Zimbabwe

Manual of Development Cooperation Procedures

September 2019

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FOREWORD

I am pleased to present the Manual of Development Cooperation Procedures of 2019, a core instrument which guides implementation of continuing reforms aimed at improving the management and coordination of development cooperation in the Republic of Zimbabwe.

While acknowledging the important contribution of development cooperation to economic growth and social development in Zimbabwe, the critical role of Government in steering the use of external resources to priority areas of national development should not be overlooked.

Anticipating increased volumes of development cooperation under the "New Dispensation", we also understand, that such increase will not come automatically, just because of our commitment to open, transparent and inclusive political, economic and social development. Effectively, our best efforts and professional approach should be exercised to not only mobilise additional external finance, but also optimise the use of available resources to address challenges and fill financing gaps in implementing priority programmes of national development.

Hence, I urge Ministries, Departments and Agencies of Government to assign a high priority to implementation of this Manual as an important tool to ensure improved development outcomes in Zimbabwe, while striving to progressively be less dependent on external resources to achieve our development objectives. It is with these objectives in mind that this Manual also includes a framework for assessment of the performance of key role players in development cooperation in Zimbabwe.

This Manual will guide our efforts to establish institutional discipline in sourcing, mobilisation, management and utilisation of development assistance by clearly defining roles and responsibilities of national institutions involved in development cooperation, setting up inclusive and sustainable partnerships with our Development Partners, both local and international, and proposing procedures, mechanisms and tools for effective delivery of development assistance to end beneficiaries in Zimbabwe.

Hon. Prof. Mthuli Ncube
Minister of Finance and Economic Development

ACRONYMS

BD	Budget Department
BPM WF	Business Process Management Workflow
BS	Budget Support
BSCG	Budget Support Coordination Group
CCDC	Cabinet Committee for Development Cooperation
CN	Cabinet
COA	Charts of Accounts
COFOG	Classification of the Functions of Government
COM-DIS	Commitment/Disbursement
CSO	Civil Society Organisation
DAC	Development Assistance Committee (of OECD)
DCCU	Development Cooperation Coordination Unit
DCP	Development Cooperation Policy (of Zimbabwe)
DCPDF	Development Cooperation Policy Dialogue Forum
DEVPROMIS	Development Projects Management Information System
DFID	Department for International Development
DP	Development Partner
EU	European Union
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GBS	General Budget Support
GDP	Gross Domestic Product
GFS	Government Financial Statistics
GPEDC	General Partnership for Effective Development Cooperation
IATI	International Aid Transparency Initiative
ICD	International Cooperation Department
IMCPIM	Inter-Ministerial Committee for Public Investment Management
IMD	Implementation Monitoring Department
IMF	International Monetary Fund
JAR	Joint Assessment Review
JFI	Joint Financing Instrument
KB	Knowledge Base
LM	Line Ministry
MDA	Ministries, Departments, Agencies
M&E	Monitoring and Evaluation
MFAIT	Ministry of Foreign Affairs and International Trade
MFEF	Macro-Fiscal Expenditure Framework
MOFED	Ministry of Finance and Economic Development
MOIC	Ministry of Industry and Commerce
MTEF	Medium Term Expenditure Framework

MTFF	Medium Term Fiscal Framework
N/A	Not Applicable
NDS	National Development Strategy
NGO	Non-Governmental Organisation
NMEP	National Monitoring and Evaluation Policy
NSDS	National Strategy for the Development of Statistics
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation for Development
OPC	Office of President and Cabinet
PAF	Performance Assessment Framework
PBA	Programme Based Approach
PCM	Project Cycle Management
PDMO	Public Debt Management Office
PEFA	Public Expenditure and Financial Accountability
PFM	Public Finance Management
PIM	Public Investment Management
PIU	Programme Implementation Unit
PMU	Project Management Unit
PPP	Public Private Partnership
PSC	Public Service Commission
PSIP	Public Sector Investment Programme
RBZ	Reserve Bank of Zimbabwe
SBS	Sector Budget Support
SDG	Sustainable Development Goals
SOP	Standard Operating Procedures (of the DEVPROMIS)
SWAP	Sector Wide Approach
SWG	Sector Working Group
TA	Technical Assistance/Technical Assistant
TOR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme
VAT	Value Added Tax
WB	World Bank
ZIMFUND	Zimbabwe Multi-Donor Trust Fund
ZIMRA	Zimbabwe Revenue Authority
ZIMREF	Zimbabwe Reconstruction Trust Fund
ZIMSTAT	Zimbabwe Statistics Agency

1 INTRODUCTION

1.1 Context and Objective

1. Fundamental reforms which the Government of the Republic of Zimbabwe has embarked on for transformation into an Upper Middle-Income Economy by 2030 aim, among others, at "rebuilding bridges with Development Partners, both at home and abroad"[1] after almost two decades of economic isolation.

2. Guided by this forward looking commitment and acknowledging the valuable contribution of development partners in the development of Zimbabwe, Government through its National Development Agenda[2] signifies the need for establishing sound and sustainable development cooperation management mechanisms and practices, that will help effectively mobilise, utilise and account for external development assistance as a key resource to complement domestically generated finance in funding Zimbabwe's development agenda.

3. Government has developed a Development Cooperation Policy guided by Vision 2030 and the National Development Agenda. In that context, the Procedures Manual (hereinafter referred to as 'the Manual') is an integral part of Government's reforms in the area of development cooperation management and as such represents a key instrument which guides implementation of the Zimbabwe Development Cooperation Policy (DCP) of 2019.

4. The objective of this Manual is to define key elements of the development cooperation architecture in Zimbabwe, outline activities to be carried out by national institutions involved in mobilisation and utilisation of development assistance and introduce institutional discipline in their execution, including monitoring of results of development cooperation and assessment of the performance of national and international stakeholders, with an ultimate goal to achieve DCP objectives.

1.2 Coverage

5. This Manual covers all activities pertaining to the mobilisation, management, implementation, monitoring and evaluation, as well as reporting of development cooperation, execution of which will ensure adherence to, implementation and monitoring of the DCP. The Manual covers the Official Development Assistance (ODA) received by Zimbabwe in the form of grants and concessional loans, delivered through project support instruments and/or programme based approaches, including stand-alone technical assistance (TA), using various delivery channels as classified by the Development Assistance Committee (DAC) of the Organisation of Economic Cooperation for Development (OECD), including the Public Sector, Civil Society

1 Towards an Upper - Middle Income Economy by 2030, Government of Zimbabwe, 19 April, 2018
2 Transitional Stabilisation Programme (2018 – 2020), successive National Development Plans

Organisations (CSO), multilateral organisations – organisations of the United Nations system, the World Bank Group, vertical funds, and other Implementing Partners, among others.

6. The Manual also encompasses generic approaches for managing Budget support instruments (general or sector budget support), which will be subject to further refinements and contextualisation, when an enabling environment and the policy base will be set up to allow for the development of a realistic and reasonable activity plan. Furthermore, the institutional framework and implementation procedures for managing Budget support programmes will be subjects of further amendments to this Manual, as Development Partners' respective commitments emerge and relevant policies are agreed upon among stakeholders.

1.3 Target Audience

7. The target audience of this Manual includes Ministries, Departments and Agencies (MDA) of the Government of the Republic of Zimbabwe and those public officials within these institutions involved in the mobilisation, management, implementation, monitoring and evaluation, as well as reporting of development cooperation.

8. The Manual is publicly accessible to Development Partners, other non-Government entities (implementing partners, civil society, private sector, and the general public) involved or otherwise interested in development cooperation, and these entities are expected to respect the procedures and systems outlined in this manual and avoid creating parallel procedures and systems.

1.4 Legal Status

9. Putting this Manual in sustainable operation requires that appropriate authority be given to institutions responsible for leading and coordination of activities across all arms of Government, which has necessitated approval of this Manual by Cabinet, following wide consultations with all the arms of Government.

1.5 Alignment to the Development Cooperation Policy, Scope and Overview

10. This Manual is directly aligned to Government's main policy priorities emanating from the DCP and highlighted in Table 1 below.

Table 1: Overview of Procedures Manual Against DCP Priorities

DCP Priority:	The country has capacitated, sustainable and well-coordinated institutions to mobilise, manage, implement, monitor and evaluate, as well as report on development cooperation provided, using preferred modalities	
Manual's Response	Development cooperation architecture designed, which includes roles and responsibilities of national institutions, decision making and consultation mechanisms at national level, joint dialogue and consultation platforms, institutional role of the Development Projects Management Information System (DEVPROMIS) and preferred modalities of development cooperation.	Section 2
DCP Priority	Multi-annual programming is the preferred approach to receive development assistance	
Manual's Response	Guidelines for initiation and negotiation of multi-annual framework agreements developed.	Section 3
DCP Priority	Development cooperation project cycle management defined[3]	
Manual's Response	Step-by-step procedures for project cycle management for projects envisaged in multi-annual frameworks and stand-alone projects. This includes identification, formulation, appraisal, negotiation, implementation, monitoring and evaluation of externally funded projects.	Section 4
DCP Priority	Development Partners are requested to gradually shift away from project support to Budget support modalities in delivering their assistance	
Manual's Response	Generic approach to negotiating and managing Budget support programmes developed.	Section 5
DCP Priority	Technical assistance shall be demand driven and responding to pressing capacity development needs of Government	
Manual's Response	Policy requirements, institutional arrangements and specific requirements for engagement in technical assistance programmes are defined.	Section 6
DCP Priority	Alignment of development cooperation with national planning and Budgeting cycles need to be strengthened	
Manual's Response	Procedures and information for integration of development assistance with the National Budget are developed.	Section 7
DCP Priority	Implementation of the DCP shall be monitored through a robust Performance Assessment Framework	
Manual's Response	The Performance Assessment Framework developed in this Manual encompasses assessment of progress in implementing institutional architecture, mobilisation of resource flows and quality of development cooperation.	Section 8
The **Manual** also includes concluding remarks (Section 9) and annexes providing generic Terms of Reference for joint Government – Development Partner dialogue at policy (Annex 1) and sector (Annex 2) levels, as well as reference documents related to Government's reporting formats used in project monitoring (Annex 3) and Budget preparation (Annex 4) processes.		

11. Government will ensure that implementation of externally funded projects and programmes currently underway is not adversely affected by the adoption of this Manual. Disruption of such assistance may reduce, rather than increase, the real value of the Manual. In this regard, individual guidelines, as well as the Manual as a whole, will not be applied retroactively. Nevertheless, externally funded projects currently being implemented should, to the extent possible, conform to the procedures outlined in this Manual during the remainder of the implementation period of such projects and programmes.

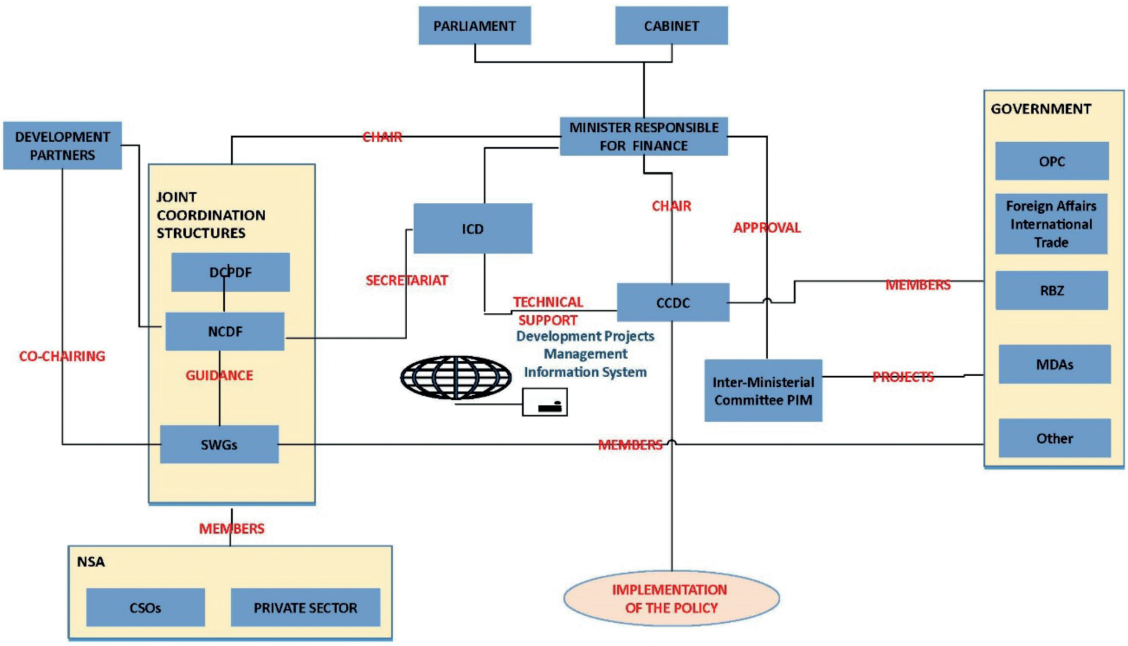
3 Reference to PIM Guidelines

2 DEVELOPMENT COOPERATION MANAGEMENT ARCHITECTURE

2.1 Roles and Responsibilities of Government Institutions

12. This Manual defines workflows and information flows among the institutions and structures that form the development cooperation architecture as outlined in Figure 1 below:

Figure 1: Development Cooperation Architecture for Inclusive Partnership



Key to Fig 1:

International Cooperation Department (ICD)	**Cabinet Committee for Development Cooperation Coordination (CCDCC)**	**Inter-Ministerial Committee for Public Investment Management (IMCPIM)**	**Office of the President & Cabinet (OPC)**	**Development Cooperation Policy Dialogue Forum (DCPDF)**
Sector Working Groups (**SWGs**)	Civil Society Organisations (**CSOs**)	Ministries, Departments, Agencies (**MDAs**)	Reserve Bank of Zimbabwe (**RBZ**)	

13. The Minister responsible for Finance is mandated to coordinate and manage all development cooperation in Zimbabwe.

14. The Minister performs these functions through existing Government machinery, which includes the International Cooperation Department (ICD) that houses the Development Cooperation Coordination Unit (DCCU), the National Budgets Department (BD) and Public Debt Management Office (PDMO), the Inter-Ministerial Committee for Public Investment Management (ICPIM) and

the Cabinet Committee for Development Cooperation (CCDC).

15. The International Cooperation Department in the Ministry responsible for Finance, shall act as the Government interface with national and international stakeholders in all matters pertaining to the coordination and management of development cooperation. To this end, all MDAs will regularly update project data to the Development Projects Management Information System (DEVPROMIS) for their respective programmes and projects funded or to be funded by Development Partners, irrespective of the type of funding (grant or loan), source of funds (multi-lateral, bilateral DAC, bilateral non-DAC development partners, or International Non-Governmental Organisations (NGOs), and delivery channels (Public sector, NGOs, or International Organisations). This entails uploading of relevant project documents, including required reports and other publications to the system. Please refer to Section 2.5 below.

16. The Budgets Department within Ministry responsible for Finance shall be responsible for consolidation of data in respect of all external resources, including both development cooperation and Budget support (as it becomes possible) to ensure that all development resources (financial and non-financial) are 'on-budget' and that assets and recurrent costs, which may result from such resources, are properly reflected in the National Budget (NB) of Zimbabwe for further planning, management, and maintenance.

17. The Public Debt Management Office (PDMO) of the Ministry responsible for Finance shall ensure that all new and current obligations resulting from loan agreements, irrespective of their sources (multi-lateral or bilateral, from both traditional and non-traditional development partners), do not adversely affect the debt sustainability and are properly reported in the national accounts. In this respect, the PDMO should assume an advisory role when Government enters into negotiations of loan agreements and set guidelines over which sectors the loans should be contracted to produce maximum return in terms of economic impact.

2.2 Cabinet Committee for Development Cooperation

18. The Cabinet Committee for Development Cooperation (CCDC) is responsible for overseeing implementation of the DCP, and the procedures and processes defined in this Manual.

19. The CCDC will be chaired by the Minister responsible for Finance, with the Working Party chaired by the Secretary to the Ministry responsible for Finance. The Office of the President and Cabinet (OPC), and Ministers of line Ministries will be members of the CCDC, whilst their Permanent Secretaries will be members of the CCDC Working Party. The CCDC shall meet quarterly to guide and assess the progress in implementation of provisions of the DCP and this Manual.

20. The CCDC's mandate shall be as outlined in Box 1 below.

Box 1: CCDC Mandate and Functions

- Ensure that the lead role of the Ministry responsible for Finance in initiating, negotiating, mobilising and monitoring of development cooperation is adhered to by line Ministries and other Government Agencies;
- Ensure, that information sharing and reporting on development cooperation conforms with requirements of the DCCU and the Development Projects Management Information System (DEVPROMIS) of Zimbabwe;
- Guide the ICD and MDAs in administrative procedures that may be required to deploy from time-to-time, to overcome challenges and resistance to compliance with requirements of the DCP and this Manual by Government institutions;
- Assist the Ministry responsible for Finance, including the ICD, in identifying and bridging institutional and human resource capacity gaps to effectively carry out their duties with regards the DCP implementation;
- Monitor implementation of the DCP through the indicators defined in this Manual;
- Prepare briefings and invoke high level discussions to find solutions with regards to stakeholders' compliance with the DCP; and
- Through the Minister responsible for Finance, submit reports to Cabinet and Parliament on implementation progress of the DCP and its high-level outcomes.

2.3 Inter-Ministerial Committee for Public Investment Management

21. The Zimbabwe Public Investment Management (PIM) Guidelines are an institutional mechanism for assessment and appraisal of Government's Public Sector Investment Programmes (PSIP). *Inter alia,* they stipulate that funding of PSIP can be obtained from a variety of sources, including Development Partners, among others.

Box 2: Public Investment Management Guidelines of Zimbabwe, 2017

Project finance may come from a variety of sources. The main sources include the Budget, equity, debt and Development Partners (paragraph 219) of the PIM.

22. In order to reinforce alignment of development cooperation with national development priorities and results, Government requires that all projects, regardless of source of funding, be appraised in accordance with the PIM guidelines.

23. To that effect, the IMCPIM, established under the PIM Guidelines of 2017, shall assume the responsibility for appraisal and approval of projects funded through external resources – over and above nationally funded projects. The purpose of directing externally funded projects through the domestically funded projects' appraisal and approval scrutiny is to:

- Ensure and confirm alignment of development cooperation to national development priorities and plans;
- Create a platform for their integration with Zimbabwe's Budgetary processes; and
- Collect statistics on use of Government systems in delivery of development assistance.

2.4 Dialogue, Consultation and Decision Making

24. A key element of the development cooperation architecture is the platform for dialogue, consultations and joint decision-making, with broad participation of Government MDAs, Development Partners, Civil Society Organisations (CSO) and the Private Sector, among others. This ensures inclusiveness of the partnership among all parties interested in and committed to the national development agenda of Zimbabwe.

25. The DCP defines a dual-level joint platform, consisting of a High-Level Policy Dialogue Forum (Development Cooperation Policy Dialogue Forum-DCPDF) and sector level consultation mechanisms (Sector Working Groups-SWG).

26. These platforms play a pivotal role in Government efforts to effectively re-engage with the international community on true partnership principles, which are seen as the main drivers to achieving Zimbabwe's development aspirations as outlined in Vision 2030, through implementation of the national development agenda and radical improvement of the effectiveness of development cooperation.

