in November 2015. During preparation, a Transport Sector mission in August 2015 led to specification of activities, including on tolling policy and SOE reform aspects of roads, railways, civil aviation, and maritime safety. A Governance mission in October 2015 presented international experience on SEP reform and exercise of ownership functions; fostered agreement on the NCCG as the basis for assessing corporate governance, initiated preparation of strategic options papers for selected SEPs, and launched work on a baseline database. A subsequent mission by the Energy Sector team in November 2015 outlined plans to provide peer review of turn-around strategies for key electricity SEPs and offered advice on key policies for joint ventures in the power sector. Finally, an Agriculture mission in November 2015 reached agreement on peer review of strategic options papers produced through government-financed forensic audits of the Grain Marketing Board (GMB) and the Cold Storage Company (CSC). Work began on the development of databases of the PSIP and SEP portfolios; and workshop on SEPs was carried out in January 2016.



Public Investment Management (PIM)

- Meeting to discuss the feasibility studies in three sectors: power, irrigation and transport and updating of two existing feasibility studies, the 900km Beitbridge - Harare - Chirundu road – 9 Apr 2015.
- Agreement on a roadmap for implementation of the feasibility studies – 9 Apr 2015.
- Consultation with PSIP Unit on project content – 15 May 2015.
- Procurement assessment conducted for MoFED PSIP Unit.

State-owned Enterprises

- Preparation mission 2-6 Mar 2015.
- Brief on SOE reform shared with Government 12 Mar 2015.
- Concept note on performance monitoring system framework developed by Govt.
- Concept note on sector specific studies for the ten identified State Owned Enterprises developed by Govt.
- Weekly Consultative meetings with SERA, OPC, PSIP Unit.
- Procurement assessment conducted of MoFED PSIP Unit Governance mission in Jul 2015 following the TRG and POC approval.
- Draft ToRs for 6 out of 9 BE activities shared with GoZ for review.
- Special Audits for SOEs, Feasibility studies and Regulatory Framework were identified.
- Transport mission in Aug 2015 identified potential investments for feasibility studies.
- Energy mission reached agreement on major elements of TA in early Oct 2015 – renewables policy, independent power producer policy, and support on financial restructuring for ZETDC.
- The agriculture mission of 4-6 November led to consensus on the peer review role for the Bank on ongoing performance audits of Grain Marketing Board and Cold Storage Company.
- Follow up mission fielded on 18-22 January 2016 to include workshop for SEP CFOs on baseline data, launch of strategic overview of SEP roles and functions, and integration of PIM processes into budget cycle.

3A. Public Financial Management Enhancement Project

This \$20 million Recipient-executed project aims to improve financial reporting, internal controls, fiscal transparency and accountability in government finances in Zimbabwe. The project will be supported by a Bank-executed grant to finance supervision over the life of the 4-year project of \$0.8 million. The project builds on earlier work supported by the Bank that helped resuscitate Zimbabwe's financial management information system (IFMIS) and accounting functions. Under that program, training and other support was provided to the supreme audit institution and the Parliament to help clear a long backlog of audit report reviews. The design of the project is supported by an earlier PEFA Assessment of 2011, and a recent Use of Country Systems Assessment of 2015, and will support new PEFA Assessment as the main monitoring and evaluation in 2016. The project will help to expand and extend the IFMIS including to some district offices, strengthen the regulatory framework for internal controls, strengthen external audit and support demand-side accountability institutions in Parliament and civil society.

The main counterparts are the Ministry of Finance and Economic Development, Parliament of Zimbabwe, Office of the Auditor General and other line ministries. Within the World Bank, this program is supported by the Governance Global Practice.

Government has received previous or ongoing support to the PFM system, thereby providing scope for leveraging lessons learnt to improve the project in question. Over the period 2012-2015 UNDP has supported Government institutions of economic management, more particularly working with parliament, the Auditor General's Office and the Debt Management Office to strengthen the Public Financial Management system. This support culminated in the upgrading of the Debt Management and Financial Management System (DMFAS), and the formulation and consensus on a debt arrears clearance strategy.

The African Development Bank is also supporting the PFM system through support to the respective parliamentary portfolio committees and the Auditor General under the two ongoing projects: Capacity Building for Public Financial Management Project, and the Governance and Institutional Strengthening Project. One distinction of AfDB support has been the capacitation of the civil-society-organizations (CSOs) to interface effectively with parliament and the budget process on matters relating to public financial management.

By virtue of sitting on the respective project steering committees, the World Bank has been aware of and is continually reviewing these parallel interventions for lessons learnt to improve the design and implementation of the PFM project.