27. The DCPDF is the apex coordination structure in Zimbabwe, responsible for oversight of development cooperation in general, and its contribution to national development in particular. The work of the DCPDF will be guided by the principles of effective development cooperation as defined in the Paris, Accra, Busan, Mexico and Nairobi Declarations, under which it will define targets and monitor performance of all stakeholders with regards to development assistance effectiveness criteria. The DCPDF will be chaired by the Minister responsible for Finance.

28. It is at the sector level, where actual development activities are implemented, where functional coordination mechanisms are essential. Sector Working Groups (SWG) are joint technical forums, responsible for development, prioritisation, support and review of sector and cross-sector policies and strategies. SWGs are chaired by respective line Ministries.

29. Generic Terms of Reference (TOR) of the DCPDF and SWGs are contained in Annex 1 and Annex 2 to this Manual, respectively.

2.5 Development Projects Management Information System of Zimbabwe

30. The Development Projects Management Information System (DEVPROMIS) is a web-based database and management information system which collects and reports data on all projects and programmes from identification through implementation to closure, to ensure that key financial and contextual information on projects and progress of implementation are available at all times.

31. All development cooperation stakeholders – funding and implementing agencies for projects, Government and non-Government entities – are required to upload information on their respective projects to the DEVPROMIS.

32. All developmental projects, regardless of source of funding– shall be recorded in the DEVPROMIS, thus, creating a repository of development-oriented interventions over time. The DCCU shall be the administrator of the DEVPROMIS, and through it – the custodian of all information pertaining to nationally and externally funded development projects.

33. The DEVPROMIS will generate reports illustrating:

- Implementation status of projects;
- Funding;
- Implementing and beneficiary institutions;
- Financial information aggregated by various criteria;
- Information on physical progress of implementation juxtaposed against money spent;
- Funding gaps; and
- Generate information on the past and expected development cooperation flows to inform the National Budget preparation and review processes.

34. Cooperation of all stakeholders will be essential for population of the DEVPROMIS with project information, if its potential as a decision support, planning and monitoring tool is to be fully utilised.

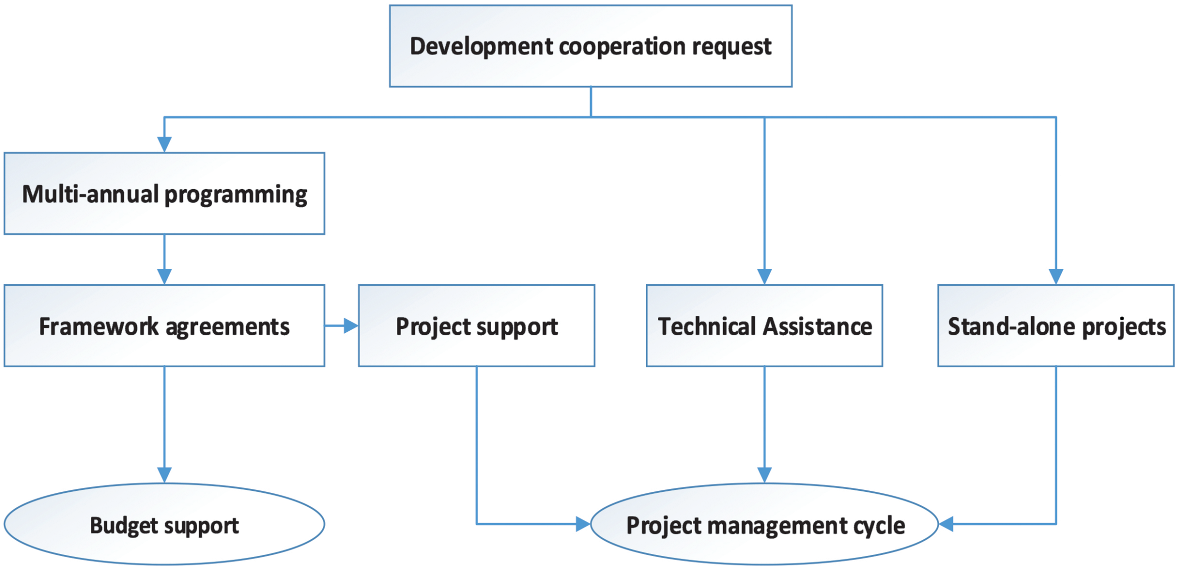
35. The DCCU will develop operational guidelines of the DEVPROMIS to assist stakeholders in uploading and extraction of information, in line with their individual and organisational needs and requirements in the context of development cooperation.

36. Relevant templates for recording data in DEVPROMIS will be developed and explained in the DEVPROMIS user guidelines.

2.6 Modalities of Development Cooperation

37. Government will initiate and manage development cooperation as identified by MDAs. Such initiatives can represent a request for stand-alone project support or structured/programmatic support. The latter usually entails multi-annual cooperation from a Development Partner, typically outlining one or more interventions, either in the form of project support or Budget support, to finance high priority national development programmes. A high-level schematic of potential use of development cooperation modalities in Zimbabwe is presented in Figure 2 below.

Figure 2: Development Cooperation Management Process



38. Development Partners' multi-annual programmes usually represent mid-term (typically 3-5 years) frameworks, that provide a broad indication of focal sectors to be supported by a Development Partner, the indicative level of financial support and broadly defined outcome indicators for identified sectors. Multi-annual frameworks for delivery of development assistance constitute best practice, characterised by a higher potential of alignment to national planning and Budgetary frameworks and better predictability of financial flows and, therefore, are preferred by Government.

Box 3: Multi-Annual Programming and Project Formulation

In the interest of increasing predictability and reducing volatility, Development Partners are urged to develop multi-annual cooperation programmes, in consultation with Government, and jointly with other Development Partners wherever possible, to ensure harmonisation among cooperation strategies of different Partners that will reduce duplication and guarantee equitable distribution of available resources (DCP of Zimbabwe, paragraph 31).

39. Multi-annual frameworks can also include provisions and conditions for different forms and modalities of financing development assistance, broadly categorised into project financing, by definition being time-bound and earmarked, and Budget support financing, that have less limitations on the time of delivery and potentially can be less – or un-earmarked.

40. Currently, the prevailing form of development cooperation to Zimbabwe is project support instruments. Hence, it is essential to normalise and standardise the project cycles for externally funded interventions.

41. The DCP requires that, going forward, Development Partners should progressively use more effective and flexible modalities/instruments of delivery of their respective assistance, which will lead to strengthened ownership by Government and better alignment with national development priorities and development finance management systems (National Budgets, procurement, financial reporting and audit systems), and will result in reduced transaction, administrative and overhead costs for management of development assistance.

42. In line with the foregoing, sections that follow provide guidelines for:

- Initiation and negotiation of multi-annual programming frameworks of development assistance. This will focus on specifying preparatory phases for negotiating with Development Partners on the scope, distribution, resource envelope and conclusion of multi-annual framework agreements.

- Alignment of project management cycle, especially with regards to appraisal of projects, relative to stand-alone projects and projects identified within the multi-annual frameworks of Development Partners;

- Generic approach for initiating and managing Budget support instruments.

3 INITIATION AND NEGOTIATION OF MULTI-ANNUAL FRAMEWORKS

3.1 Building and Maintaining Knowledge on Development Partner Practices and Procedures

43. The Ministry responsible for Finance, will coordinate and organise preparation for negotiations on multi-annual frameworks by involving all relevant Government and non-Government, domestic and external development stakeholders and lead the process of negotiations, so that a 3 – 5 year overall assistance strategy is developed for a given Development Partner, that meets national development objectives and is aligned with Government's results framework, planning and Budgeting processes.

44. This process entails compilation of prior knowledge on each Development Partners' practices and procedures, which needs to be continuously updated and readily available to Government institutions through, among others, the Development Projects Management Information System (DEVPROMIS) of Zimbabwe. Information of such a knowledge base (KB), as illustrated in Checklist 1 below, needs to be consulted.

Checklist 1:Knowledge Base to Inform Negotiations with Development Partners

Knowledge Area	Objective	Contents	Frequency

Development Partner Profiles	Standard format to assist in the preparation of programme negotiation and reviews and identification of portfolio pipeline projects	Overall DP characteristics, including among others:
		• Contact details;
		• Policies;
		• Priorities;
		• Country Assistance Strategies;
		• Programming Agreements;
		• Financing/Project Agreements;
		• Project Status by:
		  • Sector, Implementing Agency;
		  • Type of Input (e.g. TA, Works, Supplies);
		• Commitment/disbursement status; and
		• Resource availability forecast.
			Annual
			Ad hoc

Conditions precedent	To assist in assessing extra costs of the programme or project	Brief on typical conditions that Development Partners require to be fulfilled	Annual
Project brief (to be annexed to DP profile)	Standard format for description of DP supported projects	Project objectives, results, activities; risks and mitigation; DP/Government inputs and budget; substantive commitments; implementation status	Quarterly Annual Ad hoc
Annual development cooperation report	Review of development cooperation status: • Strategy formulation; • Effectiveness monitoring; • Annual Budget and MTEF formulation.	Summary of flows; distribution of annual total development assistance by national and global (SDGs) priorities, sector, implementation agency, objectives and type of input (e.g. TA, works, supply); sector/functional breakdown of individual DP programmes, and forecasted availability of DP resources	Annual

3.2 Preparing for Negotiations

45. In preparation for negotiations with Development Partners regarding multi-annual support frameworks (Country Support Strategies, National Indicative Programme, United Nations

Development Assistance Framework, etc.), *Procedure 1* below shall be followed.

Procedure 1: Preparing for Negotiations on Development Partners' Multi-Annual Cooperation

Steps:

1. The ICD shall solicit inputs from Government institutions on programme areas that need external funding. External funding requirements should be identified by the relevant line Ministries, through a SWG, on the basis of a comprehensive sector strategy that allows for the identification of funding gaps.
2. Compile preferred assistance packages by Development Partners.
3. Government-wide consultations under the auspices of the CCDC.
4. Prepare and submit tailored cooperation briefs to the Minister responsible for Finance
5. Prepare and submit tailored cooperation briefs to relevant Development Partners in Zimbabwe.

When:

1. At least 9 – 12 months before current multi-annual cooperation strategy is complete.
2. After approval of annual Budget – typically January-February.

Conditions:

1. KB/DEVPROMIS is updated.

Inputs:

1. Reports on Development Partners' profiles, informed by the KB.
2. Development cooperation report for the previous year produced.
3. National and sectorial development strategies aligned and funding gap analysis, including all external support already agreed.

Outputs:

1. Preferred support areas and resource envelop.
2. Initial list of identified projects to collectively contribute to programme objectives.
3. Initial list of implementing partners and beneficiary entities (public or private sector).

46. This phase of the development cooperation process is typically a part of ongoing dialogue between Government and Development Partners within the coordination architecture defined in figure 1. Hence, Government will implement a proactive approach to guarantee alignment of development assistance with national priorities and Budgetary processes through an up-stream preparation for planning of new externally funded interventions.

3.3 Negotiation Team and Calendar

47. The Government negotiating team shall be composed of representatives from the following institutions:

- Ministry responsible for Finance: Permanent Secretary; Accountant General, International Cooperation Department (relevant sector/desk officers in the ICD), National Budgets Department, Public Debt Management Office, Revenue and Tax Policy;

- Ministries responsible for Foreign Affairs and International Trade: Permanent Secretary or a designated high level official responsible for economic cooperation/trade;
- Implementing and/or beneficiary line Ministries: Permanent Secretary or a designated high level official responsible for development planning and/or international cooperation;
- Attorney General's Office;
- Chairs of SWG, if different from the above;
- Representatives of Provincial Governments.

48. Negotiations on multi-annual support frameworks shall typically start between six – nine months before an on-going support framework comes to an end, although the specific calendar may vary between different Development Partners. However, as funding cycles of different Development Partners do not coincide, it is essential for Government to be proactive in respect of assessing external funding needs on an annual basis, ideally immediately after approval of the proposed Budget Vote by Parliament, i.e. during January/February each year.

3.4 Government's Negotiating Position

49. Before negotiations start, Government shall have its negotiating position defined with regards to preferred, acceptable, last resort and not acceptable outcomes for each particular multi-annual framework. Procedure 2 below shall be executed in order to formulate Government's positions in forthcoming negotiations with Development Partners:

Procedure 2: Defining and Formulating Government's Negotiating Position

Steps:

1. The ICD shall update knowledge on each Development Partner as per *Checklist 1.*
2. The ICD, in consultation with relevant Development Partner(s), develops and disseminates multi-annual negotiations calendar.
3. Quarterly updates are to be sent to all Government and international stakeholders by the ICD.
4. The ICD shall plan internal meetings amongst Government institutions at least two weeks prior to scheduled negotiations with Development Partner(s) for devising Government's common position on each negotiation element, which will be based on intended coverage of national and sectoral development needs, as well as identified funding gaps.
5. An important matter to be clarified during this meeting is the preferred modality of assistance for each broad area of support, within each specific sector.

Inputs:

1. Annual Development Cooperation Report.
2. National and Sector development strategies and results frameworks, including SDGs.
3. Development cooperation effectiveness targets and report on performance: harmonisation, use of country systems, alignment level, among others.

Outputs:

1. Negotiation strategy paper relative to a Development Partner, with 3 main outcome scenarios.
2. Schedule of negotiations.
3. Specific composition of negotiation teams.

50. The Ministry responsible for Finance will lead negotiations with Development Partners on reaching both mutually beneficial support strategies and realistically achievable timeframes and indicators within such support strategies. Government development priorities resulting from execution of *Procedure 1* and *Procedure 2* will be compiled and shared with respective Development Partners one week before the negotiation date.

3.5 Finalising Negotiations

51. Checklist 2 below should guide the negotiation team on Government policy preferences in consultations and negotiations of framework and financing agreements, respectively.

Checklist 2: Government Policy Preferences

Area of Regulation	Preferences	Issues to Discuss	Consider
Sector involvement	DPs apply division of labour and comparative advantage principles	1. Sectors in most need of support 2. Appropriate sectors for a DP to support	1. National Development Strategy 2. DEVPROMIS information
Distribution of development assistance	Equitable distribution of resources to Provinces and Districts	1. Provinces and Districts in most need of support 2. How to exclude overlaps with other DPs support	1. DEVPROMIS information 2. Budget allocations
Delivery instrument	On-Budget	1. If on-Budget is not possible, discuss the optimal management approach 2. Possibilities of BS instruments	PFM regulations
Concessionality	Grants, loans with a 35% or more grant element	1. Does the loan impact debt sustainability	Public Debt Policy and current status
Predictability	Mid-term and annual scheduled disbursements	1. Commitments under the negotiated agreements. 2. Conditions to affect scheduling disbursements	Paris and Busan principles
Reporting	All development assistance to be reported in the DEVPROMIS	1. What are the problems in timely reporting of development assistance 2. Special arrangements for development assistance channelled to non-public institutions	DEVPROMIS operating procedures
Amounts	Agree on lower bound of project cost	1. Limit number of small projects to reduce transaction and overhead costs 2. Realistic ways to scale up project costs	Statistics on project size

52. The negotiation process culminates in signing off of a multi-annual framework agreement, with indicative commitment of resources, following which the identified and agreed upon programmes will be translated into projects under the auspices of respective SWGs.

53. The Ministry responsible for Finance shall sign off the multi-annual framework agreement on behalf of Government. The ICD shall ensure that original copies of signed agreements are deposited with the ICD, while an electronic copy is to be used to update profiles of respective Development Partners and shall be made publicly available to development cooperation stakeholders in Zimbabwe.

4 PROJECT CYCLE MANAGEMENT

4.1 High Level Description and Principles to Observe

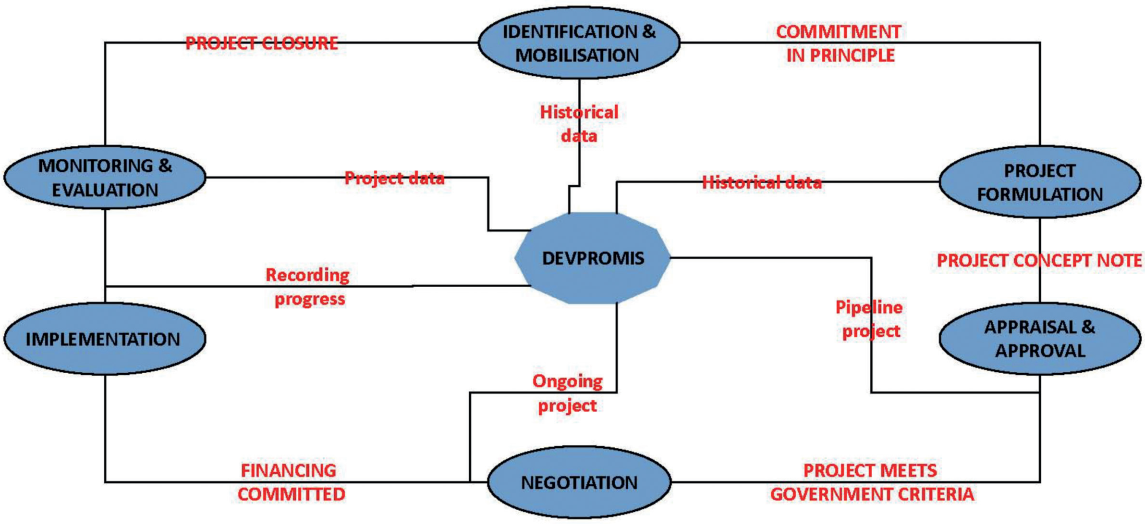
54. Project Cycle Management (PCM) has distinct start and end events, and should typically be accompanied by defined inputs triggering the start of one phase, and defined outputs triggering the start of the next phase in the cycle.

55. In line with the DCP, the MDAs should take leadership and ownership in project identification/ programming, formulation, appraisal, negotiation, implementation, as well as monitoring & evaluation.

56. MDAs are advised that project implementation cannot start without a signed financing agreement or project document by the Minister responsible for Finance. Likewise, external funds cannot be integrated into the Budget process without necessary data recorded in the course of project implementation.

57. An externally financed project life-cycle is illustrated in Flowchart 1 below:

Flowchart 1: Project Cycle Management



58. The DEVPROMIS has a key role in managing information flows as a project moves from one phase to the other of its life-cycle, through documenting project parameters, implementation status, tracking financial flows and monitoring results. The DEVPROMIS shall capture both nationally and externally funded project parameters.

59. The following principles shall be observed in the PCM process.

Box 4: Principle of Full Coverage

All externally funded projects, whether identified within the scope of multi-annual frameworks or as a stand-alone initiative of whatever nature, shall be subject to scrutiny by PCM mechanisms.

This ensures a uniform and holistic approach in the management of development cooperation, that minimises the risk of duplications and overlaps, through embedded mechanisms of control, monitoring and reporting, as well as the institutional discipline that is introduced through PCM.

Box 5: Principle of Maximising Opportunities

Government shall ensure that all opportunities to mobilise resources for projects are reviewed.

To that effect, relevant procedures shall be open to absorb a new cycle initiated by:

- A Development Partner(s) as a funding or implementing agency,
- Line Ministry or a non-public entity, as an implementing agency or direct beneficiary of a programme.
- The Ministry responsible for Foreign Affairs, if funding is being sought from bilateral partners, which either do not have a presence in the country or require a Foreign Affairs agency to be a first point of contact to maintain reciprocity.
- The Ministry responsible for International Trade, if funding is being sought from regional support programmes of Development Partners.

Box 6: Principle of Centralised Coordination

The Ministry responsible for Finance, will be the single-entry point for all externally funded projects, and will be involved throughout the project cycle for both Government and Development Partner funded projects.