Progress to date. The program was approved by the POC for preparation in March 2015, by the TRG in June 2015, and by the POC for implementation in September 2015. Following internal Bank reviews and approval of the Project Appraisal Document, Grant Negotiations took place on January 21 2016. The Project is expected to be signed by the end of April 2016.

Program Highlights:
PFM ENHANCEMENT PROJECT

- Use of Country Systems (UCS) & PFM Enhancement Project prep mission, 26 January – 6 February 2015;
- Internal Bank Reviews, 8 May - 23 June 2015;
- PFM Project Concept Review Mar 2015;
- PFM Project Decision meeting – 23 Jun 2015;
- PFM Project Fiduciary Assessment, July 2015;
- PFM Project Appraisal 3-13 August 2015;
- Grant Negotiations, January 21 2016;
- Agreement on the staff complement of the Project Implementing Unit (PIU);
- FM assessment for the project completed;
- Grant Signing expected first quarter of 2016;
- Project should start disbursing second quarter of 2016;

3B. Public Procurement Modernization Project

This \$4.0 million hybrid project aims to support greater transparency, accountability and effectiveness of public procurement. The project is planned in two stages, the first of which will include a Bank-executed technical assistance of \$0.4 million and a Recipient-executed grant of \$1.6 million. This first stage will support regulatory and institutional reforms to help align public procurement legislation and practices to the Zimbabwe’s 2013 Constitution, and to prepare for implementing an e-government procurement pilot. The second Recipient-grant of \$2.0 million will be prepared and approved later to implement the e-procurement pilot.

The project is implemented by the Office of the President and Cabinet in collaboration with the State Procurement Board. Within the World Bank, this program is supported by the Governance Global Practice.

The African Development Bank is undertaking a procurement capacity needs assessment across Government in collaboration with the Office of the President and Cabinet (OPC), findings of which will inform the preparation of the planned AfDB-funded Project, the Governance and Institutional Strengthening Project, Phase II. AfDB is consulting with the World Bank as it develops the new project in order to add value and avoid duplication. The two organizations have agreed on joint participation in TRG meetings to serve as a veritable mechanism for donor coordination.



Progress to date. The program was approved by the POC in principle as a Bank-executed technical assistance program in March 2015 and by the EPFM-TRG in June 2015. However during preparation it was decided to convert it to the current hybrid. The new implementation modality was approved by the POC in September 2015. All internal Bank reviews were completed and the grant was approved by Bank management and signed with Government in October. The Government met the effectiveness conditions and accordingly the project was declared effective on 3 December 2015. Government hired a consultant to support legislative and institutional reforms. The readiness assessment was completed, giving way to the commencement of the development of the e-procurement strategy and report. The Draft Procurement Bill was published in the Government Gazette in February 2016, ahead of tabling for parliamentary debate by the end of the 1st quarter of 2016. It is expected that new procurement law will be approved in the first half of 2016. Early adoption of the e-procurement strategy is expected to pave way for definition of system functional requirements.

Program Highlights: PUBLIC PROCUREMENT MODERNIZATION PROJECT

- POC approval of BETA, Mar 2015.
- TRG endorsement, 19 May 2015.
- Internal Concept Review and approval, May - July 2015.
- Procurement Training for 40 government staff; 28-29 May 2015.
- FM and procurement assessments of OPC and SPB, leading to a change in project modality to hybrid RE/BE in August 2015.
- General Procurement Notice was published and Procurement Specialist post advertised, August 2015.
- Change in implementation modality approved by POC, October 2015.
- Grant agreement prepared and approved by Bank management, October 2015.
- Grant signed with Government, October 2015.
- Legislative consultants commence work, November 2015.
- Grant declared Effective, 3 December 2015.
- Project Steering Committee established, December 2015;
- Draft Procurement Bill Published, February 2016.

4A. Results-based Budgeting TA

This \$2.1 million Bank-executed technical assistance program aims to support the implementation of results-based budgeting as a means to increase the poverty and equity focus of public spending in Zimbabwe. It comprises three subcomponents on program budgeting and specific technical assistance to the Ministries of Health and Child Care, and the Ministry of Primary and Secondary Education. The TA to these line ministries is expected to help address some of the weaknesses in achieving outcomes through program budgeting, and to support the formulation of robust expenditure policy decisions within those sectors. The project also supports some demand side accountability with the Parliament. The program builds on earlier work supported by the UK Department of International Development, USAID – Strategic Economic Research and Analysis project, African Development Bank, and the Health Innovation Results Trust Fund. It is supported by an earlier Health Public Expenditure Review prepared by World Bank in 2015, and a new Public Expenditure Review with a focus on education under preparation now.

The main counterparts are the Ministry of Finance and Economic Development, the Ministry of Health and Child Welfare, and the Ministry of Primary and Secondary Education. Within the World Bank, this program is supported by



the Macro-Fiscal Management, Health, Nutrition & Population, and Education Global Practices.

Progress to date. The program was approved by the POC in principle in March 2015, by the TRG in June 2015, and by the Bank management in July 2015.



(i) Program Budgeting TA

The \$0.72 million technical assistance program aims to build capacity for and support the preparation of program budgets for all line ministries. During series of intensive workshops in July/August and September, programs were designed and output indicators were defined. The first three pilot ministries, i.e., Primary & Secondary Education, Health & Child Care and Public Service, Labour & Social Welfare submitted both the traditional and program budget format to Parliament for the first time as part of the 2016 national budget presentation. A workshop was delivered to members of Parliament on how program budgeting would affect Parliamentary oversight of the budget process. Work was extended to the next six ministries: Youth, Indigenization & Economic Empowerment; Women Affairs, Gender & Community Development; Agriculture, Mechanization & Irrigation Development; Local Government, Public Works & National Housing; Justice, Legal & Parliamentary Affairs; and Higher & Tertiary Education, Science and Technology Development.

These programs are being reviewed over January/February 2016 with a view to mapping the current budget to these programs. Consistent with the project objectives, the target is to prepare the 2017 budget in both the traditional and program formats for the first nine ministries.

(ii) Health Sector TA

This \$0.67 million technical assistance program seeks to improve evidence-based planning and integration of empirical measurement for the health sector after 2015. This specialized technical support to the GOZ will enable: (i) generation of robust evidence to inform policy, planning and management decision making; and (ii) development of key health sector strategy and policy documents. The work envisages technical assistance in four distinct but interrelated areas: National Health Accounts (NHA) 2015 and NHA institutionalization, national health financing policy, development of the National Health Strategy for 2016-20, including a framework for Universal Health Coverage and the design of a health insurance pilot for Harare.

Progress to date. After some initial delays, the Health Sector TA was approved by Bank management in August 2015. Work to support the MOHCC to develop a new health strategy 2016 -20 is now at an advanced stage. The Bank team is leading work on prioritizing and costing the health strategy. The work on the health strategy is expected to be finalized by February 2016. Preparation for 2014 National Health Accounts work are at an advanced stage. Field work for household surveys expected to be completed in the first quarter of 2016. Work on the health financing policy has been deferred to the first quarter of 2016 to enable the Government to focus on the National Health Strategy.

(iii) Education Sector TA

This \$0.69 million technical assistance program aims to support the Government's efforts to improve education outcomes and spending efficiency. The intended outcomes are to increase knowledge, strengthen capacity, and update practices in specific policy areas aimed to address gaps in education outcomes. The program comprises three subcomponents on Teacher Development and Management, Student Assessment and ICTs in Education. These areas were developed following extensive discussion with the Ministry of Primary and Secondary Education. This work is benefiting from the ongoing preparation by the World Bank of an *Education Sector Public Expenditure Review*. It is expected that this work will also

lay the basis for a future stronger engagement for the World Bank to support of Zimbabwe's education system, following re-engagement.

Progress to date. Teacher Development and Management: Technical assistance was provided to the Ministry of Primary and Secondary Education (MoPSE) during October 2015 on establishing mechanisms to professionalize the teaching profession in Zimbabwe through the establishment of the Teaching Profession Council and through the dissemination of the recently launched Teacher Professional Standards (TPS). Three (3) delegates from the MoPSE and the Examinations Council (ZIMSEC) were supported to attend the First Maths Conference in Mexico. The Bank is currently working with the MoPSE to bring in a Mathematics pedagogy consultant who will work with the local Maths experts and inspectors specifically on the developmental aspects of learning mathematics.

Student Assessment: As part of the envisaged New Curriculum, MoPSE intends to introduce a continuous student assessment system that supports improved teaching and learning. The Bank intends to commence its TA activities under this area by benchmarking the current student assessment regime in Zimbabwe using the Systems Approach for Better Education Results (SABER). Little progress has however been registered under this component as the Bank and MoPSE are still working on the modalities of assessing current student assessment systems using the SABER instruments.