This applies to ongoing interventions as well, whereby the ICD will play a role of facilitator for remedial actions to be designed and approved, in case implementation does not progress as planned.

60. PCM procedures are well articulated within the PIM guidelines, which are in principle open to accommodate externally funded projects. However, the PIM Guidelines focus mainly on Government funded projects, hence, to adequately cover for externally funded projects, MDAs should use Checklist 3 below which complements the PIM guidelines:

Checklist 3: Supplementary checks to the PIM Guidelines

<table>
<tr><td>1</td><td>Is the project funded by DPs?</td><td>On positive, provide</td><td colspan="2">Funding agency name, financing modality, channel of delivery, estimated funding</td></tr>
<tr><td>2</td><td>Is funding through a loan?</td><td>On positive, provide</td><td colspan="2">PDMO approval</td></tr>
<tr><td>3</td><td>Is Government co-funding needed?</td><td>On positive, provide</td><td colspan="2">Budget Department approval and details of specific budget years under which provision for Government funds is/will be made.</td></tr>
<tr><td rowspan="2">4</td><td rowspan="2">Is the implementing partner a MDA?</td><td>On positive, specify</td><td colspan="2">Government systems to be used</td></tr>
<tr><td>On negative, provide</td><td colspan="2">The reason for deviation and a list of goods and services to be delivered</td></tr>
<tr><td>5</td><td>Is the implementing partner a CSO?</td><td>On positive, provide</td><td colspan="2">List of goods and services to be delivered</td></tr>
<tr><td>6</td><td>Is Government M&E system used?</td><td>On negative, specify</td><td colspan="2">The reason for deviation and the specific M&E arrangements</td></tr>
<tr><td>7</td><td>Estimated financial flows</td><td>% of project cost</td><td>In cash</td><td>In kind</td></tr>
</table>

4.2 Identification, Mobilisation and Project Formulation

61. The institution requesting development assistance will do so through a line Ministry responsible for the sector within which the initiative is intended to contribute to development objectives. Such initiatives shall strictly follow the Government planning and Budgetary processes, procedures and calendars, as stipulated in the PIM guidelines. In exceptional situations, ad-hoc requests for project financing from national institutions – whether from domestic or external sources – will be considered only if they need to be fast-tracked.

62. Procedure 3 below details steps which should be followed by MDAs in consultation with the relevant Development Partner initiating and completing the project identification phases:

Procedure 3: Initiating Development Cooperation Projects

Steps:

1. The line Ministry or relevant Development Partner will submit an official request with a synopsis of the project idea/business case to the Ministry responsible for Finance/ICD.
2. If funding for the intervention is not already foreseen under a multi-annual framework agreement, the ICD will forward the proposed intervention to the National Budgets Department for assessment and preliminary appraisal. If the intervention is in principle approved for funding and the National Budgets Department has indicated that no funding for the intervention was foreseen in the rolling 3-year Government Budget, the ICD will approach identified Development Partners (through the Ministries responsible for Foreign Affairs, and International Trade in the event an identified Development Partner is not based within Zimbabwe or through the Ministry responsible for Regional Integration in the event of interventions that may be funded under regional frameworks funded by Development Partners) to establish if funding can be made available for the intervention.
3. In exceptional cases where a proposed intervention is submitted by a Development Partner without prior collaboration of a relevant line Ministry, the ICD will forward the proposed intervention to the National Budgets Department for assessment and preliminary appraisal. If the intervention is in principle approved for funding and the National Budgets Department has confirmed that no funding for the intervention was foreseen in the rolling 3-year Government Budget, the ICD will invite relevant stakeholders for initial discussions.
4. Once an initial agreement is reached between the parties, the line Ministry, in cooperation with the Ministry responsible for Finance and the relevant Development Partner(s), will proceed with developing the project concept note in accordance with the PIM Guidelines.

When:

1. In accordance with the Budget Calendar.
2. When ad-hoc – within four weeks of receipt of the request, unless fast-tracking is justified.

Condition:

1. SWG minutes reflecting relevant discussions.

Inputs:

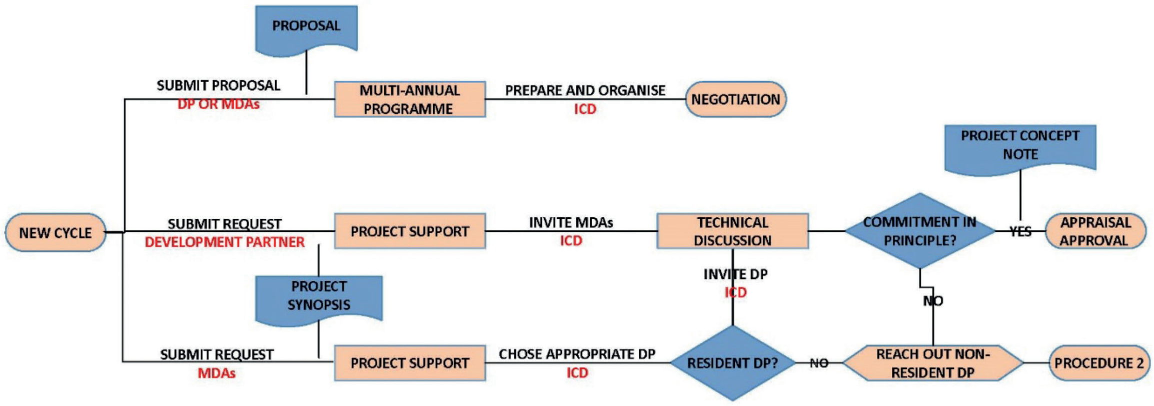
1. The DEVPROMIS report on projects in the sector with similar thematic orientation.
2. National and sectoral development strategies.

Outputs:

1. Funding agency identified.
2. Financing commitment in principle obtained.
3. Project concept note developed.

63. The Business Process Management (BPM) workflow of above procedure is presented below:

Flowchart 2: BPM WF of Initiation, Mobilisation and Project Formulation



64. The Ministries responsible for Foreign Affairs and International Trade must be capacitated by the Ministry responsible for Finance to undertake focused and informed engagements with potential international financiers. Procedure 4 below specifies steps the Ministry responsible for Finance should follow, in consultation with the CCDC, to furnish the Ministries responsible for Foreign Affairs and International Trade with information on Government's development agenda.

Procedure 4: Contacting Potential Funding Agencies through the MFAIT/MOIC

Steps:

1. The ICD will coordinate with the National Budgets Department and Public Debt Management Office for joint review of possible development areas, where a financing gap is envisaged.
2. The ICD will coordinate with line Ministries to prepare proposals for cooperation to Development Partners in line with the NDS.
3. Based on the above, the ICD shall prepare, and submit to the CCDC, a brief for Ministries responsible for Foreign Affairs and/or International Trade, including the current and expected financing gaps.
4. The brief shall be accompanied by the country's most recent development cooperation report.
5. After discussion and approval by the CCDC, prioritised areas of required support with identified potential Development Partners shall be subject to hearings by Cabinet, which will result in instruction to Ministries responsible for Foreign Affairs and International Trade to approach identified Development Partners with the aim of mobilising the required resources.

When:

1. Typically, in January-February of each year.

Outputs:

1. Funding gap identified (in consultation with the Budgets Department and relevant line Ministry).
2. Implementing and beneficiary entities identified.
3. Project concept note developed.
4. Preliminary approval of CN from the National Budget.

4.3 Appraisal and Approval

4.3.1 Appraisal Criteria

65. The DCP requires that all development cooperation funded projects be appraised according to standardised criteria defined in the PIM guidelines. The appraisal shall be done against development cooperation effectiveness criteria summarised in Checklist 4 below:

Checklist 4: Development Cooperation Effectiveness Criteria

	Compliance with Effectiveness Criteria	**Reference to DCP Objective**
1	Does this project use global/national/sectoral results frameworks?	Alignment to national priorities and SDGs
2	Is this project a part of DP multi-annual support strategy?	Predictability of development assistance
3	Is the funding channelled through Public sector institutions?	Ownership/use of country systems
4	Which country systems will be used to implement the project?	Integrating development assistance with national planning and Budgeting processes
5	Are the implementing agencies defined and, if so, are they justified?	Transparency and Comparative Advantage/Distribution of Labour
6	Is the disbursement schedule defined?	Predictability of development assistance
7	Are specific reporting arrangements defined for non-public implementing partners on project implementation parameters to comply with requirements of transparency and accountability?	Compliance of Development Partners with requirements of reporting in the DEVPROMIS
8	Is the funding provided through a loan facility?	Debt sustainability
9	Does this project contribute to Government revenue generation?	Development Assistance Dependency
10	If the proposed project is being implemented in a sector where multiple Development Partners have on-going interventions: • Does the project complement other on-going interventions (i.e. avoid duplication of other interventions and does not minimise or negate results achieved under other interventions)? • Are the administrative and reporting requirements in line with those used by other Development Partners?	Harmonisation amongst Development Partners

4.3.2 Cost/Benefit Analysis

66. In assessing feasibility and potential benefits of development cooperation, the following need to be taken into account:

- External resources can increase the availability of financial resources for implementing the NDS and/or make these resources available at a lower cost than commercial financing;
- External resources may provide access to new and improved technologies or techniques;
- External resources may provide access to specialist skills not otherwise readily available.

67. The context for the appraisal of any new development cooperation initiative shall be based on the recognition that external resources are, by nature, an imperfect resource for national development as they introduce political, institutional and administrative complexities that are not inherent in the management of domestic resources. To that end, Government should be assisted by, but not rely on external resources.

68. All development assistance, even the most concessional, has a cost. The costs also vary according to the type of assistance on offer and need to be taken into account when deciding whether to take up an offer of assistance and how to use it. In principle, Government should first make use of the assistance with the lowest costs, with the cut-off point determining the marginal cost of development assistance to Zimbabwe. The various costs that might be incurred and should be considered are summarised in Checklist 5 below:

Checklist 5: Guide to Analysis of the Cost of Development Assistance

Cost of Assistance	What Needs to be Considered
Financial Cost	Any loan has to be paid at some point in the future. It is, therefore, important to evaluate different terms and conditions and how to derive common measures such as the "*grant element*" or the "effective rate of interest". In addition, aggregate debt-servicing requirements need to be kept at manageable levels.
Administrative Cost	Administrative capacity is a scarce resource everywhere, including in Zimbabwe. All externally funded interventions involve an administrative cost. Development Partners with lengthy and bureaucratic procedures may not be suited to financing small projects or projects where flexibility is required in implementation. However, small projects (fragmentation of development assistance) typically cause high administrative costs (transaction and overhead).
Opportunity Costs	Any use of external funds involves an opportunity cost in that other potential uses of those funds are foregone. Opportunity costs are highest when the development assistance is least restricted in the uses to which it may be put – hence the opportunity cost of domestic resources is generally higher than would be the case for external funding. Opportunity costs are lowest when assistance is given in such an inflexible form that the only choice is to "*take it or leave it*".
Policy Costs	Development assistance often has implicit or explicit policy costs. It is becoming increasingly conditional on explicit policy conditions, which may be set out in the 'conditions precedent' or 'prior actions' to a financing agreement or project document. If the measures are those Government would have adopted anyway, the cost is minimal. If they are not, or if they are beyond current technical/institutional capacities, then the policy costs (with a possible implicit loss of sovereignty) may be considerable. Implicit costs may also arise at the project level, where Development Partners may influence project design or implementation, leading to wider effects and potential unintended consequences or externalities. Evaluating these effects (and their implicit costs) may be difficult and subjective but it is important that they should be borne in mind.
Delay	Obtaining financial resources from external sources often takes considerable time – sometimes several years from the initial request to the start of implementation. The costs of delay are related to the importance and urgency of the project. Delays may also occur in the actual disbursement of funds once a project is underway and, in some instances, this may require Government or other local resources to be used to pre-finance certain critical activities.
Complementary Inputs	Development assistance, particularly in the form of loans, normally requires complementary inputs from Government – either financial or in kind – often referred to as the "*counterpart contributions*" or "*Government co-financing*".
Recurrent Costs	Often, a project financed using external resources will have implications, either for immediate or future recurrent costs to be met by Government. This is especially relevant where external resources are used to procure technology or construct infrastructure. It does not make sense to accept development assistance that creates future obligations on the Government that it is unlikely to be able to meet.
Indirect Costs	Development assistance may have indirect costs if, for example, the availability of commodity/food assistance depresses prices for local products or alternatively causes significant increases in the local cost of such commodities/food stuffs that may place an unforeseen burden on local residents.

69. The broad range of possible costs that can be assigned to external resources does not necessarily mean that such assistance should be rejected, but it does suggest that it should be actively negotiated, coordinated and managed. There is considerable scope for minimising costs by closely examining the ways in which external resources are allocated and how projects and programmes are designed, planned and financed. However, it is the right of Government to refuse development assistance if reasonable solutions on minimising its costs were not found, undermining the very benefit that the assistance may otherwise produce.

4.3.3 Appraisal and Approval Procedure

70. Project appraisal and approval processes shall follow the procedures outlined below:

Procedure 5: Development Cooperation Projects' Approval Procedure

Steps:

1. Project submitted to the Ministry responsible for Finance for initial review:
   - If the implementing partner is a Government institution, submission must be made by the respective line Ministry.
   - If the implementing partner is a non-public institution, submission must be made by the relevant Development Partner through the beneficiary line Ministry.
   - The ICD submits the project to the IMCPIM for appraisal and approval.
2. The IMCPIM shall send official notifications to the submitting entity on its resolution: approved, modifications needed, rejected, with clear description of issues that caused such resolutions.
3. The Ministry responsible for Finance shall submit the list of recommended projects to the IMCPIM for approval for onward submission to Cabinet.

Conditions:

1. SWG opinion obtained. Where no functional SWG is in place, the lead MDA in a given sector must provide an opinion.
2. Loan projects must comply with requirements of the Public Debt Management Act of Zimbabwe.
3. For grant projects, opinion of the National Budgets Department shall be obtained.
4. IMD opinion obtained in respect of results-based indicators to be achieved, including the extent to which such indicators are engendered.

Inputs:

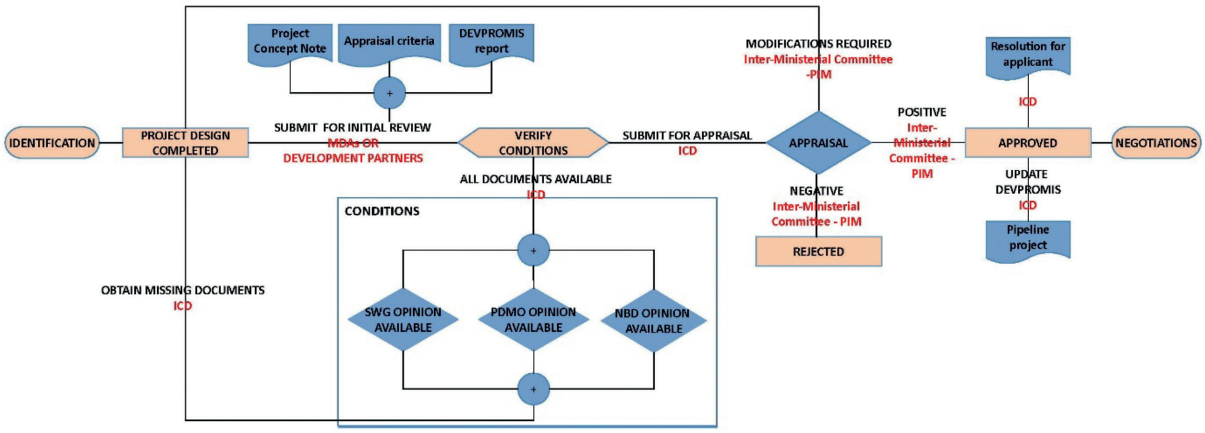
1. Project concept Note.
2. Development cooperation effectiveness parameters as per Checklist 4
3. The DEVPROMIS reports on similar interventions in the past.

Outputs:

1. IMCPIM resolution.
2. Approved projects registered in the DEVPROMIS as pipeline.

71. The BPM workflow for the above procedure is presented in Flowchart 3 below:

Flowchart 3: BPM Workflow for Project Appraisal and Approval



4.4 Negotiating Financing Agreements

72. As per Government policy, most development cooperation projects will fall under multi-annual framework agreements signed by the Minister responsible for Finance. Negotiations at this phase of project cycle management aim at agreeing on terms of financing of the project with Development Partners.

73. In negotiating financing agreements for projects, cost/budget as well as a number of procedural issues need to be finalised by the parties. These relate to how the financing will be provided and also what would be the conditions for various forms of financial flows.

74. At this phase, the ICD shall update the Development Partner profiles as per *Checklist 1* and distribute them to negotiation team members. Furthermore, the ICD shall prepare a negotiation calendar, which should include internal meetings within Government (negotiation team), as well as meetings between the negotiation team and Development Partners. The calendar shall be prepared and communicated internally soon after the framework agreement is sealed between Government and a Development Partner, with the objective to conclude financing agreements/project documents by the date indicated in a multi-annual framework for newly identified interventions.

75. Negotiation of financing agreements shall be guided by Checklist 6 below:

Checklist 6: Negotiating Financing Agreements: Procedural Aspects

Delivery of Assistance	Preferences	Issues to Discuss	Consult
Cost/budget	Contribution of Development Partners should be above the minimal project cost defined by Government.	1. Fragmentation of development assistance. 2. Transaction and administrative cost for Government/ICD, Budgets Department, IMD, LMs. 3. Overhead costs for Development Partners.	1. DEVPROMIS for fragmentation analysis. 2. Best international practice.
Use of country systems	Assistance to the public sector uses country Budget execution, financial reporting, auditing and procurement procedures.	1. Conditions to precede for on – Budget modality. 2. Reporting of project flows in the National Budget. 3. DPs specific accounting and reporting requirements. 4. Procurement method – tied development assistance. 5. Use of the Ministry responsible for Finances' single account.	1. National Budget procedures. 2. Procurement Law of Zimbabwe. 3. Zimbabwe PFM Act. 4. Paris and Busan principles.
Payment method	Advance payment to project account> reimbursement of expenses> Direct payment for goods and services.	1. Underlying principles and considerations with regards to preferred payment method. 2. Payment schedules specified in agreement?	1. Previous experience 2. Development Partners policies
Joint missions and analysis	DPs undertake missions and analytical work jointly	1. Are annual work plans available for missions and analytical work	1.Paris and Busan principles

76. It is normal practice for financing agreements to become effective subject to Government fulfilling certain conditions precedent agreed upon during negotiations. Therefore, dates of agreements' signing and their becoming effective can often differ. In fact, it is the effectiveness date that is to be considered as a start date for implementation of programmes and projects. Checklist 7 below should be consulted with regards to "*conditions precedent*" for financing agreements to become effective.

Checklist 7: Practice of Conditionality Relevant to Financing Agreements

Conditions	Government Preferences	Issues to Clarify	Consult
No conditions	Conditionality free agreement'		DEVPROMIS for historical evidence.
Co-financing	In-kind contribution rather than financial commitments.	• The reason (budgetary items) Government co-financing is required. • The period (specific fiscal year/s) in which co-financing is to be made. • The availability of funds and/or in-kind contribution.	Budget law
Banking	Project account at RBZ>TSA>Special accounts in commercial banks	• The reason DP request project account in commercial banks.	RBZ
Project Management Unit	No PMU>Run by Ministry>Embedded in the Ministry	• Accountability of the PMU. • Salary scales. • Appointment of staff.	Paris and Busan principles

77. Signing of financing agreements, together with fulfilling effectiveness conditions, if any, will kick-start implementation of respective projects. The agreement shall be deposited with the Ministry responsible for Finance and implementing/beneficiary institution (LM or other MDA), and uploaded into the DEVPROMIS to update the Development Partner's profile and the respective pipeline project, which from that moment shall change its status from "pipeline" to "on-going".