ICTs in Education: The MoPSE intends to rationalize and standardize its ICT activities for both management and learning and instructional purposes through the development of an integrated ICT policy framework. The Bank has engaged a consultant to work with a MoPSE core group on the development of an ICT policy for the ministry. A working group on the development of an ICT policy has also been selected by the MoPSE and the Bank is currently working with this working group as part of ongoing efforts to develop an ICT policy for MoPSE. The TA is also supporting MoPSE on how to link their Education Management Information System (EMIS) and their Teacher Development Information System (TDIS) so that they can be accessed on one platform.

- POC approved in principle, March 2015.
- EPFM-TRG reviewed, June 2015.
- Final Approval received from RVP, July 2015.
- Resources allocated to the three components, Health, Education and Budget.

Program budgeting component

- Three (3) consultants hired to facilitate the training. Eight (8) ministries are targeted for the Program Based Budgeting pilot.
- RBB training workshops held in July, August and September 2015.
- Training for Parliamentary Committees, Nov 2015.
- First three program budgets included in 2016 National Budget, 26 November 2015.

Health Sector TA

- Commencement of National Health Strategy; Development TA, September 2015;
- Bank team provided technical support to a Task Force established to develop the new health strategy;
- Bank has been leading the work on costing the health strategy, coordinating with UNICEF and WHO;
- National Health Accounts contracting waiver issued by the Bank and survey to be undertaken in Q1 of 2016; and
- Health Financing Policy work delayed to Q1 2016 to enable the MOHCC to focus on the health strategy.

Education Sector TA

- Consultant hired to support the Government’s efforts to improve education outcomes in: teacher management and development, curriculum reform, early childhood development (ECD), and ICTs in education;
- Bank Mission fielded on 31 August – 10 September working on rollout of the Teacher Professional Standards, establishment of Teaching Council and design of Curriculum Reform M&E;
- Three delegates from the MoPSE took part in the First Maths Conference in Mexico in September as a buildup of supporting Zimbabwe in assessing and supporting novice Maths Teachers;
- Mission from to support the development of a comprehensive integrated ICT policy framework for the Ministry of Education, 13-23 October 2016.
- Consultative workshop held to consult different stakeholders on the development of an ICT policy for MoPSE, October 2016.

4B. Poverty Monitoring and ZIMASSET Monitoring & Evaluation TA

This \$2.5 million technical assistance program aims to support the Government's efforts to strengthen the poverty and equity focus of public spending. The activity aims to increase the availability and analysis of high quality data on poverty and welfare in the country and strengthen the national development plan and improve monitoring and evaluation of policy and public spending decisions.

The program aims to finance the implementation of the next edition of the Poverty, Income, Consumption and Expenditure Survey (PICES) in 2016. The program also seeks to support an improved national monitoring and evaluation framework that will be used to measure results of budgets and policies as well as management performance tool of the public sector.

The main counterparts are the Office of the President and Cabinet for work on ZIMASSET and the Zimbabwe Statistical Agency (ZIMSTAT). Within the World Bank, this program is supported by the Poverty and the Social Development Global Practices.

The program has benefited from the lessons and experience of previous UNDP-funded support to ZIMSTAT to fund the PICES 2012 Survey, and to support ZIMSTAT more broadly on different lines of statistics, including the Agriculture and Livestock Survey over the period 2012-2015. The program also benefits from the World Bank's participation in the Project Steering Committee, alongside UNDP, UNICEF, UNFPA, and USAID-SERA accords space for cross-fertilization of ideas and experience sharing on support to statistical development in Zimbabwe.

Progress to date. The Bank team has supported additional data analysis of PICES 2011 survey (e.g. on migration and poverty, and on using internationally comparable poverty rate) leading to preliminary discussions around implementation of PICES 2016. A poverty map – *Zimbabwe Poverty Atlas* has been completed in collaboration with ZIMSTAT and UNICEF, while an agreement has been reached on developing roadmap for strengthening M&E of public sector. Options for strengthening ZIMASSET have been explored but are not yet fully defined.

**Program Highlights: POVERTY MONITORING AND
ZIMASSET M&E TA PROGRAM**

- Implementation modality being changed from Bank-executed to hybrid;
- Mission fielded to hold discussions with OPC on M&E framework for ZIMAsset, including incorporating SDGs.
- Three stage growth/poverty conference and research program was proposed to help develop ZIMASSET operational plan.
- Discussions with ZIMSTAT held on preparation for next PICES in 2016, February 2016.
- Technical assistance provided and feedback on the now completed poverty map report – Zimbabwe Poverty Atlas.
- Awaiting GoZ’s National Statistical Development Strategy, expected to be submitted to Cabinet.



5A. National Water Development Project

This \$20 million Recipient-executed project aims to improve access to and quality of water and sanitation services in selected growth centers, improve water resources planning and support the reform of the water sector nationally. The focus on small town growth centers reflects a gap in donor financing for this subsector. The growth centres set to benefit are drawn from ZINWA catchment centres and these are- Lupane, Madziwa, Zimunya, Gutu, Nembudziya, Guruve and Mataga. The project will be accompanied by a Bank-executed grant to finance supervision over the life of the 4-year project of \$0.8 million. The project builds on earlier work under the Analytical Multi-Donor Trust Fund to review dams and water systems in Zimbabwe. The design of the project was supported under the Analytical Multi-Donor Trust Fund to prepare an assessment of 50 small town water systems, select the geographic focus of this project, and prepare detailed engineering designs.



The main counterparts are the Ministry of Water, Environment and Climate Change, the Zimbabwe National Water Authority, Ministry of Agriculture and Rural Development the National Water Resources Master Plan, and Ministry of Rural Development and Preservation of Culture for support to the local governments and rural district councils. Within the World Bank,

this program is supported by the Water and Environment & Climate Change Global Practices.

Progress to date. The program was approved by the POC for preparation in March 2015, by the TRG in June 2015, and by the POC for implementation in September 2015. All internal Bank reviews and appraisal have been completed. Negotiations for the first installment of \$10 million were held on 1-December, and RVP approval and grant signing in mid-December 2015, and Grant Signing took place on 3 February 2016, with implementation expected start in the first quarter of 2016.

Program Highlights:
NATIONAL WATER DEVELOPMENT PROJECT

- POC approval for project preparation, March 2015.
- Internal Quality Enhancement Review, August 18 2015. Government of Zimbabwe and Donors participated in lieu of TRG Meeting.
- Project moved to Fast Track Processing by WB.
- Appraisal mission, 5-16 October 2015.
- Negotiation 1 Dec 2015.
- Grant Signing, February 3 2016.

5B. Climate Change

This \$1.5 million Bank-executed technical assistance program aims to strengthen the capacity of the government to integrate climate change considerations in the development process. It builds on earlier work undertaken on the impact of climate change in water, agriculture and forestry sectors in support of Zimbabwe's preparation for the COP21 meeting.

The main counterpart is the Ministry of Water, Environment and Climate Change. Within the World Bank, this program is supported by the Environment & Climate Change and Food & Agriculture Global Practices.

This TA program would benefit from a review of lessons learnt and experiences of previous or ongoing climate-change projects and programs. One of these is a UNDP-supported flagship program called the Coping with Drought and Climate Change Project that was supported with money from the Global Environmental Facility. The project had four components, namely, Climate Risk Assessment, Pilot demonstrations of policy-oriented adaptation practices, improvements in policy early-warning systems, and adaptive learning for replication. While this and potentially many other climate change interventions are worth reviewing, it cannot be gainsaid that the combined wherewithal of these projects pales in comparison to the staggering needs for climate change adaptation in Zimbabwe,



a fortiori in this current year when the country is in the throes of a severe El Nino drought.

Progress to date. An initial concept note has been approved in principle by the Policy Oversight Committee on 10 September 2015, was reviewed and approved by the Infrastructure TRG on March 1 2016 and is under preparation for submission for RVP approval.

Financial Performance as at 31 December 2105

Pledges

Seven donors and the State and Peace Building Trust Fund have made pledges to ZIMREF since 2014 totaling US\$40.4 million. During 2015, Administrative Agreements were signed totalling \$39.4m with Denmark, Norway, Sweden, Switzerland, DfID and the EU.

Contributions

Seven donors have made contributions to the Trust Fund since 2014. During 2015, the Trust Fund received contributions from Norway (approximately US\$4.1 million), Sweden (US\$5 million) Switzerland (US\$1.7 million), UK (\$3.1 million) and EU (\$5.3 million) totaling \$19.2m

Income. Total receipts for the Trust Fund are now totaling US\$25.3 million inclusive of investment income of US\$28,179.

Contributions (US\$)	Pledged	Received	Balance	Currency Pledge
Denmark (exiting 6/16)	913,369	913,369	-	DKK5.7m
EU	11,332,140	5,332,140	6,000,000	EU9.9m
Germany	1,000,000	-	1,000,000	\$1m
Norway	4,128,163	4,128,163	-	NOK18m
State & Peace Building Fund	5,000,000	5,000,000	-	\$5m
Sweden	5,026,300	5,026,300	-	SEK43m
Switzerland	3,500,000	1,719,603	1,369,603	CHF3.5m
UK- DFID	9,509,200	3,109,200	6,400,000	£6m
Total Contributions	40,409,172	25,228,775	14,769,603	
Invest Income Received		28,179		
Total income	40,409,172	25,256,954	14,769,603	

Corporate Fees and Program Management Costs

Corporate Fees of \$505,139 were paid in 2015. Secretariat and administration costs totalled US\$228,733 in 2015.