4.5 Implementation

4.5.1 Recording of Development Cooperation Projects

78. Management and monitoring of development cooperation, in practice, revolves around information on Development Partners' project and programme portfolios, which needs to be available perpetually. This ensures the implementation of grounded and informed decisions on mobilisation and utilisation of resources.

79. The DCCU, as custodian of all information on development cooperation, has a unique role in organising the data gathering process on development projects in consultation with other stakeholders, and converting it into management information for decision making. The DEVPROMIS of Zimbabwe is the main tool to support this process.

80. It is important that the data collection and recording routine is synchronised with the project implementation process, as depicted in the PCM diagram (*Flowchart 1*). All essential data reflecting implementation progress shall be dynamically collected and recorded, whereby contributions and inputs of all partner institutions are required.

81. Data thus recorded in the DEVPROMIS will help monitor progress – financial and physical – of individual project implementation, effectiveness of implementation, achievement of planned results, documenting lessons, and ultimately reflect external finance in national planning and budgeting processes.

82. While recording development cooperation data in the DEVPROMIS will be described in detail in, and guided by, the DEVPROMIS operational guidelines[3], key templates illustrating DEVPROMIS outputs/reports with regards to financial implementation of projects are provided in this Manual. These are categorised by development cooperation modalities – project support (as the main mechanisms for delivery of development assistance to Zimbabwe currently in use), budget support and joint financing mechanisms.

83. Each development cooperation project has two types of financial flows to deal with:

- Revenue, which represents contributions of funding agencies to project financing; and
- Expenditure, which represents financing of/payment for project activities.

[4] This guide will be developed when the DEVPROMIS is developed and deployed in Zimbabwe.

84. These two flows must be linked to one another, so that expenditures are mapped to specific funding sources to satisfy reporting requirements of Development Partners with regards to destination or allocation of their resources, especially when some contributions are earmarked. DEVPROMIS Zimbabwe shall enable unambiguous mapping of sources of revenue with actual expenditures.

85. In designing project financial reporting templates, several factors need to be taken into account:

- Depending on whether the implementing partner is a public or non-public agency, Government either manages project implementation, including revenue and expenditures, or just monitors and supports it;
- The extent to which Government systems are used for implementation pre-determines predictability of financial flows to the project;
- In practice, combinations of the above-mentioned factors generate various scenarios that need to be covered by the project recording template.

86. Essentially, functionality of DEVPROMIS shall allow for generation of standard financial reports for each project implementation scenario, provided data on financial and contextual parameters of a project is collected. This must be done according to Template 1 below:

Template 1: Collecting and Recording of Development Cooperation Project Data

Data Category	Selected Options	Content Requirements	
GENERAL INFORMATION			
Project title	n/a	Title best describing objective	
Unique ID	n/a	Generated by the DEVPROMIS	
Code	1. Government code structure 2. Non-public implementer code structure	1. Consistent with PIM guidelines 2. Consistent with non-public implementer coding	
Funding agency type and name	1. Bilateral 2. Multilateral 3. Pooled Funds 4. Government co-financing	Name of funding agency	
Implementing agency type and name	1. Government institution 2. UN agency 3. NGO 4. Private sector firm 5. Other international organisation	Name of implementer	
Project cost/budget	n/a	Total cost	
Funding type	Grant and/or Loan	Amounts for each type	
Alignment	1. National Development Plan 2. SDG	1. Strategic areas supported 2. SDG goals supported	
Project is part of[5]	1. DP multi-annual support strategy 2. Stand-alone	Name of strategy	
Sector	List to be provided	% of allocations	
Location (Province, District)	List to be provided	% of allocations	
Implementation status	Pipeline, ongoing, completed, delayed, etc.	Reason for delay	
FINANCIAL EXECUTION			
Transactions	1. Commitments – Funder -> Implementer 2. Disbursements – Funder -> Implementer	Amounts	Dates
PHYSICAL EXECUTION			

Data Category	Selected Options	Content Requirements	
GENERAL INFORMATION			
Transactions	Expenditures – Implementer -> Contractor	Amounts	Dates
Outputs	n/a	Output name	
Output indicator	List to be provided	Target	Progress
Activities	n/a	Activity name	
Activities plan	1. Planned 2. Actual	Amount Amount	Date Dates
Activity progress		% of physical progress	
EFFECTIVENESS			
Government systems used	1. Budget execution 2. PFM 3. Procurement 4. Accounting	To which extent (% of funds), if feasible	

87. Responsibilities for populating the above presented template are distributed as follows:

- General Information Section – DCCU;
- Financial Execution Section – funding agency;
- Physical Execution Section – implementing agency.

88. Procedure 6 below shall be used by the DCCU for project set up in the DEVPROMIS:

Procedure 6: Documenting a Project in the DEVPROMIS

Steps:

1. The DCCU checks if the project has been recorded in the DEVPROMIS after approval by the IMCPIM and changes its status from "*pipeline*" to "*on-going*".
2. The DCCU is responsible for initial project set-up in the DEVPROMIS, which, *inter alia*, entails upload of data sufficient to generate a DEVPROMIS report documenting project parameters at inception according to the format in Annex 3.
3. The DCCU shall provide funding agencies and implementing partners of the project with DEVPROMIS access permissions.
4. Thereafter, all funding and implementing agencies shall update project records as it is being implemented. This will be done in accordance with the DEVPROMIS operating guidelines to be developed by the DEVPROMIS vendor, along with its deployment in the Government data centre.

Conditions:

1. The Project has been registered in the DEVPROMIS after approval by the IMCPIM.

Inputs:

1. Project financing agreements.

Outputs:

1. Project template generated and extracted from the DEVPROMIS.
2. Project template shared with all stakeholders involved in project implementation, including through the DEVPROMIS.
3. Project template shared with IMD for monitoring.

89. Following completion of negotiations as defined in Section 4.4 above, a development cooperation project is to be documented and set up in the DEVPROMIS. Key here is that the same template

– but with updated data – is to be used for a project standard report generation at any given time. This helps compare project parameters captured at inception (such as planned funding, target results, activities, and dates), with those actually observed and recorded/updated during the implementation, thus allowing for the Results-Based Management (RBM) approach.

90. Once a project is set up, funding and implementing agencies shall be obliged to record all data – both initially available and produced as the implementation progresses.

91. Where a Project Implementation Unit (PIU) is the implementation mechanism, it will be the ultimate source and provider for project data to the DEVPROMIS.

4.5.2 Managing and Recording Project Revenue

92. Revenue is typically recorded as commitments of a funding agency to the project, and as disbursements, made from those committed amounts. Thus, the sum of all disbursements of a funding agency may not exceed the sum of commitments of the same agency at any closed time interval from the start of the project to a given date.

93. Conclusion of the Negotiation phase essentially entails that funds have been committed for a project, whether included in the package of framework agreements or stand-alone, thereby triggering the commencement of actual implementation.

94. Development Partners are required to systematically and regularly update data in the DEVPROMIS, including all confirmed commitments, projected and actual disbursements throughout the project life-cycle. While commitments can typically be determined from the project financing agreements, disbursements may not always be pre-specified – or may deviate from those specified – in financing agreements. In this regard, Templates 2 and 3 below shall be supported by the DEVPROMIS as a minimum, for reporting annual and multi-annual revenue plans/forecasts at a project level, respectively:

Template 2: Recording Annual Commitments and Disbursements for a Project

Project Parameters	**Current Year**												
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Total**
Funding Agency													
Sector													
Implementer													
Modality													
Commitment/Projection, US$	x	x	x	x	x	x	x	x	x	x	x	x	x
Disbursement, US$	x	x	x	x	x	x	x	x	x	x	x	x	x
Balance [Com-Dis], US$	x	x	x	x	x	x	x	x	x	x	x	x	x

[5] Reference to PIM Guidelines

Template 3: Recording Triennial Commitments and Disbursements for a Project

Project Parameters	Commitment/Projection, US$	Disbursement, US$	Balance [Com-Dis], US$
Funding Agency			
Sector			
Implementer			
Modality			
Current year	x	x	x
Current+1 year	x	n/a	n/a
Current +2, year	x	n/a	n/a

95. The Accountant General shall monitor and track the recording of financial flows by Development Partners at least on a quarterly basis, and the DCCU will report in the quarterly development cooperation bulletins.

96. Depending on the financing method determined during negotiations – disbursement in advance, reimbursement, or direct payment to suppliers of goods and services, Procurement Regulatory Authority of Zimbabwe tender procedures have to be adhered to if not specified in the agreement in line with the requirements of the Public Procurement and Disposal of State Assets Act. The provisions in the technical co-operation agreement have to be followed.

97. The disbursement procedures will differ, as can be observed from Procedures 7 and 8 below.

Procedure 7: Managing Project Disbursements: Cash-in-Advance and Reimbursement Methods

1. The implementing agency, through the ICD (if the implementing agency is a Government institution), requests replenishment of the project account from the funding agency, subject to meeting predefined conditions or achieving results as per the project financing agreement.

2. The funding agency will notify the Ministry responsible for Finance on disbursed funds, upon receipt of which the Ministry responsible for Finance will advise the implementing Ministry on the same.

3. The funding agency shall update the DEVPROMIS with regards to that transaction.

4. Support and guidance of the DCCU could be sought by the implementing agency to ensure that respective transactions are correctly recorded in DEVPROMIS.

5. When implementation of the project is done by a non-public agency, the latter is responsible for populating the DEVPROMIS with appropriate data.

6. It is the prerogative and duty of the DCCU to solicit information on revenue from funding agencies and guide them in populating DEVPROMIS accordingly.

7. Updating the DEVPROMIS in all the above cases should be done either immediately after transactions, or quarterly.

8. The DCCU shall notify the Implementation Monitoring Department of all changes in the status of project financial progress, by either sending DEVPROMIS reports, or referring to relevant sections of the DEVPROMIS.

Procedure 8: Managing Project Disbursements: Direct Payment to Third-Party Suppliers

1. The implementing agency would normally be required to formally approve and accept the delivered results – according to terms of reference of consultancy or specifications of supplied goods – before the payment is actually effected. This will require the implementing Ministry to inform the ICD of approval and acceptance of the deliverables, after which the ICD will inform the Funding Agency accordingly. 2. The funding agency, upon payment to the contractor, shall update the DEVPROMIS with regards to that transaction. 3. Support and guidance of the DCCU could be sought by the funding agency to ensure that respective transactions are correctly recorded in the DEVPROMIS. 4. It is the prerogative and duty of the DCCU to solicit information on revenue from funding agencies and guide them in populating the DEVPROMIS, accordingly. 5. Updating the DEVPROMIS should be done either immediately after transactions, or quarterly.

4.5.3 Managing and Recording of Interest Accrued on Development Partner Funds

98. The investment of interest accrued on Development Partners' funds, has to be utilised in accordance with the provisions of the technical co-operation agreement. Where no provision is made with regard to interest, formal written agreement has to be reached between the Development Partner and the implementing agency.

4.5.4 Procedures on Unspent Funds and Recording

99. Unless otherwise agreed in writing, unspent funds at the end of a project have to be returned to the Development Partner.

4.5.5 Managing and Recording Expenditures and Execution

100. Implementing agencies are required to record progress in physical execution of projects, in accordance with *Template1*. The project funding mechanism is further decomposed to help uncover its potential complexity, which needs to be taken into account in managing and recording of a project's execution.

101. Execution of projects is usually associated with implementation of project activities and corresponding payments made by implementing agencies to contractors. There is no involvement of funding agencies in this process, unless a funding agency itself implements projects or uses the method of direct payment for goods and services. Often, there is a risk of misinterpretation of roles of various agencies in the delivery of project results. For example, a recipient or beneficiary of a project may treat an agency directly liaising with them (e.g. UN agency or an NGO) as being a funding agency, but in reality, they may represent channels of delivery, rather than source of funds.

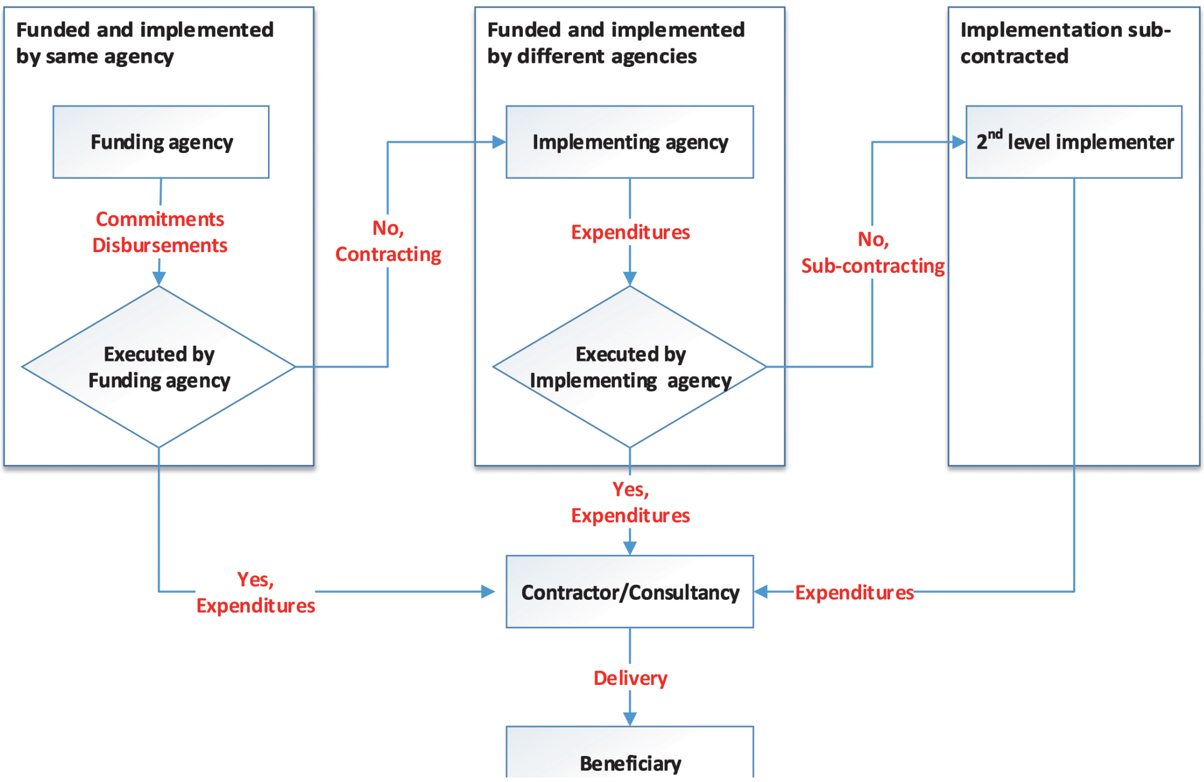
102. This confusion needs to be avoided to the extent possible, as it might be a reason for incorrect reflection of inputs of various partners to a project, thus, contributing to double-counting or under-counting of development cooperation amounts. Checklist 8 below will guide correct identification of the resource flows in a project.

Checklist 8: Project Level Resource Flows

Questions	Check	Multiple Choice Answers
Who is the funding agency?		A bilateral development agency of one of the DAC countries (e.g. DfID)
		An international financial institution (e.g. WB)
		A multilateral development institution (e.g. EU)
		A UN agency (e.g. UNDP)
		A development agency of a non-DAC country (e.g. Kuwait)
		The Government of Zimbabwe (co-financing)
Who is the Implementing agency/ first hand recipient of funds?		A Government institution (e.g. Ministry)
		A UN agency (e.g. UNDP)
		An International NGO
		A private or state contractor
		A national NGO
		An academic or research institution
Who is the 2nd level implementer/ delivers project outputs to beneficiaries?		The implementing agency
		A contractor
		An NGO
		An academic or research institution
Implementing agencies (sometimes) providing their own resources		UN agencies
		International NGOs
		Other

103. Answering questions posed in the above Checklist will allow mapping of funding flows for each project, and thus, clearly define relationships between various parties involved in a project's delivery to final beneficiaries in Zimbabwe. This is a key task to be supported by the DEVPROMIS functionality, which is designed to capture a project implementation mechanism by identifying resource flows corresponding to various scenarios as illustrated in Flowchart 4 below:

Flowchart 4: Project Level Resource Flow Diagrams for Different Scenarios



104. Once the funding flows are mapped for a project, capturing parameters of its implementation may not present principal difficulties, noting that expenditures are recorded against disbursements received from funding agencies, and may usually imply that activities to which money has been allocated and spent have been executed. Reporting Templates 4 and 5 on planned and actual expenditures in annual and medium-term perspectives, respectively, are presented below.

Template 4: Recording Annual Expenditures vs Actual Disbursements

Project Parameters	**Current Year**												
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Total**
Funding Agency													
Sector													
Project													
Implementer													
Modality													
Actual Disbursements, US$	x	x	x	x	x	x	x	x	x	x	x	x	x
Planned Expenditures, US$	x	x	x	x	x	x	x	x	x	x	x	x	x
Actual Expenditures, US $	x	x	x	x	x	x	x	x	x	x	x	x	x
Balance [Plan-Actual], US $	x	x	x	x	x	x	x	x	x	x	x	x	x

Template 5: Recording Medium-Term Expenditures vs Actual Disbursements

Project Parameters	**Actual Disbursements, US$**		**Planned Expenditures, US$**	**Actual Expenditures, US$**	**Balance [Plan-Actual], US$**
Funding Agency					
Sector					
Project					
Implementer					
Modality					
Current Year	x		x	x	x
Current+1 Year	x		x	n/a	n/a
Current +2, Year	x		x	n/a	n/a

105. While recording/updating data on project implementation can be event driven (update-as-you-go), or monthly/quarterly, reporting on the same is typically a quarterly or a less frequent exercise. A reporting format for tracking individual project expenditures as an indirect indicator of project execution progress is presented below:

Template 6: Reporting Template for Expenditure Tracking

Project	[Title and Code]				
Funding Agency	[Development Partner]				
Implementing Agency	[Line Ministry or non-public entity]				
	Q1	**Q2**	**Q3**	**Q4**	**Total**
Actual Disbursements, US$	x	x	x	x	x
Planned Expenditures, US$	x	x	x	x	x
Actual Expenditures, US$	x	x	x	x	x
Delivery Rate (actual expenditures vs disbursements)	%	%	%	%	%
Implementation progress (Actual vs Planned expenditures)	%	%	%	%	%

106. In the context of this report, disbursements are released from a specific funding agency to a specific implementing agency. Given that a project may have more than one funding and implementing agency, this report can be lengthier in size, and can also include aggregate values of disbursements, expenditures, delivery rates and implementation progress.

4.6 Monitoring & Evaluation

107. Timely and comprehensive recording of project data in the course of implementation is a pre-condition for monitoring of results and their evaluation, both at project and aggregate level for performance of stakeholders – individually and collectively – with regards to effectiveness of development cooperation.