Corporate Fees & Program Mgmt Costs	Approved	Transferred	o/w Spent\$	Transfer Balance	Fund Balance
Program Mgmt: Staff	1,212,275	458,944	33,402	425,542	753,331
Program Mgmt: Admin	1,009,152	688,416	195,331	493,085	320,736
Corporate Fees	808,183	505,139	505,139		303,044
Total	3,029,610	1,652,499	733,872	918,627	1,377,111

Approvals, disbursements and commitments

ZIMREF approved US\$14.535 million in Bank executed TA programs and US\$21,600,000 in Recipient executed projects. Between the approval of the first activity in August 2015, and end December 2015, the total disbursement reached US\$748,211, a disbursement ratio of about 3 percent of total contribution received. This ratio is expected to increase sharply in early 2016 once the two Recipient Executed activities start disbursing.

Bank executed activities	Approved	Committed (BE)	o/w Spent\$	Commitment Balance	Fund Balance
1: BEFSIP TA*	3,200,000	-	-	-	-
2: Capital Budget: SOE/PIM	2,650,000	280,000	90,715	189,285	2,370,000
2: Capital Budget : Transport	1,600,000	280,000	-	280,000	-
3a: PFM Enhancement (BE)	800,000	-	-	-	800,000
3b: Public Proc Mod (BE)	400,000	260,000	29,501	230,499	140,000
4b: Poverty Analysis	3,000,000	150,000	31,570	118,430	2,850,000
4a: RBB - Program Budgeting	720,000	300,000	134,375	165,625	420,000
4a: RBB -Education	690,000	205,000	188,308	16,692	485,000
4a: RBB -Health	675,000	300,000	103,583	196,417	375,000
5a: National Water Devt (BE)	800,000	-	-	-	800,000
5b: Climate Change TA*	1,500,000	-	-	-	-
Total BE activities	16,035,000	1,775,000	578,052	1,196,948	8,240,000

Recipient executed activities	Approved	Reserved (RE)	o/w Spent\$	Reserve Balance
3a: PFM Enhmt Proj Phase 1	10,000,000	10,000,000	-	10,000,000
3b: Pub Proc Mod Proj Phase 1	1,600,000	1,600,000	20,756	1,579,244
5a: Nat Water Devt Phase 1	10,000,000	10,000,000	-	10,000,000
Total RE activities	21,600,000	21,600,000	20,756	21,579,244

Total Approved Activities 36,135,000 23,375,000 598,808 22,653,324
 * in principle only

§ for BE activities: disbursed and/or committed, for RE: only disbursed.

Pipeline

A pipeline of US\$22 million remains.

Pipeline	Proposed
Public Procurement (RE, Phase 2)	2,000,000
National Water Devt(RE, Phase 2)	10,000,000
PFM Enhancement (RE, Phase 2)	10,000,000
Total Pipeline	22,000,000

Resource mobilization.