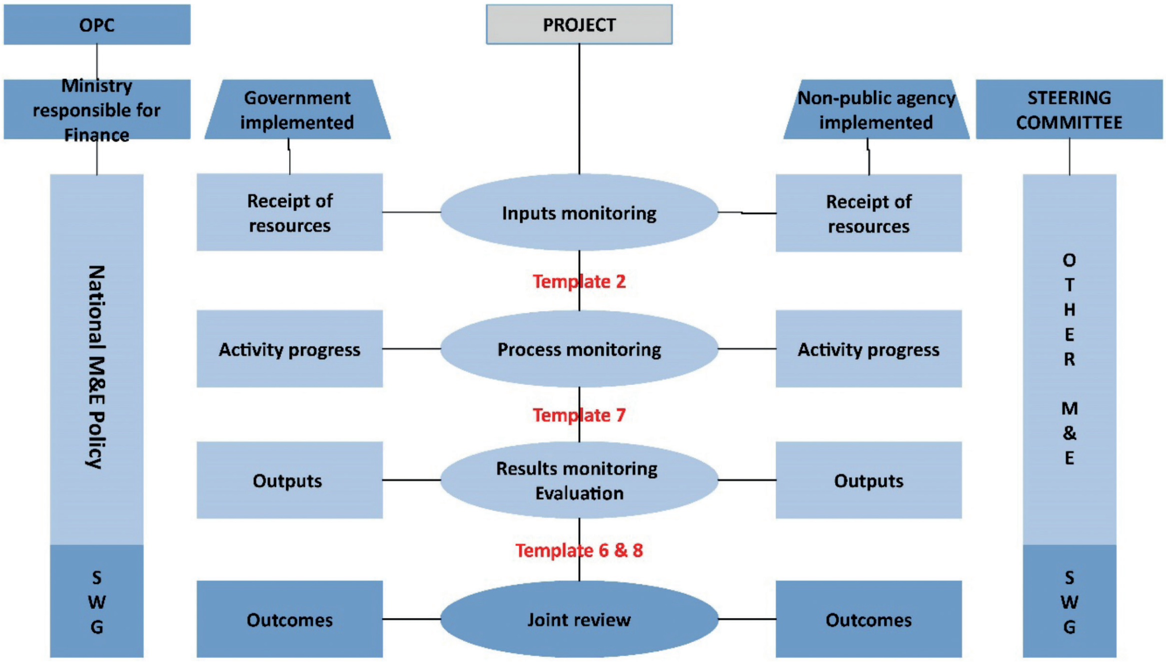
108. Project level monitoring deals with inputs, activities and outputs. Projects implemented by line Ministries shall be monitored in compliance with the National Monitoring and Evaluation Policy (NMEP, 2015), while those implemented by Development Partners or non-public agencies may have their own specific monitoring mechanisms. Regardless, the DCP requires that all projects funded by external resources be subject to joint review in SWGs.

109. The NMEP requires, that the DCCU be part ("enabling cluster") of monitoring of implementation, while the respective process shall be supported by information on projects captured by the DEVPROMIS, as discussed in the previous sections. To that effect, and in compliance with project reporting formats of the IMD (as presented in Annex 3 to this Manual), line Ministries implementing externally funded projects shall submit to quarterly reports to the IMD, containing information on:

- Received inputs in the form of actual disbursements from funding agencies;
- Expenditures made in the reporting period;
- Progress in execution of activities in the reporting period; and
- Progress in achievement of outputs measured through project KPIs.

110. At the end of each fiscal year, quarterly reports shall be aggregated by the IMD, with the annual monitoring and evaluation report submitted to the SWG for joint review. The schematic of the monitoring and evaluation process is provided in Flowchart 5 below.

Flowchart 5: Project Monitoring and Evaluation Process



Essence of Inputs Monitoring

111. Inputs monitoring should look at how project resources, whether in cash or in kind, are being received. This entails verifying whether commitments of a financing agreement and/or projections of disbursements have been timely converted into actual disbursements. Reporting *Template 2* will be used by an implementing agency to make this verification and produce reports and notifications for relevant authorities of the Government, Development Partners or joint structures, such as SWGs.

Essence of Activity Monitoring

112. Activity level monitoring aims at ensuring that a project is progressing according to its implementation plan and scrutinises dates of execution of specific activities and recorded progress. Line Ministries implementing projects are required to submit quarterly progress reports to the IMD on all projects under their respective portfolios. *Template 7* below is designed to help follow on project execution at activity level.

113. While *Template 7* may not be applicable to projects implemented by non-public agencies due to possible differences in project planning (quarterly execution plans and monitoring), recording projects outputs (refer to next paragraph below) must be mandatory to every project, whether supporting public or non-public sectors, or delivered through public or non-public channels. However, it will be a matter of agreement between Government and Development Partners to ensure that projects by-passing Government systems are reported in a way that allows uniform assessment of Development Partners' interventions in Zimbabwe.

Template 7: Managing and Reporting Project Execution at Activity Level

Project		[Title and Code]											
Funding agency		[Development Partner]											
Implementing agency		[Line Ministry or non-public entity]											
Project cost, $		Xxx											
		Planned		**Actual**				**1st QUARTER**			**4th QUARTER**		
OUTPUT/ACTIVITY		Start	End	Start	End	Cost, $	Progress	Jan	Feb	Mar	Oct	Nov	Dec
1	**OUTPUT 1**												
	Activities												
	1.1	M/D/Y	M/D/Y	M/D/Y	M/D/Y	xxx	%						
	1.3	M/D/Y	M/D/Y	M/D/Y	M/D/Y	xxx	%						
2	**OUTPUT 2**												
	Activities												
	2.1	M/D/Y	M/D/Y	M/D/Y	M/D/Y	xxx	%						
	2.3	M/D/Y	M/D/Y	M/D/Y	M/D/Y	xxx	%						

Essence of Output Monitoring

114. Expenditures made by projects produce two types of outputs: tangible and intangible. Tangible outputs represent fixed assets, technology, equipment, vehicles and alike, that usually are subject to further maintenance and depreciation. As such, they may impact the recurrent Budget of the country after completion of a project and, hence, should be carefully accounted for. Intangible assets represent capacity building, knowledge and skill transfer, policy and analytical research and alike, provided through TA, and usually aiming at improving effectiveness of public institutions. Template 8 below shall be used for reporting on project outputs:

Template 8: Registering Assets Produced by Projects

Project Name	**Outputs**	**Key Performance Indicator**	**Assets Delivered**	
Funding agency name	Output 1	[Name of delivered product]	Net cost	Impact
Implementing agency name	Output 1	[Name of delivered asset]	Net cost	Impact
Recipient/beneficiary name	Output 2	[Type of TA]	Net cost	Impact

115. Assets, must be documented and accounted for in the NDF, including their potential impact on Government finances or operational effectiveness, as directed by Template 8. In addition to this, expenditures must also be reported at the project output level monitoring to help assess value-for-money properties of a project.

116. Evaluation of projects shall be against standard evaluation criteria adopted in the PIM Guidelines as summarised in Table 2 below:

Table 2: Project Evaluation Criteria

Criteria	Purpose
Relevance	Extent to which project objectives were consistent with Government objectives, National priorities, and/or Development Partner policies.
Efficiency	Extent to which inputs, i.e. funds, expertise, time, etc., were economically converted into outputs.
Effectiveness	Extent to which project outputs are combined to achieve project objectives.
Impact	Extent to which impact was positive or negative. What are the primary and secondary long-term project effects, direct or indirect, intended or unintended?
Sustainability	Assessment of the financial, organisational and institutional potential to generate benefits beyond the project completion date.

117. Before project implementation commences, a costed monitoring and evaluation plan must be in place including provision for M&E by the Ministry responsible for Finance.

5 BUDGET SUPPORT AND PROGRAMME DEVELOPMENT ASSISTANCE

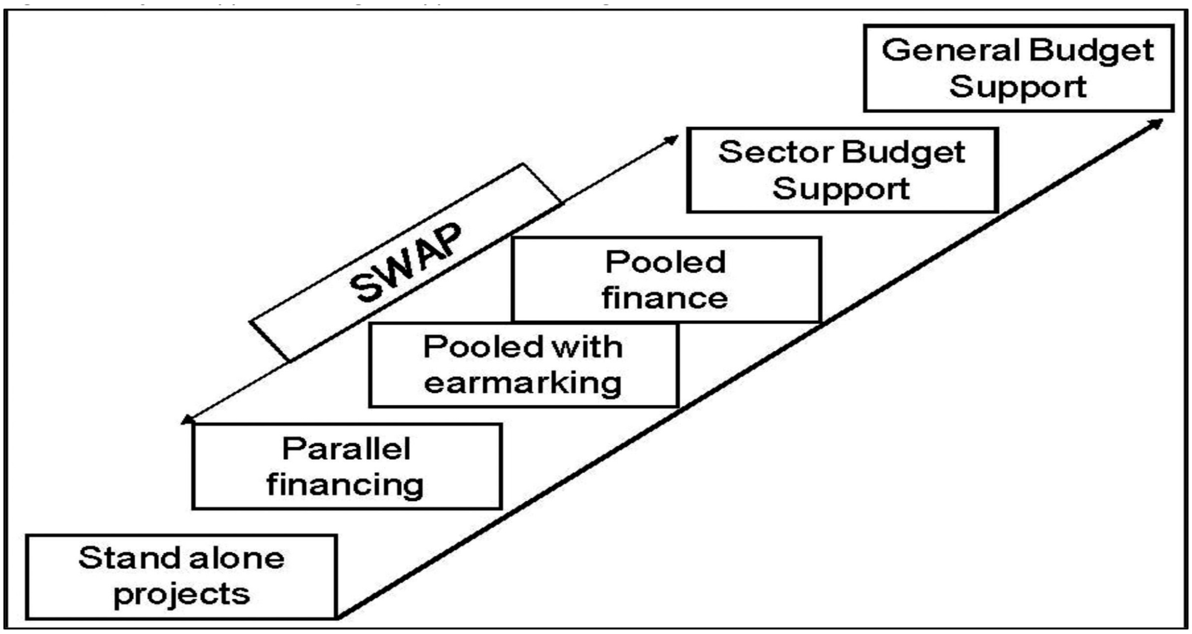
5.1 Policy Priorities

118. The DCP of Zimbabwe is specific on the need to shift away from modalities of development cooperation that by-pass Government systems in the delivery of assistance to more advanced forms, known to have greater potential to fully align with Government systems and procedures. Budget support is the Government's preferred development assistance modality.

119. General Budget Support (GBS) is therefore prioritised as un-earmarked assistance that makes use of improved internal systems, including PFM, procurement, reporting and audit systems. The second preferred modality is Sector Budget Support (SBS), which is characterised by earmarked contribution of development assistance to specific sector programmes, particularly to sectors that have adopted Sector Wide Approaches (SWAp) for development.

120. The figure below presents a linear progression from least effective to most effective development cooperation modality, however, this progression is seldom linear.

Figure 3: Project Support to Budget Support Linear Progression



121. Government recognises that the path towards increasing the use of Budget support instruments in the delivery of development cooperation is not straight-forward, and is associated with significant investments in creating an enabling policy environment, relevant human resources and institutional capacity and systems, that meet Development Partners' requirements. The perspective of Development Partners on Budget support should, therefore, underpin preparations for the journey to achieve cooperation modalities preferred by Government.

122. Budget support modalities are often associated with fiduciary risks, therefore, Development Partners usually institute a robust, ex-ante assessments of Government's capacity and systems to effectively manage expenditures.

5.2 Conditions for Budget Support

123. Budget support, be it GBS and SBS alike, is subject to specific disbursement conditions, as defined in the financing agreements. The provision of BS is accompanied by a policy dialogue focused on the main policy and reform issues of the partner government, and sometimes also by capacity development assistance. Determination and assessment of disbursement conditions are part of the policy dialogue.

124. Most of the large Budget support Development Partners, international financial institutions and bilateral Development Partners alike, would require the following conditions to be met by a recipient country's Government to be eligible for Budget support in any of its forms (GBS or SBS):

- Review and agreement with the partner country on its policies and budget priorities;
- Commitment and capacity to implement a viable medium-term programme;
- Inclusive growth strategy, whereby pro-poor expenditures are prioritised;
- Stable macro-economic framework;
- Transparent and accountable budget;
- Commitment to strengthening public finance management systems; and
- Good track record in implementing externally funded programmes.

125. In the context of Zimbabwe, additional conditionality is introduced by arrears to international development agencies, clearance and resolution of which is under the focus and highest priority of Government. Given Government's strong commitment to improve and maintain debt sustainability, Budget support modalities shall only be considered if provided through grants, rather than loans. On the outset, Development Partners would expect to have more influence on development cooperation modality.

126. Budget support is typically provided towards meeting financing needs of recipient Governments for implementation of medium-term (4 – 5 years) development programmes or sector development programmes. Therefore, Government's planned Development Agenda provides necessary grounds and sufficient time for building capacity, strengthening institutions, preparing a policy base and evidence of a good track record to become eligible for Budget support in the medium-term perspective.

127. In that context, the indicative roadmap for Zimbabwe towards GBS for receiving development assistance should incorporate milestones, manifesting a phased approach to graduation from the use of project to SBS and, eventually, GBS instruments of delivery of development assistance, as depicted in Figure 3 below:

Figure 4: Indicative Milestones of the Roadmap to GBS

5.3 Development Cooperation Approaches

5.3.1 Sector-Wide Approach:

128. The essence of a Sector-Wide Approach (or SWAP) is for Government and development partners to work together to implement a single sector strategy, reflected in a single expenditure programme for the sector. Achieving this is in theory independent of the financing modality used, but in the context of Zimbabwe, the Government prefers a SWAp to lead to some form of Joint Financing Arrangement, with a preference for Sector Budget Support.

129. This, therefore, reflects the intended direction of change rather than just the current attainment. There is, therefore, a strong emphasis on the SWAp primarily as a set of tools (e.g. sector Medium Term Expenditure Framework (MTEF)) and processes (e.g. dialogue and coordination).

130. Graduating from project support to SWAp, essentially a typical modality of a PBA is a challenging endeavour which calls for concerted efforts by both Government and Development Partners. Establishing SWAps does not necessarily imply that respective sector strategies will be financed by Development Partners through Budget support instruments. It, however, suggests that a number of key conditions will be met considering Zimbabwe's eligibility for Budget support, and as minimum to SBS. These include:

- Government ownership and leadership;
- Partnership (long-term) with Development Partners;
- Agreed sector policy framework, based on shared vision and priorities;
- Common sector programme and expenditure framework;
- Alignment of all resources (domestic and external); and
- Harmonised implementation mechanisms.

131. Whether financed through SBS or otherwise, project or programme support instruments, SWAp represents a framework for developing some sort of joint financing mechanisms, that will be more predictable, harmonised in terms of conditionalities, reporting and monitoring requirements, and thus, creating a precedence – and eventually a practice of coordinated and effective approach towards implementation of nationally defined programmes. It is, therefore, an important milestone towards Budget support in Zimbabwe.

132. Upcoming 5-year national development plans should build on lessons learnt from SWAps implementation and be composed of development programmes encompassing both SWAps in priority sectors, as well as cross-cutting programmes across all sectors and provinces, and/or SDGs, that will make a basis and subject for negotiating GBS modalities, all essential conditions stipulated in paragraphs 124-125 above being met.

133. A continuous joint review of implementation results of current programmes and projects funded by both the National Budget and Development Partner resources is essential to, among others, establish the baseline and target conditions for Zimbabwe's eligibility for Budget support.

134. In addition, Government will have to initiate reforms to strengthen the policy and institutional framework and governance in the context of the generic budget support eligibility criteria outlined below. There are no specified minimum requirements in respect of the eligibility criteria, rather, the existence and commitment to implementing credible reform strategies to address identified shortcomings in these areas are seen as paramount:

Table 3: Reform Roadmap

Reform Area	**Focus of Reforms**
Public Finance Management (PFM) Systems	• Budget reliability: PEFA indicators PI-1 to PI-3 • Transparency of PFM: PEFA indicators PI-4 to PI-9 • Assets & liabilities: PEFA indicator PI-10 and PI-13 • Fiscal strategy & budgeting: PEFA indicators PI-14 to PI-18 • Budget predictability and control: PEFA indicators PI-19 to PI-26 • Financial accounting & reporting: PEFA indicators PI-27 to PI-29 • Oversight: PEFA indicators PI-30 and PI-31
Macroeconomic stability	• Stability-oriented macroeconomic policies • Monetary, exchange rate, and fiscal policies aimed at macroeconomic stability and sustainability of external accounts • Pro-poor macroeconomic policies • Consistency of social expenditure • Weakness/fragility in financial sector • Debt sustainability • Vulnerability and capacity to react to exogenous shocks
Development Planning	• Public policies support development results and equitable growth • Credible medium-term fiscal framework (MTFF) • Evidence-based policy design and impact assessment • Environmental protection • Sector policies and strategies linked to the national development agenda and MTFF
Data and statistical capacity	• Improve performance related to data collection processes and quality of data produced • Prioritise implementation of the National Strategy for the Development of Statistics (NSDS) and produce implementation progress reports • Prioritise strengthening institutional set-up of ZIMSTAT
Human Rights	• Ensure full domestication of international agreements • Address weaknesses in the constitutional and legal framework that lead to insufficient guarantees of human rights, including non-discrimination, equality of women, protection of children and fundamental freedoms • Address institutional capacity constraints (Human Rights Commission) and strengthen political will to act against infringements
Democratic process	• Strengthen the electoral process and institutions to improve credibility of elections • Strengthen promotion of pluralism in the democratic space
Rule of law	• Independence of the Judiciary • Access to justice and fair process • Respect of human rights in judicial and law enforcement processes
Corruption and Fraud	• World Bank Governance Indicator on Corruption • Weaknesses in the public sector that perpetuate and/or exacerbate corruption • Legal, regulatory and institutional framework to expose, investigate and prosecute corruption

135. In this regard, it is worthwhile noting that Budget support has the potential to strengthen country ownership and accountability through, among others:

- Better integration of development assistance with the National Budget;
- Better management of public expenditures, by granting Government more flexibility in using funds for both development and recurrent expenditures;
- Providing more discipline in Budget processes by reducing fragmentation, through limiting access of line Ministries to extra-Budgetary resources; and
- Ensuring higher predictability of development assistance.

5.3.2 Pooled – or Basket Funds

136. Development Partners not able or willing to move towards General Budget Support have looked for alternative ways, such as pooled funding, to respond to the Paris/Accra Aid Effectiveness Agenda (OECD/DAC, 2005 and 2008c). Pooling initiatives are a means of improving development cooperation effectiveness through increasing ownership, improving transparency & accountability, reducing administration costs, simplifying procedures and improving efficiency.

137. Basket funding usually involves the use of a trust account (e.g. Multi-donor Trust Fund) reserved for particular purposes identified by agreement between the government and DPs participating in the pool.

Box 7: Pooled/Basket funding and Sector Budget Support

The boundary between sector budget support and basket funding sometimes overlaps. Sector budget support is, by definition, disbursed via the normal national procedures whilst basket funds typically use special arrangements negotiated with DPs, and in particular are usually channelled outside the national treasury.

Basket funds only count as budget support where money is transferred from the basket into the government treasury system and used according to normal national procedures. This differentiation then excludes many development cooperation instruments that some development cooperation agencies currently describe as such. For example, DFID's official definition of sector budget support currently allows for the transfer of funds direct to a sector specific bank account that is managed by a DP. Since this funding is not disbursed directly to the treasury system it would fall outside of common sector budget support parameters.

5.4 Key Issues in Implementing Budget Support

138. Policy dialogue is an essential component of budget support, which provides an opportunity for a broad discussion on policy reforms and Budget priorities to be financed by Budget support instruments. It is a common practice in countries receiving Budget support to establish joint Government and Development Partner consultative mechanisms specifically for dialogue around Budget support opportunities, instruments and performance.