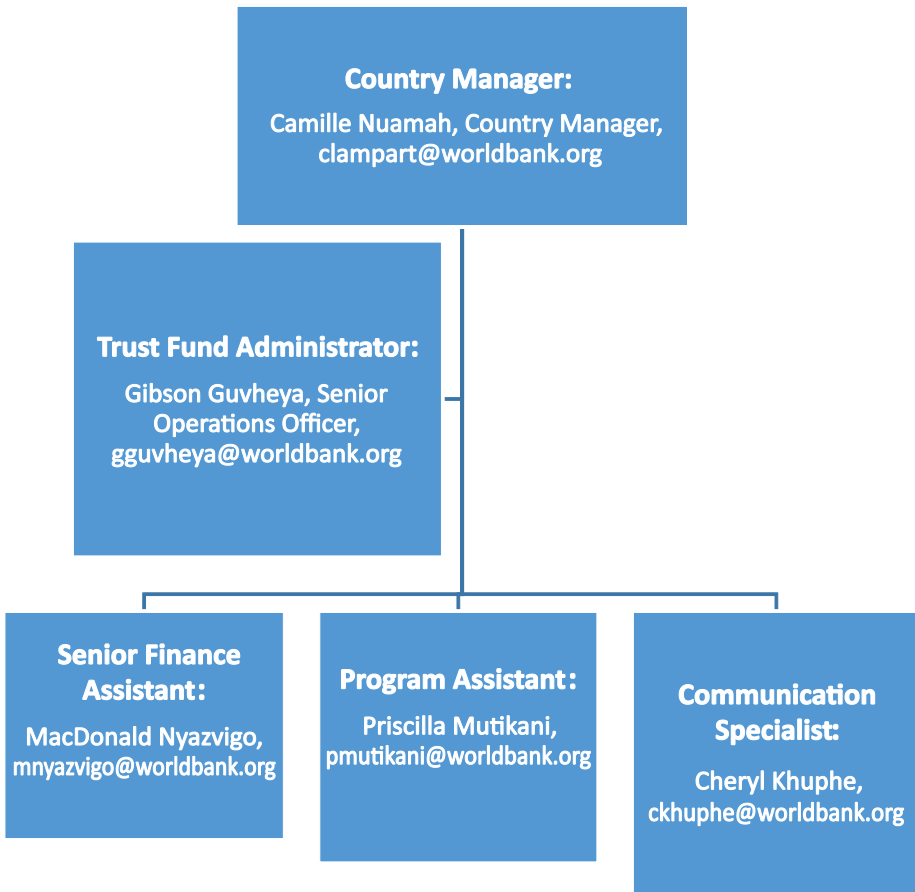
Against total planned spending of US\$61.4 million, ZIMREF has mobilized US\$40.4 million and approved \$39.4 million in 2015, leaving just over US\$1 million for new commitments and a resource mobilization gap of US\$20.9 million.

Fund Summary	
Total Planned Spending (including pipeline activities)	61,367,734
Resources mobilized	40,409,172
Approved Programs, Management Costs & Fees (C)	39,367,734
Current space for new commitments (B-C)	1,041,438
Pipeline	22,000,000
Resource mobilization target (A-B)	(20,958,562)

For the Unaudited Trust Funds financial Report, please visit www.clientconnection.org

ANNEX 1: ORGANOGRAM

PROJECT TASK TEAM LEADERS AND OTHER CONTACT STAFF



Name of Project/TA Program	Name of TTL and other contact people
National Water Project	<ul style="list-style-type: none"> Chloe Viola, cviola@worldbank.org (TTL) Priscilla Mutikani, pmutikani@worldbank.org (local contact)
Public Procurement Modernization Project	<ul style="list-style-type: none"> Chitambala John Sikazwe (TTL), csikazwe@worldbank.org, Blessing Karadzandima, bkaradzandima@worldbank.org (local contact)
Public Financial Management Enhancement Project	<ul style="list-style-type: none"> Daniel Domelevo, ddomelevo@worldbank.org (TTL) MacDonald Nyazvigo, mnyazvigo@worldbank.org (local contact)

Name of Project/TA Program	Name of TTL and other contact people
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ANNEX 2: COMMUNICATION STRATEGY

A dedicated, communications strategy was developed and packaged as a standalone foundation document to ensure smooth flow of information among all stakeholders. The four main categories of audience for ZIMREF communication: (i) Government including local government and all implementing entities; (ii) beneficiaries; (iii) development partners who need to be informed about the progress and results of ZIMREF financed projects; and (iv) the general public.

The objectives for ZIMREF communication are:

- To inform, raise awareness and stimulate demand side accountability of initiated reforms;
- To keep the public, civil society, private sector and Parliament fully abreast of institutional reforms so as to stimulate accountability and oversight;
- To demonstrate that development partners are now fully involved with the Government's policy reform and reconstruction's efforts; and
- To educate the public on the benefits brought about by reformed systems and projects.



The strategy outlines the **annual communication plan** including the management of the ZIMREF website which shall serve as the juggernaut of ZIMREF communications; codification of lessons learnt and best practices; the quarterly online newsletter; and the annual report. The communication strategy will be delivered using savvy media tools such as 3-minute videos, blog articles, press briefings and press releases, Hackathons, and social media notably Twitter. The strategy also outlines the framework and indicators for results measurement and means of verification for ZIMREF communication.

Progress to date. The Secretariat recruited a fulltime Communications Officer, with experience in social media and publishing. The ZIMREF website was launched and a new ZIMREF logo designed. ZIMREF was covered in the print and online media (The Standard, Newsday, The Source, Daily News, Zimbabwe Independent, Zimbabwe Sentinel and the Newsday), through seven press articles.

ANNEX 3: MONITORING, EVALUATION AND GENDER STRATEGIES

A **monitoring and evaluation (M&E) Action Plan** was developed and elevated to a standalone foundation document for ZIMREF. The Action Plan outlines a framework for assessing whether ZIMREF is relevant to Zimbabwe's development aspirations and realities; whether it is adequately well designed; whether it is picking the right projects to achieve the targeted higher-level results; and whether implementation is on course to achieving key milestones and targets. The Action Plan also provides for the collation of lessons learnt for the rehabilitation of Zimbabwe's systems for reconstruction and development. The evaluation questions are assessed through the independent mid-term evaluation and the independent ex-post evaluation.

In addition to the foregoing **evaluation** activities which are discrete as they largely come at the mid-term or end of the Trust Fund, the M&E Action Plan strikes a balance by providing space for **monitoring** activities which are concerned with continual tracking to ascertain whether implementation is on course to achieving the agreed results. Project monitoring covers the areas of finance, staff, material resources, activities, outputs, and the achievement of results. Monitoring seeks to answer the following questions: (1) *Inputs Level*, Are finance and materials available on time and in the right quantities and quality? Are staff and consultants in place and performing well? (2) *Activities Level*, Are activities being implemented on time and within budget? And are activities leading to the expected outputs? (3) *Outputs Level*, How do beneficiaries feel about the products and services delivered? And are outputs leading to the achievements of outcomes? and (4) *Governance & Management*, Are governance and management functions being undertaken regularly to exercise effective oversight over the problem?

The experience of the Analytical Multi-Donor Trust Fund (AMDTF), a predecessor to ZIMREF, cautions against paying limited attention to routine monitoring in the hope that evaluation would pick up the slack, when in fact good evaluations depend on a wealth of data collected during regular and well-designed monitoring activities.

The M&E strategy therefore tackles the challenge of coming up with a nimble, cost effective M&E and data collection system that efficiently divides responsibilities between the Trust Fund Secretariat and the Project Implementation Units for recipient-executed grants; balances *monitoring and evaluation* activities; partitions project-level and Fund-level M&E activities, and leverages data triangulated from scheduled surveys both internal and external to ZIMREF, such as the Doing Business Survey, Public Expenditure and Financial Accountability

(PEFA), Enterprise Surveys, and the Public Expenditure Review (World Bank), Zimbabwe Finscope Surveys (by Finmark Trust), relevant surveys by ZIMSTAT, POTRAZ, RBZ and the Confederation of Zimbabwe Industries.

Figure 1 on page 5 above presents the **results framework** for ZIMREF that is built around the four funding windows, with indicators that are linked to window objectives, outcomes and outputs. At the project level, the Action Plan extends the framework by elaborating a logframe that indicates for each RE project or TA program, the targeted outputs, outcomes and impact, complete with indicators, milestones and targets.

A standalone **Gender Strategy** was drafted to enhance the gender focus of ZIMREF-funded RE Projects and TA programs. Though falling short of full-scale gender mainstreaming, the Gender Strategy was commissioned to identify specific gender interventions for each project or program that could enhance the gender focus of ZIMREF, complete with the attendant gender indicators, milestones and targets. The latter are expected to be iteratively reflected in the overall logframe under the respective projects. The Gender Strategy assesses the initial conditions for the various projects to decide whether to aim for gender equity or gender equality in the proposed interventions.

ANNEX 4: RISK MONITORING FRAMEWORK

The Secretariat has adapted the World Bank’s Systematic Operations Risk Tracking (**SORT**) framework for the identification, monitoring and mitigation of risks to the achievement of project development objectives as stated in each project appraisal document (PAD) or Concept Note during project preparation.

The following Table below presents the major risk categories as political and governance risks; macroeconomic risks; strategic or policy risks; technical complexity of design risks; fiduciary risks; implementation capacity risks; and stakeholder risks. Each of these risks is rated ranging from Low, Moderate, Substantial and High, depending on the perceived **probability and severity** of the risks.

At a more micro level, the **ZIMREF annual work plan** has required respective Task Team Leaders to articulate micro-level risks to the achievement of stated activities/results and outline their mitigation strategies. These micro-level risks could then be aggregated into the SORT instrument below. The Table also allows for the identification of new and emergent risks.

		Political & Governance	Macro-Economic	Strategic	Technical Design	Implementation Capacity	Fiduciary	Environmental & Social	Stakeholder	OVERALL COMMENT
E.G., OUTPUT 1: BEFSIP TA	T(0)									The Risk Profile is Generally: 1=stable; 2=worsening 3=improving
	T(t-1)									
	T(t)									
	Remark 1=stable; 2=worsening 3=improving									
	= LOW		= MODERATE		= SUBSTNTIAL		= HIGH			



<http://www.worldbank.org/en/programs/zimbabwe-reconstruction-fund>