139. Such a mechanism in Zimbabwe will take the form of a permanent Budget Support Coordination Group (BSCG), which will meet semi-annually to discuss all pertinent issues with regards to Budget support modalities. Indicative TORs for the BSCG are provided below:

Box 8: Indicative TORs for Budget Support Group of Zimbabwe

1. The BSCG consists of senior representatives of the Ministry responsible for Finance, MFAIT and Development Partners' agencies/missions that would have expressed readiness to dialogue around issues related to the shift from project assistance to PBA (GBS and SBS).

2. The BSCG is chaired by the Minister responsible for Finance.

3. The ICD shall provide secretariat support, while the DCCU will provide information support.

4. Key topics for discussions at the BSCG are:

    - Zimbabwe's eligibility status for Budget support;
    - General and specific obligations of Government and Development Partners with regards to structure, components and implementation aspects of Budget support;
    - Key expectations of partners from Budget support operations;
    - Performance assessment framework (PAF) for Budget support;
    - Memoranda of agreements and/or partnership declaration between Government and Development Partners entering into Budget support agreements;
    - Information sharing and reporting;
    - Capacity and institutional constrains in implementing Budget support; and
    - Other pertinent issues.

5. The BSG will convene meetings semi-annually, at predefined times, but usually upon publication of Budget execution reports and/or after IMF and PEFA mission's reports.

140. Harmonisation, predictability and volatility of development cooperation are major outcomes expected by Government through implementation of the DCP, while the Budget support modality – and more broadly multi-year programming - has a much greater potential to achieve this outcome. However, close consideration should be given to the reality that efforts towards improving both harmonisation and predictability of development assistance in the form of Budget support may often lead to arrangements where the risk of volatility of the flows will increase proportionally to an increase in the number of Budget support partners.

- For example, suppose all Budget support Development Partners harmonised their disbursements schedules and aligned them to Zimbabwe's Budgetary cycle. In a stable and predictable macro-economic and institutional environment, this will indeed greatly contribute to increasing predictability of external funding, and hence, Budget execution will proceed as planned.

- Regardless, development assistance will be volatile to well harmonised arrangements, if all or most Budget support partners, as a result of harmonisation, use the same indicators for disbursements and respond similarly to possible deteriorated Government performance as a whole, or that of individual Ministries – particularly the Ministry responsible for Finance – due to institutional inconsistencies or exogenous shocks.

141. The size of the PAF in terms of number of indicators to be measured, must be kept limited and manageable, and is a key pre-requisite for scheduled and meaningful assessment of performance of Budget support programmes. The PAF, in general, is one of the key subjects of dialogue between Government and Budget support partners, which is expected to balance the conditionalities and expectations from Budget support operations to the benefit of all stakeholders.

142. BSCG size matters. The size of budget support groups may vary from as small as 3-4 partners, to as large as 15-20 partners. It is, therefore, important from the perspective of harmonisation and decision making to define criteria for Development Partners' membership in the BSG. Different approaches suggest that Development Partners that do not favour Budget support, or those that contribute to Budget support less than certain agreed amounts, may not be invited to the BSG. However, this also implies, that major Budget support providers will dominate Budget support policies vis-à-vis Government.

143. Declaration on partnership has been an effective instrument for regulating budget support operations globally. Apart from stating Government and Development Partners' commitments and responsibilities, such declaration should also include mutual accountability frameworks, which potentially can substitute for conditionality requirements preceding agreements on budget support.

144. Minimising and mitigating fiduciary risks should be one of Government's key concerns for ensuring that external funds provided on-Budget will be used effectively, on-purpose and will not be prone to various corrupt actions and fraud.

5.5 Initiation and Negotiation of Budget Support

145. Budget support can be negotiated within multi-annual frameworks, when a principal agreement from a Development Partner has been received which provides for use of a mix of instruments – particularly Budget support - in the delivery of their respective assistance. A generic procedure for initiation of negotiations around Budget support opportunities is presented below:

Box 9: Budget Support Initiation and Negotiation

Steps:

1. The need for Budget support identified by a LM or Ministry responsible for Finance.
2. The ICD initiates a BSCG meeting, in the event when potential Development Partners have a presence in Zimbabwe.
3. The ICD, through the MFAIT, sends the request for Budget support to Zimbabwean foreign missions to lobby potential Development Partners.
4. The ICD prepares a proposal for the composition of negotiation teams and solicits approval from the Minister.
5. The brief is submitted to Negotiation team members.

Inputs:

1. Programme description, for which Budget support is requested.
2. Most recent Development cooperation report, with trends in various modalities of external assistance.

Conditions:

1. Statement and evidence that eligibility criteria have been met by Government.
2. A brief on the target Development Partners' profiles (Checklist 1) prepared by the DCCU for negotiations, which should also include typical conditions that relevant partners require to be met.
3. SWG (if relevant) resolution.
4. BD approval of the programme.

Outputs:

1. Budget support has been agreed with relevant Development Partners; or
2. Minutes of meeting documenting additional/unmet conditions, and reasons for declining or postponing approval.

146. Upon successful completion of negotiations, the Minister signs the respective agreements, which are deposited with the Ministries responsible for Finance & Foreign Affairs and uploaded into the DEVPROMIS for public use.

5.6 Monitoring and Evaluation of Budget Support

Monitoring of Budget Support

147. Arrangements for monitoring and reviewing implementation of a budget support programme must be provided in the agreement signed between Government and DP(s). The monitoring framework will usually include:

- Pre-conditions/Prior Actions and any disbursements to be triggered by completion of the prior action(s).
- Performance Assessment Framework (PAF):
    - ➢ Performance indicators together with detailed indicator descriptions and baselines;
    - ➢ Targets for each indicator for each year covered by the budget support programme;
    - ➢ Weight allocated to each indicator for each year covered by the budget support programme.
- Review Arrangements. Joint Annuals Reviews (JAR) will be carried out following each year covered by the budget support programme. JARs will be scheduled to coincide with the budget preparation calendar to ensure agreed disbursements are reflected on

budget as well as, to facilitate release of disbursements during the first quarter of the fiscal year.

- <u>Disbursement arrangements</u>:
    - ➢ Financial values allocated to each indicator for each year covered by the budget support programme and disbursement calculation methodology;
    - ➢ Documentation and/or data (evidence) required to support progress against the pre-condition(s) as well as each indicator;
    - ➢ The number of tranches and an indicative disbursement schedule;
    - ➢ The nature of tranches (single, variable or fixed).

Box 10: Conditionality, Prior Actions, Triggers, and Tranches

Conditionality, Prior Actions, Triggers, and Tranches

Conditionality is an agreement by the recipient government to adjust certain policies to overcome identified obstacles to equitable development. The 'conditionality hypothesis' suggests that external support is only effective in augmenting growth in the presence of a sound policy environment. While conditionality was traditionally imposed in respect of macroeconomic policy, non-economic dimensions of development (political and institutional) have increasingly been seen as fundamental and DPs are increasingly adopting an approach where implementation of governance and institutional reforms are treated as pre-requisites for rewarding reforming governments. According to the IMF, the system of conditionality is designed to promote national ownership of strong and effective policies. Disbursement of funds (irrespective of funding modality), thus, becomes conditional upon the recipient government implementing agreed policy reforms/actions and adhering to those throughout the project/programme.

Prior Actions (Pre-conditions) are steps a country agrees to take before the DP approves financial support for a particular project/programme. According to the IMF, they ensure that a project/programme will have the necessary foundation for success. Examples of prior actions include 'Elimination of price controls' and 'Budget consistent with fiscal framework'. Conditionality in a project/programme is part of the agreed-upon phased assistance programme, whereas prior actions simply reward governments for having already taken reform steps to the liking of the DP. According to the OECD, conditionality therefore serves as an inducement to reform, whereas prior actions in most cases lack any incentives for reform and simply provide windfall gains to the partner government.

Triggers are a milestone or an accomplishment that serves to release a disbursement. For example, in the case of prior actions, completion of the required action serves as a trigger (either for approval of support and/or disbursement of funds). Where a budget support programme provides for a single tranche, a JAR is usually not foreseen, instead, disbursement is triggered when the recipient government has achieved the agreed indicator target.

Tranches refer to instalments or disbursements within a budget support programme. Tranches can be scheduled as :

- Single tranche, meaning the full amount of the programme will be disbursed once-off when the partner government has met the agreed targets.
- Variable tranche, meaning that the amount of the disbursement is conditional upon the extent to which the partner government has made progress towards achieving one or more targets. The budget support agreement will stipulate the assessment scale (e.g. no progress, target partially achieved, or target fully achieved) and the methodology for calculating the amount to be disbursed in accordance with the level of progress.
- Fixed tranche, is based on a minimum level of achievement, meaning that the disbursement is conditional on a "yes/no" assessment of achievement of a target. If the assessment is 'no', i.e. the target has not been achieved (even if substantial progress has been made towards achieving the target), no funds will be disbursed.

Evaluation of Budget Support

148. The objective of an evaluation of budget support would be "*to assess to what extent and under which circumstances the budget support has enhanced the policies, strategies and spending actions of the partner government so as to achieve sustainable national and/or sector level development outcomes and have a positive impact on poverty reduction, as well as sustainable and inclusive economic growth*".

149. An evaluation will thus also identify unintended, possibly negative, effects of budget support operations as well as comprising a forward-looking component, which should generate lessons learnt and recommendations regarding:

- Conditions under which budget support could have the envisaged effects, the risks of negative effects and the possible intensity and nature of such positive and negative effects;
- Design and implementation of future budget support programmes; and
- Changes in government policies, institutional structures and administrative arrangements, which might increase the overall effectiveness and impact of public policy and spending actions, and consequently also of budget support.

150. Depending on the concrete Budget support programme, outputs, outcomes and impact will differ, so will respective context related indicators to be monitored. But, as long as financial performance is concerned, there will be large similarities in monitoring of various Budget programmes, and those can, to a large extent of accuracy, be summarised in the checklist below:

Checklist 9: Monitoring and Evaluation of Budget Support: Generic Indicators

M&E Level	**Indicators for M&E of Budget Support (Tentative List)**
Inputs	Have funds been disbursed according to the schedule?
	Have arrangements been made for Development Partners' harmonisation?
	Have commitments been aligned to national priorities?
	Have disbursements been aligned to national systems?
Outputs	Has the proportion of development assistance on-Budget changed?
	Has predictability of external flows changed?
	Has alignment to country priorities changed? In which dimensions?
	(programme/sector context specific indicators analysis)\
Outcomes	Has the macro-economic environment improved?
	(analysis of country specific outcome indicators for macro-economic environment)
	Has public service delivery improved?
	(analysis of country specific outcome indicators for public service delivery)
Impact	Have programme objectives been achieved?
	(analysis of objectives and indicators of the programme)

151. Budget support operations of Development Partners by default, should be aligned to Government programmes, and would generally be outcome oriented. Therefore, the need for linking the inputs (e.g. financial flows) of a programme with outcome indicators requires

even higher priority, in the sense that performance of the programme can only be reasonably measured if achieved results are juxtaposed against money allocated to programmes.

152. Contrary to project support initiatives, whereby outputs and activities can be relatively easily monitored against project's spending, in Budget support, monitoring of outputs provides only limited and a short-term perspective on whether the programme in its entirety has been successful or not.

6 MANAGING TECHNICAL ASSISTANCE

6.1 Policy Requirements and Objective

153. Managing technical assistance (TA) effectively is an important task. Some Development Partners specialise in TA, while for others it is part of a broader programme. The distinction between TA and other forms of development assistance is often blurred. Infrastructure development projects leave behind physical infrastructure and add to Zimbabwe's economic asset base, while TA projects target transferring knowledge and know-how through training, leading to more capable national human resources and institutions.

154. TA projects are not generally included in the capital estimates, nor are they specifically identified in the NDS (e.g. TSP). Although not immediately obvious, TA accounts for a major share of the development assistance presently received by Government in the form of grant assistance. Therefore, the Development Cooperation Policy is quite explicit on the objectives of TA.

Box 11: The DCP on Technical Assistance and Capacity Building

Where the capacity building component requires the use of Technical Assistance, Development Partners are required to ensure that the primary objective of the Technical Assistance is knowledge and skills transfer to Government officials and/or local Implementing Partners to increase local participation and ownership and enhance sustainability (DCP, paragraph 50).

155. The sections that follow provide principles and guidelines that should inform the identification of needs, the programming and management of technical cooperation, and the monitoring and evaluation of their impact.

6.2 Institutional Arrangements

156. MDAs will take the lead in all aspects of TA. Flexibility and innovation, under Government's leadership, is encouraged, in particular with regards to developing approaches to build their capacity as an integral part of a broader Sector-based approach.

157. The procedures described above for identification, formulation and implementation apply to all forms of TA.

158. The SWG should be the principal forum for discussing aggregate technical assistance needs and performance, linked to broader reform programmes and a capacity strategy where appropriate. Principles of mutual accountability should guide the review of TA and broader support to capacity development.

159. TA monitoring and evaluation results should become an essential subject to joint reviews at sector level to inform the establishment of coherent capacity development strategies linked to sector plans, based on the lessons of the past.

160. Given the nature of TA projects that typically contribute to longer-term capacity development

objectives of a country, the ICD will make sure that MDAs take part in the management of TA. These are:

- Public Service Commission (PSC), as the institution responsible for development of public sector human resources, will guide TA to ensure that it is aligned with Government's strategic plans;
- The Office of President and Cabinet (OPC), as the ultimate authority overseeing and monitoring national policies, shall guide TA on policy, analytical and research activities;
- The Attorney General, as Government's Legal Advisor, will guide TA on legal issues, as well as regulatory frameworks;
- TA designed to support non-public sector entities (e.g. CSOs or private sector) must be agreed upon by Government, and should be in line with national priorities on human resource development.

6.3 Specific Requirements for TA Engagement

161. TA is typically provided through a project support modality. As such, a TA management cycle does not differ from the generic project management cycle discussed above in Section 4. In order for TA to be effective, Checklist 10 below should be adhered to:

Checklist 10: Specific Requirements to TA Identification

Requirements to TA	**Questions to be Answered**
The need for TA is clearly defined	Does TA contribute to overall capacity of Government in a specified area?
	Is there absorption capacity in the MDA requesting TA?
	Are there ongoing or completed TAs that address similar issues? What is the rationale of new TA?
	What is the baseline and target capacities that will be supported by the requested TA?
	Who are the primary and secondary beneficiaries?
Government shall lead management and implementation of TA	Have the TOR been developed and/or approved by Government?
	Who is the contracting authority for the TA? How is financing provided?
	Is the TA part of a PBA (GBS or SBS) or stand-alone? Are policy linkages of the TA clearly defined in the case of PBA?
	Does Government lead procurement of the TA? In which way? Is procurement untied?
Monitoring and evaluation of TA must be in line with procedures of this Manual	Have criteria for M&E been defined in the TORs or otherwise?
	Which M&E system will be used – Government's or Development Partners'?
	Who will validate outputs of TA - Government or funding agency?
	Have reporting and communication procedures been defined?
Cost of TA must be commensurate with expected benefits	Please consult ***Checklist 5***
TA must be provided on-Budget and be part of Budget submissions by recipient MDA	Has the TA been planned in advance to the next Budget cycle?
	Have commitments, in principle, been obtained from a funding agency for TA?
	Has TA been programmed as part of recipient MDA expenditure framework?
	Can timing of TA be adjusted to an upcoming Budget cycle?

162. TA that is not demand driven and cost effective, is not likely to produce the needed change in the capacity (of whatever nature) of beneficiary institution, and hence, must be rejected.

163. The TOR for TA must be explicit about the long-term impact and target beneficiaries – primary and secondary alike - and they should clearly define the outputs expected from TA interventions. Checklist 11 below should be adhered to in developing TORs for TA:

Checklist 11: What the TORs for TA Should Contain

Issues to be Reflected in the TOR	**Questions to be Answered**
The client and beneficiary organisation	Who are the primary and secondary beneficiaries? What are their roles and responsibilities?
Positioning TA personnel in the organisation?	What are the reporting lines for TA?
Nature and objective of TA	Transactional (operational, gap-filling, etc.) or advisory, or both?
Capacity targets of the partner organisation	How is TA contributing to these?
Main activity areas of the TA personnel	What are the outputs to be produced in each activity area?
What is the method for transferring skills and knowledge?	Relationship building, facilitation, networking, training, mentoring?
What is the envisaged situation at the end of the TA input?	Beneficiaries are able to perform similar functions/tasks on their own, additional TA is required, beneficiaries are able to use results/outputs of TA in their usual routine, other?

164. The ICD shall ensure that TA support that is executed in strict accordance with its time-frame and delivery schedule as specified in the TOR. sectoral

7 INTEGRATING DEVELOPMENT ASSISTANCE INTO THE NATIONAL BUDGET

7.1 Policy Priorities and Context

165. Integrating development assistance into the national planning and Budgeting cycle is essential for comprehensiveness and policy orientation of the Budget, whereby development assistance is to be treated as an indispensable part of the overall development resource envelope of a country. Whether and to which extent the external finance can be managed by Government's internal systems and entities depends on the degree of Government's control over it, in both Budget planning and execution phases.

Box 12: Integrating Development Assistance into the Budget

Information on development assistance which is aligned with country budget classifications is a key demand of partner countries. It has been part of the commitments made in Paris, Accra, Busan and Mexico, with a specific indicator measuring the share of development assistance reported on country budgets. Countries require development assistance information (especially with regard to off-budget development assistance) to be classified consistently and aligned with the country categories and classifications used for budget allocation and accountability processes, irrespective of whether the classification is administrative, programmatic and/or economic.

166. The DCP is quite clear on Government's policy priority with regards to integration of development assistance with national planning and budgeting processes (thereafter referred to as Integration). The policy notes that the provision of off-plan and off-Budget development cooperation has been one of the key factors impeding proper planning of development activities and was the reason for duplicative and ineffective allocations thereof.

Box 13: The DCP on Integration of External Finance National Planning and Budgeting Cycles

"Overview of Challenges" …Development cooperation implemented in parallel with Government systems, remaining off-plan and off-budget, resulting in exorbitant transaction costs and wasteful duplication; Unpredictability of development assistance due to lack of clearly defined multi-year commitments from Development Partners, which makes it hard for Government to plan effectively in the medium to long-term… (paragraph 11). *followed by "Rationale"* …This Policy document, therefore, sets the foundation for strengthening cooperation between Government and all Development Partners, as well as the formal framework that ensures development cooperation is properly integrated and coordinated with the country's planning and budgeting processes... (paragraph 18). *and then "Government priorities"* …Development Partners are also requested to avail information to feed into the National Budget formulation processes… (paragraph 30).

167. While the global development community has been striving to achieve appropriate solutions for the integration of development assistance into National Budgets, including through improved reporting by development partners through the International Aid Transparency Initiative (IATI), challenges still exist at country level. Possibilities and procedures for integrating development

assistance into Zimbabwe's national planning and Budgeting frameworks are discussed in the sections that follow.

7.2 Types of Development Assistance Flows and Integration Scenarios

168. The main factor hindering incorporating development assistance on Budget in terms of any of the dimensions of public expenditure cycles - such as planning of revenues and execution of the Budget - has been the lack of data on various properties of development cooperation flows within the Government financial management systems.

169. Such data is typically built using information on forthcoming and already received external financing, characterised by a number of properties such as modalities, destinations and channels of delivery, whereby data on commitments, disbursements, expenditures and results should be consistently available for each type of financing. Types of flows determined by combinations of these properties and theoretically possible degrees of their integration with national planning and budgeting cycles are depicted in Table 4 below:

Table 4: Types of Flows and Possible Degree of their Integration with Planning and Budgeting Cycles

Modality	Destination	Channel	Degree of integration
GBS, SBS	Public Sector	Public Sector	On-Plan, on-Budget, executed by Government
Project	Public Sector	Public Sector	On-Plan, on-Budget, partially executed by Government
Project	Public Sector	Non-public sector	On-Plan, off-Budget, executed by development partner or NGO
Project	Non-public sector	Public Sector	On-Plan, off-Budget, executed by Government
Project	Non-public sector	Non-public sector	On-or Off-Plan, off-Budget, executed by development partner or NGO

170. As derivatives from the contents of Table 4 above, the following scenarios of integration of development assistance into the National Budget are considered for Zimbabwe:

Scenario 1: Development assistance is provided to the public sector in the form of GBS or SBS, in which case it is by default on-plan, on-Budget, i.e. fully integrated with the National Budget. The Government is responsible for its utilisation through its financial management, accounting and procurement systems. This is the preferred *modus operandi*, but not yet in use in Zimbabwe;

Scenario 2: Development assistance is provided for the public sector and through a public-sector implementer – a line Ministry, Provincial authority or a project implementation unit (PIU). The relevant line Ministry is responsible for financial management of the project. However, Government's procurement and audit systems may not be used. Integration with the Budget is possible, all other conditions being satisfied (e.g. financial parameters – commitments, disbursements and expenditures are duly reported).

Scenario 3: Development assistance is provided for the public sector and through a non-public sector implementer – an NGO, or international organisation (e.g. UN agency, WB, etc.). In this scenario (which currently prevails in Zimbabwe), Government should leverage the factor of being the end beneficiary of a project and, thus, making sure that this, mostly Off-Budget, development assistance is accounted for in terms of reflecting it on-Budget;

Scenario 4: Development Assistance is provided for the non-public sector (e.g. CSO, private sector, etc.) through a non-public sector implementer. This is the most challenging situation, whereby Government has no control over the implementation process, other than potential possibility of monitoring project implementation progress through the DEVPROMIS. Given the key role of non-public sector agencies in delivering development assistance to Zimbabwe, an arrangement shall be in place for implementing partners to report in the DEVPROMIS on their respective projects. This is particularly important, especially if forward looking estimates are used, since this segment of development cooperation in principle can be aligned to national priorities (such as supporting capacity development in NGOs or the private sector, providing public services in communities, and so on), and thus, can help avoid or minimise duplication of allocations.

Furthermore, information published by Development Partner agencies (through the OECD Creditor Reporting System and/or IATI) is usually classified according to OECD coding principles, which does not take account of recipient Governments' Budget classification, thereby requiring mapping of the two at the level of country information management systems (such as the DEVPROMIS or PFMS).

171. Such mapping can be done either automatically or manually. Zimbabwe's PFM system is based on the Government Finance Statistics (GFS) classification of sector (or purpose) codes, which is also proposed to be supported by the upcoming DEVPROMIS of Zimbabwe. At the same time the DEVPROMIS has an ability to align projects to national development strategy objectives, which means that the two classifications – Budgetary sector and NDS - will be mapped, at least at the levels supported by the DEVPROMIS[4]. Thus, putting external assistance on-plan would be relatively easy, if data entry into the DEVPROMIS follows sector (or purpose) codes in accordance with GFS coding principles.

172. However, Government needs to ensure that national development strategies and sector development strategies are costed, used for National Budget preparation as an instrument to inform allocation of resources, and serve as an orientation for Development Partners to design their multi-annual assistance strategies, as well as stand-alone projects, including indicative commitments of resources to finance a portion of so costed national strategies.

173. In summary, existence of costed development strategies at national and sector levels in conjunction with mapped or harmonised classifications of external finance and the national Budget is a pre-requisite for correct reflection and use of external finance in Government's and Development Partners' joint development planning exercise, which - in compliance with the DCP requirements - is to be carried out annually, in relation to Medium-term expenditure frameworks, as well as for annual Budget preparation.

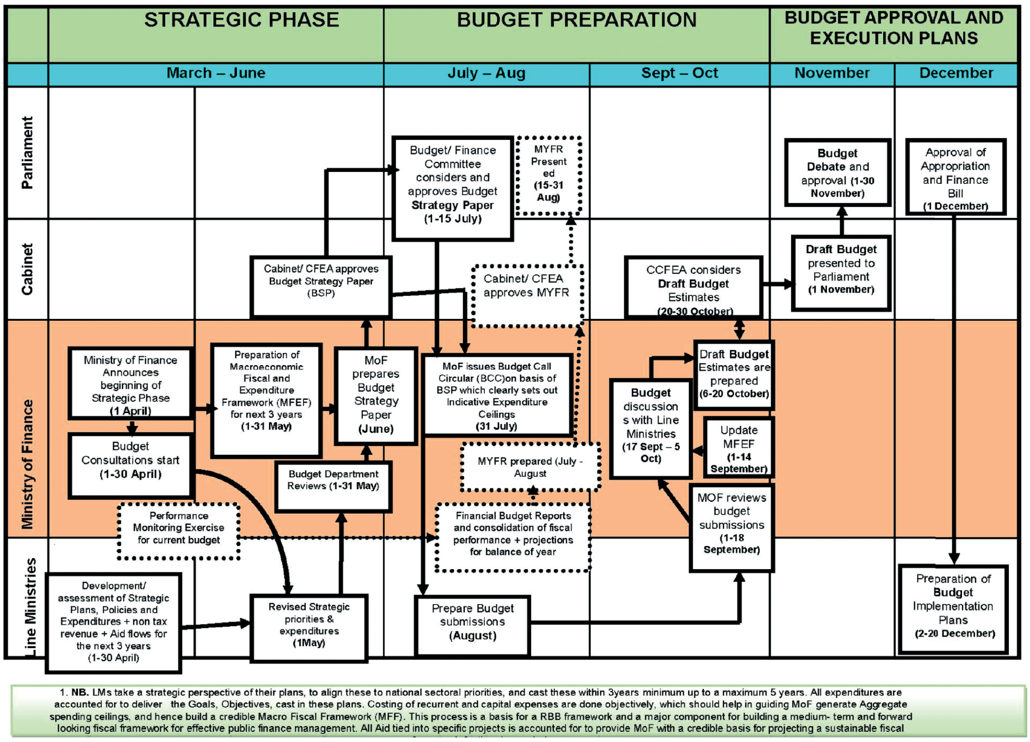
[4] This in fact realises the principle of double-coding of development cooperation interventions in line with IATI recommendations on the scope of development partner reporting.

7.3 Information Needs for Integration

174. The Budget Development Cycle for Zimbabwe has not yet been finalised. The draft Budget Calendar presented in Flowchart 6 below depicts three phases in the Budget formulation process – Strategic Planning, Budget Preparation as well as Budget Approval and Execution Plans.

175. According to the calendar, the Budget cycle starts in March and completes in December of the fiscal year (FY), preceding the budgeting year, whereby information on external finance shall be supplied in the Strategic Planning phase for preparation of macro-fiscal and expenditure frameworks (MFEF) to inform the Budget submission and execution phases.

Flowchart 6: Budget Calendar of Zimbabwe



176. Budget formulation is a cyclic, but finite process in a fiscal year, which consists of phases, that are also finite, in the sense that they start and compete at predefined times within the same fiscal year. This means that information on external finance needs to be provided timely in the first instance. In addition, such information shall meet certain quality standards and correspond to requirements of respective phases of Budget preparation, so that it can be used by relevant decision makers down the chain of Budget formulation and execution. If these requirements are not met, there will be little effect from an integration process in general and as regards reflection of development assistance on Budget, in particular.

177. Information needs for the integration of development assistance into the Budget cycle have been systematically studied, categorised and elaborated by IATI, which, with few modifications

to capture the Zimbabwean context, are presented in Table 5 below:

Table 5: Information Needs for Integration of External Assistance with the Budget

Modality	Scenario	Scope of Information Required		
		Budget Preparation Phase		
		Commitments and Disbursements	**Conditions and Outputs**	**Purpose**
GBS, SBS, JFI	**Scenario 1**	Projections, annual and mid-term, by development partner, by project, by implementing Ministry, aggregated at country and sector levels. Both approved and pipeline projects to be included.	Conditionalities of financing agreement, expected Outputs and Outcomes of projects	Strategic planning and budget preparation phases. On-budget revenues
Project support	**Scenario 2**	Projections, annual and mid-term, by development partner, by multi-year programme, disaggregated by project, and by implementing Ministry.	Projects classified by their purpose. Expected Outputs and Outcomes.	Strategic planning and budget preparation phases. On-budget revenues
	Scenario 3,4	Projections, annual and mid-term, by development partner, by project. Aggregated at country and sector level.	Name of beneficiary. Name of implementing agency. Projects classified by their purpose. Expected outcomes and outputs.	Strategic planning and budget preparation phases. Off-budget revenues
		Budget Execution Phase		
		Disbursements	**Expenditures**	**Purpose**
GBS, SBS, JFI	**Scenario 1**	Planned and actual disbursements by development partner, mapped to COA.	Planned and actual expenditures by implementer.	Inform monitoring and reporting of budget execution. Inform MFEF.
Project support	**Scenario 2**	Planned and actual disbursements by development partner, by project mapped to COA.	Planned and actual expenditures by implementer, and by project	Inform monitoring and reporting of budget execution. Inform MFEF.
	Scenario 3,4	Planned and actual disbursements by development partner to implementer.	Planned and actual expenditures by implementer, and by project	Inform reporting on use of funds by non-public sector

178. Analysis of *Template 1* suggests that most of the information indicated in Table 5 can be generated from the DEVPROMIS and supplied to the Budget Management System of Zimbabwe, thus, allowing for semi-automatic integration of development assistance with the national planning and budgeting cycle.

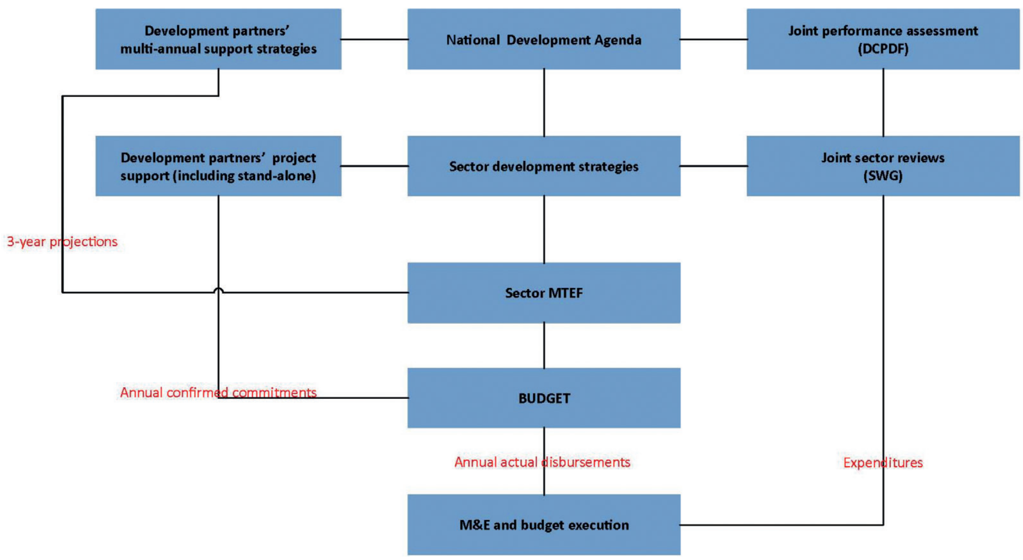
179. It is worth noting here that collection of information from Development Partners in formats compatible with the National Budget classification is associated with transaction costs, that need to be invested. This is exacerbated by the fact that development cooperation is provided to Zimbabwe primarily through non-public sector channels (scenarios 3 and 4 above).

7.4 Procedures for Putting Development Assistance on-Budget

180. As discussed in the previous section, external finance can only be integrated with domestic resources if it is consistently known to Government. DEVPROMIS Zimbabwe is the tool for collecting and reporting of development assistance information throughout the entire development cooperation management cycle. The DCP requires that all Development Partners' initiatives in Zimbabwe be recorded in the DEVPROMIS. Essentially, the Budget formulation cycle shall determine the frequency and time of updating the DEVPROMIS with information for generating products to feed into the Budget preparation process.

181. Integrating development assistance into the Budget should be a key issue for national and sector level strategic discussions between Government and Development Partners. The schematics of the consultation process in the context of Budget preparation is provided in Flowchart 7 below:

Flowchart 7: Consultation Process for Budget Preparation



182. These consultations will typically be expected to result in indicative commitments and projected disbursements by Development Partners – mid-term and annual - to inform preparation of key development cooperation management products for Budget formulation. These products are aligned with respective phases of the annual Budget cycle and will be generated from the DEVPROMIS (currently - manually prepared by line Ministries):

- Reports on 3-year projections of development assistance flows, which include commitments, projected disbursements and expected outputs of projects and programmes;
- Reports on annual confirmed commitments for the next fiscal year; and

- Reports on planned and actual disbursements and expenditures for the current fiscal year.

183. Table 6 below depicts linkages between these products and relevant phases of the Budget cycle, to which they provide necessary inputs for integration:

Table 6: Alignment of External Finance with the Budget Cycle

Month	Budget cycle phase	Development assistance management product	Procedure
January	Budget execution (current FY)	Disbursements, expenditures (*Template 4*)	*Procedure 10*
February			
March			
April	Strategic plans, policies, expenditures (next FY)	3-year projections (*Template 3*)	*Procedure 9*
		Confirmed commitments (*Template 2)*	
	Budget execution (current FY)	Disbursements, expenditures (*Template 4*)	*Procedure 10*
May	MFEF (next FY)		
June	Budget strategy paper (next FY)		
July	Budget call circular (next FY)	3-year projections (*Template 3)*	*Procedure 9*
		Confirmed commitments (Template 2)	
	Budget execution (current FY)	Disbursements, expenditures (*Template 4)*	*Procedure 10*
August	Budget submission (next FY)		
September	Updated MFEF (next FY)		
October	Draft Budget Estimates (next FY)	3-year projections (*Template 3*)	*Procedure 9*
		Confirmed commitments (*Template 2)*	
	Budget execution (current FY)	Disbursements, expenditures (*Template 4)*	*Procedure 10*
November	Draft Budget (next FY)		
December	Finance bill (next FY)		

184. Two development assistance products – "3-year projections" and "Annual confirmed commitments" - provide for inputs for estimating Budget revenues. The third product "Disbursements and expenditure" will be used for Budget execution review. *Inter alia*, availability of these products will illustrate predictability and accountability of Development Partners' assistance provided to Zimbabwe, and as such reflect on their performance against Paris and Busan commitments.

185. Procedures 9 and 10 below formalise delivery of management products, specifying roles of and responsibilities of stakeholders, time frames and formats to be used.

Procedure 9: Integrating Development Assistance into Planning and Budgeting Cycle: Commitments

Steps:

1. The DCCU circulates to stakeholders the calendar for updating the DEVPROMIS in the first week of January.
2. Development Partners and implementing agencies update their projects with pertinent data on a quarterly basis, while the DCCU follows up on the compliance with all Development Partners and implementing agencies.
3. The DCCU circulates the Budget calendar no later than the 1st week of March of the current year.
4. In April, the DCCU verifies data inputs of relevant stakeholders in the DEVPROMIS and makes follow up contacts to ensure that "3-year forward looking projections" and "Confirmed commitments" for the next fiscal year are recorded.
5. Once confirmed, the DCCU notifies relevant line Ministries on the same and sends these products to each Ministry. Alternatively, line Ministries may choose to download this product from the DEVPROMIS, which will feed into their strategic plans and expenditures to be submitted to the Budget Department, within the scope of the Strategic Phase of Budget preparations.
6. This product will have to be updated quarterly (July and October) to inform Budget submission and Draft Budget Estimates on any changes and/or refinements of projections.

Format:

1. Data for "3-year forward looking projections" should be recorded *through Template 3: Recording Triennial Commitments and Disbursements for a Project.* This will feed into project reporting during the Budget Cycle, as required by Budget Call Circular, Annexure IX, which is presented in Annex 4 for reference.
2. Data for "Confirmed commitments" should be recorded through *Template 2: Recording Annual Commitments and Disbursements for a Project.*
3. The Budget Call Circular does not specify a reporting format for "Confirmed Commitments" for the budgeted fiscal year, unless there is only one commitment made, in which case the format of Annexure IX will suffice.

Note:

1. DEVPROMIS should be able to support these reporting formats, accommodating practically all relevant data.
2. In addition, aggregate reports on the same per line Ministry or a district can be generated, once all projects are recorded as per *Template 2: Recording Annual Commitments and Disbursements for a Project.*

Procedure 10: Integrating Development Assistance into Planning and Budgeting Cycle: Disbursements

Steps:

1. Development Partners shall record their actual disbursements quarterly.
2. The Accountant General shall follow up on compliance and verify with the Budget Department if funds have been deposited to a project account and notify the project/line Ministry on the same.
3. The Accountant-General, which is the office responsible for the administration of the National Development Fund, annually prepares financial statements in accordance with Generally Accepted Accounting Principles (GAAP).
4. The Office of the Accountant-General has to facilitate the opening of accounts for the development partner and implementing agency, and he/she is also a co signatory to the account. These accounts are reconciled on a monthly basis.

186. Different development assistance modalities have differing potentials for integration, and thus, Zimbabwe will apply a phased approach in investing in development assistance-to-budget integration efforts. Regardless, the underlying process – building, managing and circulating

information on external finance within Government – needs to be institutionalised as a key topic of multi-stakeholder dialogue at national and sector levels. These are the levels where Development Partners shall actually interface with Government through a mutually accountable and transparent process of formulation of the National Budget, which effectively is the primary instrument for development of the country.

187. The initial – pilot – phase for integrating development assistance into the Budget will include project assistance provided for the public sector and implemented by Government institutions (Scenario 2, Section 9.2 of this Manual). This pilot phase commands a high priority, as it will in fact test the ability of Government to conduct subject matter consultations with Development Partners on supplying necessary information and formal/verifiable alignment of projects to national development objectives. The Procedure below highlights tasks to be performed for this process.

Procedure 11: Pilot Integration of Project Funds with Budget (Scenario 2)

Steps:

1. The DCCU ensures that the National Development Strategy objectives/or results areas/or priority programmes are uploaded into the DEVPROMIS.
2. The relevant line Ministry indicates, for each project, an appropriate NDS objective or result area or a nationally prioritised programme for the field assigned to indicate alignment in the DEVPROMIS.
3. As Commitments of the funding agency(s) are recorded for a project, it will be ready to be recorded as part of 'on-plan' assistance.
4. The next step will be determining the sector to which the project belongs as per the funding agency classification. If the classification follows GFS COFOG standard, then in recording the project in the DEVPROMIS, a relevant selection from sector, the drop-down list of the DEVPROMIS sectors will be done. The project, thus, will be ready to be recorded 'on-Budget' and as such will generate revenue in an amount of total commitments made for the Budget formulation cycle in effect (i.e. forthcoming fiscal year).
5. If the sector classification used by the funding agency is different from GFS COFOG (for example corresponds to OECD standards), then mapping shall be done between the two, and the appropriate COFOG purpose code selected as in the step 4 above.

Note:

In principle, mapping can be implemented in the DEVPROMIS for automatic conversion of sector/purpose codes of a project from OECD to COFOG standard, but the issue needs to be investigated to confirm that all, or most Development Partners, are using OECD standard sector codes. In the meantime, mapping will remain a manual exercise.

Output:

Timely and comprehensive recording of project data in the DEVPROMIS that the ensures necessary conditions for that project are recorded as 'on-plan' and 'on-Budget', while Budget revenue will integrate amounts equal to sum of all commitments.

7.5 Procedures for Accepting Donations

188. Treasury concurrence will be sought for donated goods as outlined in the PFM Act. Goods with recurrent implications will be referred to the National Budgets Department for Treasury

concurrence. Goods which do not have such costs will be referred to the Accountant General for Treasury concurrence. Where the asset requires insurance, not included in the agreement, the implementing agency must ensure that a budget is provided for.

7.6 Procedures for Tax Exemptions

Income Tax Exemption

189. For purposes of Income Tax Exemption, wherever it would arise as a result of provisions under relevant legislation, Approved Development Partners and respective Implementing Agents are required to submit an application to the Secretary for Finance with the following supporting documentation:

a) Copy of the Aid or Technical Cooperation Agreement signed by the Minister responsible for Finance;
b) Detailed scope of the Project approved by the Minister responsible for Finance, in terms of the Aid or Technical Cooperation Agreement; and
c) Any other relevant information as may be requested by the Minister.

190. The Minister responsible for Finance, will, after consideration and approval of the request, publish a Statutory Instrument providing the legal basis for the exemption, to the extent provided in the Income Tax Act.

191. No tax exemption shall be granted contrary to the provisions of the Income Tax Act, hence, all Agreements signed should be in line with the current legal provisions.

Value Added Tax Refund Mechanism

192. The Value Added Tax (VAT) refund is granted to Approved Development Partners or their respective Implementing Agents in terms of the Aid or Technical Cooperation Agreement signed by the Minister responsible for Finance. The refund is granted on an approved list of goods used exclusively on an Approved Project. Thus, goods for personal use (outside the scope of the Approved Project) do not qualify for VAT Refund.

193. Development Partners or their Implementing Agents are required to adhere to the following Procedures in order to access the VAT refund:

- Submit an application for VAT refund to the Commissioner General, Zimbabwe Revenue Authority. The Application is made through the Ministry responsible for Finance;
- Application should include proof of registration of the Development Partner and/or Implementing Agent;
- The copy of the Aid or Technical Cooperation Agreement signed by the Minister responsible

for Finance should also accompany the application;

- In the case of an Implementing Agent, a copy of an authentic contract with the Approved Development Partner should be attached;
- The Implementing Agent would be required to register for Value Added Tax with the Zimbabwe Revenue Authority;
- Application should include original and authentic VAT invoices for which refund is sought;
- The Ministry of Finance will scrutinize and certify applications for refunds, and thereafter forward the application to the Zimbabwe Revenue Authority;
- The Zimbabwe Revenue Authority will process the VAT refund within 30 days from receipt of application.

194. Abuse of the VAT Refund Facility will result in policy review, with a view to safeguard revenue loss.

Rebate of Duty on Goods Imported by Relief, Welfare Organisations for Free Distribution to persons in Need

195. A Rebate of Duty may be granted on goods (excluding new clothing, footwear and bed linen) as the Commissioner General, ZIMRA) may approve when such goods are imported for free distribution to persons in need by any International or Regional Organisation, Body or Agency. Such organisations shall be approved or designated by the Minister responsible for Finance. The Rebate is granted in terms of the Customs and Excise (General) Regulations, 2001.

196. Any organisation wishing to claim the Rebate shall submit to the Commissioner written particulars of the goods which it desires to import under rebate, including the following details:

- A certificate to the effect that the goods in respect of which the rebate is claimed are being imported solely for free distribution among persons in need; and
- An undertaking that, if the goods are not so distributed, they will not be sold or otherwise disposed of without the prior permission of the Commissioner and the payment of applicable customs duty as may be due.

197. No organisation, body or agency to which a rebate of duty in respect of any goods has been granted shall, except by free distribution thereof among persons in need, sell or otherwise dispose of such goods in Zimbabwe without the prior written permission of the Commissioner and the payment of applicable customs duty.

Rebate of duty on goods imported by a Foreign Organisation under an Aid or Technical Cooperation Agreement

198. A rebate or refund of duty may be granted on such goods as the Commissioner may approve which are imported or taken out of bond and, in the case of new motor vehicles, obtained from open stock by a Foreign Organisation under an Aid or Technical Co-operation Agreement. Such goods may also be imported for use in an Aid or Technical Co-operation Project, which

is the subject of the same Agreement. The Rebate is granted in terms of the Customs and Excise (General) Regulations, 2001.

199. Any Foreign Organisation wishing to be granted the Rebate of Refund shall make an application therefore to the Commissioner in writing and submit the following details:

- A comprehensive list of goods for which a rebate or refund is sought;
- Whether such goods will be imported, taken out of bond or obtained from open stock for use by the Foreign Organisation or for use in an Aid or Technical Co-operation Project;
- The purpose for which such goods are to be used;
- Whether such goods will be exported from Zimbabwe at a future time and, if so, the time within which they will be so exported; and
- The terms of the relevant Aid or Technical Co-operation Agreement.

200. No foreign organisation to whom a Rebate or Refund of duty in respect of any goods have been granted shall sell or dispose of such goods in Zimbabwe without the prior permission of the Commissioner.

8 POLICY IMPLEMENTATION PERFORMANCE ASSESSMENT

8.1 Methodology

201. Monitoring and evaluation of physical and financial implementation of projects is the responsibility of implementing agencies (e.g. line Ministries, PIUs, and non-public implementers) as well as the IMD, and is indicated in Section 4.6 above. It is also the responsibility of the implementing agencies to ensure that project-level monitoring data is regularly updated in the DEVPROMIS and that projects are managed and implemented in accordance to this Manual.

202. Monitoring and evaluation of the implementation and impact of the Development Cooperation Policy (including implementation of the provisions of this Manual as a tool for implementing the DCP) rests with the ICD. Progress will be assessed through a robust Performance Assessment Framework (PAF), encompassing both Government's and Development Partners' performance.

203. The main source of data for PAF will be the DEVPROMIS. Project level monitoring data will be aggregated by the dimensions of the PAF Assessment and will be conducted in accordance with Table 7 below:

Table 7: Schedule and Tasks for PAF Review

Month	Task/Activity	Purpose
Ongoing	Monitor population of the DEVPROMIS with project data on implementation	DCP default
September	Verification and final call for data inputs into the DEVPROMIS	Preparation for DCPDF
Quarterly	High-level monitoring of project implementation, detecting issues	Review in SWGs
October	Conduct annual PAF review with all stakeholders to discuss aggregate and individual performance	Deliberations in DCPDF
February	Compile comprehensive report on all cooperation quality parameters	Annual Development Cooperation Report

204. High-level monitoring of project implementation will typically involve generation of the DEVPROMIS reports, showing the project implementation status (pipeline, approved, effective, ongoing, completed, delayed, suspended) for each project, which will help flag implementation challenges for remedial actions. Unresolved issues will be discussed at annual PAF reviews within the DCPDF framework. High-level monitoring data shall be in the following format:

Table 8: High Level Project Monitoring Template

Part 1.	Project Name	Funding Agency	Implementing Agency	Status	Start Date
Part 2.	Commitments	Disbursements	Expenditures	Reasons for delay	Reported: yes/no

8.2 Effective and Sustainable Development Cooperation Architecture

205. Effectiveness of development cooperation will be measured in accordance with indicators adopted by the Global Partnership for Effective Development Cooperation (GPEDC). The

Table below provides for indicators, measures and frequency of monitoring in respect of the development cooperation architecture:

Table 9: Assessment of Status of the Development Cooperation Architecture

Indicator	Measure	Frequency
Ministry responsible for Finance/ICD is the single point of entry for all matters pertaining to development cooperation	Number of projects and/or assistance agreements negotiated through the ICD vs total number of assistance agreements	Quarterly
The CCDC established and operational	Number of meetings in the period under review	Annually
The IMCPIM appraises and approves development cooperation projects	• Mandate updated. • Number of externally funded projects that have undergone the IMCPIM scrutiny • Number of externally funded projects approved by the IMCPIM • Number of externally funded projects referred back to the ICD after scrutiny by the IMCPIM • Number of externally funded projects rejected after IMCPIM scrutiny	Semi-annually
High level inclusive partnership established and gaining momentum	• Number of meetings conducted by the DCPDF during the period under review • PAF targets are established for joint review of development cooperation	Annually
Sector level inclusive partnership established and operational	• Number of SWGs established • Number of meetings for each SWG. • Sector-level performance targets are established for joint reviews. • Number of joint reviews of sector programmes	Annually
Cooperation with CSOs	• Number of CSOs engaged in SWGs per sector • Number of CSOs engaged in DCPDF	Annually
DEVPROMIS Zimbabwe established and operational	Completeness and accuracy of populated data	Semi-annually
	Number of reports produced and disseminated	
	Number of Development Partners reporting to the DEVPROMIS vs number of partners active in Zimbabwe	
	Number of Implementing Agencies reporting to the DEVPROMIS vs total number of externally funded projects, disaggregated by: • Government institutions • Local not-for-profit institutions • Local for-profit institutions • International Organisations • International NGOs • International for-profit institutions	
	Coverage in media	

8.3 Resource Mobilisation

206. The DCP is explicit about the main criteria of mobilisation of external resources, which is the economy's reduced dependency on development assistance. To that end, it is worth measuring the extent to which development cooperation supports increasing domestic revenues and strengthening the private sector as the main drivers towards reduced reliance on external funding.

207. In addition, Government prioritises Budget support instruments versus project support, as well as grant versus loan type of financing. These are key dimensions to monitor with regards to the composition of external resources mobilised for development by Government. The list of respective monitoring indicators is presented in Table 10 below:

Table 10: Measuring Composition of Mobilised Resources

Indicator	Measure	Frequency
Total mobilised resources	In original currency and US dollars As % of GDP	Quarterly Annually
Resources by instruments	As % of total resources mobilised: • General Budget Support • Sector Budget Support • Project Support, of which • Technical Cooperation	Annually
Resources by the level of concessionality	Loans vs grants, %	Annually
Resources impacting development assistance dependency	Resources allocated to increase domestic revenue vs total resources mobilised, %	Annually
Resources mobilised in support of trade and the private sector	As % of total resources mobilised	Annually

8.4 The Quality of Development Cooperation

208. The set of indicators measuring performance of Development Partners in this area of the PAF is illustrated in the Table below:

Table 11: Measuring of Development Cooperation Quality Parameters

Indicator	Measures	Frequency
Alignment with national results framework	Amount and share of development assistance allocated to priority programmes at national, sectoral, and ministerial levels	Annually
Use of country results framework to design, monitor and evaluate externally funded programmes	Number and percentage of country results indicators used to design, monitor and evaluate development interventions	Annually
Partnership with CSOs and the private sector	• Number and value of projects implemented by local non-government entities • Number and amount of PPPs	Annually
Predictability	Commitments/projections reported in annual and mid-term perspective vs actual disbursements	Semi-annually

Integration into national planning and budgetary processes	• Amount of assistance provided on Budget vs total development assistance
	• Amount of assistance reported off Budget vs total development assistance
	• Amount of assistance using country systems for implementation, disaggregated by:
	  • National Budget process
	  • National PFM systems
	  • National Procurement systems
	  • National M&E systems
		Annually

209. The PAF baseline will be taken from the 2016 GPEDC monitoring round.

210. Performance in development cooperation is typically assessed within the 1st quarter of the year for the previous fiscal year. The annual Development Cooperation Report is the ultimate product containing results of the assessment and as such is subject to presentation and discussion at the DCPDF Spring Session, where the report is approved and development cooperation effectiveness targets are reviewed and updated for the next fiscal year.

9 CONCLUSION

211. Development cooperation conceptually is a multi-stakeholder commitment among Development Partners and Government, to act jointly towards achieving development results in a country in the most effective way, and as such needs to be formally adopted by those entering into cooperation.

212. To facilitate this, Government and individual DPs will jointly agree on specific targets. Each party's commitments to these targets may be captured in a Memorandum of Understanding to be signed between Government and the relevant DP.

213. A declaration for partnership is not legally binding on the partners, since development cooperation, in principle, is a voluntary contribution of external partners to a country, while Government has sovereign rights to refuse a part or all of it.

214. Managing and coordination of development cooperation is a complex, multi-layered and multi-dimensional activity which requires leadership that is claimed, rather than given, discipline which is to be adhered to from the top to the bottom of the management pyramid, and capacity to deal with a large number of stakeholders with differing interests, positions and motives to give, as well as accept assistance.

215. In this context, neither the declaration of partnership, nor procedures and processes defined in this Manual, substitute for the continuous commitment, concerted efforts and multi-faceted capacity of all arms of Government in introducing discipline and sound management practice in sourcing, implementing and assessing development cooperation in a way stipulated in the DCP and this Manual.

216. This Manual is intended to be a dynamic and flexible document, requiring feedback from all users and periodic amendment to consistently reflect the changing nature and landscape of the development cooperation environment, and new political, economic and institutional realities.

End

ANNEXURES

ANNEX 1: TERMS OF REFERENCE FOR THE NATIONAL DEVELOPMENT COOPERATION FORUM

The National Development Cooperation Forum (NDCF) is the 'working group' to the Development Cooperation Policy Dialogue Forum (DCPDF) which is the apex joint forum for Government and Development Partners to interact at a policy level. The role and composition of the NDCF is detailed below:

Objectives

- Operationalise specific guidance issued by the DCPDF;
- Review progress in implementation of Zimbabwe's National Development Agenda and specific Government reforms in support of implementation of these strategies;
- Review progress in implementation of Development Partners' assistance strategies, identify challenges and provide guidance and solutions for addressing them;
- Share information on accomplishments and successful programmes and projects which have significant impact on national development;
- Provide guidance on the implementation of the Development Cooperation Policy in, general, and adherence to the principles of effectiveness of development cooperation, in particular;
- Coordinate and facilitate annual reviews of stakeholder performance in the implementation of the DCP;
- Identify and discuss opportunities for innovative financing for development mechanisms, including involvement of the private sector, non-traditional assistance and the use of modalities of development assistance such as budget support; and
- Consider input from Sector Working Groups and provide guidance in respect of fulfilment of their mandates and responsibilities.

Critical Areas of Cooperation Under the DCPDF Umbrella

- Reinforcing Government's ownership over its development agenda, including through fostering alignment of development cooperation to country systems and procedures;
- Continuous refinement and prioritisation of national development objectives through recording and review of lessons of past cooperation;
- Comprehensiveness of the National Budget increased through better reflection and improved predictability of development cooperation funds, and their integration into the planning and budgeting cycle; and
- Diversification of sources for resource mobilisation.

Leadership and Composition

- The NDCF will be convened and chaired by the Minister responsible for Finance. Development Partners will collectively nominate a Head of Mission/Cooperation of one of the resident missions to act as co-chair;
- Membership of DCPDF will include:

  - For Government: Representation at top management level from OPC and relevant MDAs;
  - For Development Partners: Heads of Missions and/or Heads of Cooperation and relevant technical staff Ambassadors, UN Resident Coordinator and Heads of Agencies of Development Partners;
  - For Civil Society: Heads of umbrella organisations of the NGO community or particular NGOs, Heads of business associations or particular business entities, Senior representatives of academic and educational institutions.

Frequency of Meetings

- The NDCF will meet bi-annually on a preliminary annual schedule disseminated by the International Cooperation Department. Meetings will generally be scheduled during April and October to align with the National Budget calendar.

Secretariat

- The International Cooperation Department will act as the secretariat to the NDCF. In this role, the ICD will:

  - Be the entry point for both Government and Development Partners (domestic and international) for all matters relating to development cooperation;
  - Organise and support negotiations on external resource mobilisation;
  - Be responsible for an accurate and timely updated repository of development cooperation information, including projects, flows, and monitoring of results;
  - Ensure that validated data in respect of development assistance is captured in the National Budget and updates are provided as and when required;
  - Supply stakeholders with relevant information on on-going and previous interventions, gaps in funding of national priorities, and equitable distribution of development assistance to avoid duplication of efforts;
  - Facilitate consultations and dialogue between Government and Development Partners on major assistance strategies and programmes, Government development priorities and evolving planning frameworks, and implementation progress and constrains; and
  - Provide support to the functioning of Sector Working Groups to ensure functional sector-level policy dialogue.

ANNEX 2: TERMS OF REFERENCE FOR A SECTOR WORKING GROUP

Objective

A SWG is a permanent, formal forum in which a wide range of development stakeholders, both international as well as domestic, meet to discuss sector policy, strategy, planning, prioritisation and major issues of implementation, and report on their activities and progress made towards achievement of sector results. Objectives of SWGs are:

- Promote sector wide approaches (SWAPs) to facilitate sector coordination and ensure inclusive membership of all development stakeholders in the sector;
- Facilitate dialogue and understanding between stakeholders over Government's policies and strategies on sector development;
- Coordinate development of a Sector Capacity Development Plan and facilitate its implementation;
- Identify funding gaps in the implementation of a sector strategy and explore and discuss potential sources of development resources that could be made available for financing of sector programmes and projects;
- Ensure alignment of development assistance to a coherent sector strategy; and
- Review implementation of sector programmes and projects, as well as discuss and take actions on challenges and bottlenecks.

Critical areas of Cooperation at Sector Level

- Development of sector policies and strategies with strong linkages to the National level development priorities;
- Preparation of sector financing plans, identification of sources of funding, gap analysis and development of sector Medium Term Expenditure Frameworks;
- In consultation with the ICD, initiate resource mobilisation activities;
- Monitoring and Evaluation based on a sector results framework through Joint Annual Sector Reviews;
- SWGs have a mandate to submit recommendations to the relevant MDAs and, where appropriate, to Cabinet as far as the above-mentioned critical areas are concerned; and
- Discuss and comment on regulatory/legislative initiatives in the sector.

Leadership and Composition

- The SWG will be chaired by the Permanent Secretary of the lead Ministry in a given sector and co-chaired by a Development Partner. The Development Partner co-chair will be designated by all Development Partners in the sector on the basis of comparative advantage (this could be based on level of contribution and/or expertise).

- Membership of SWGs includes:

- Representatives of the ICD and other relevant departments within the Ministry responsible for Finance;
- OPC;
- Relevant MDAs that are clustered within the sector, or have substantial linkages in terms of production of outputs and outcomes which are specific for the sector strategy;
- Development Partners active in the sector;
- Members of the NGO community that are active in service delivery and policy research in the sector, including those that implement or fund specific sector activities;
- Relevant state owned and private companies that have a substantial role and/or stake in the sector, that are also implementing agencies or contractors, and/or are funders of sector projects and programmes;
- Academic and educational institutions with an active interest in the sector; and
- Representatives of Zimbabwe's Diaspora or an organisation representing the Diaspora that have an expressed interest in providing technical or financial assistance for sector development, including with commercial orientation.

Frequency of Meetings

- The SWG will typically meet quarterly on a preliminary annual schedule disseminated by the lead Ministry in the sector.

ANNEX 3: IMPLEMENTATION MONITORING REPORT FORMAT

1.0 Overview of the Project/Programme

Project /Programme Title		
Sector		
Ministry/Implementing Agency		
Project Location (Province/District)		
Contractor		
Project Location (Province/District)		
Date of Protocol /Project Agreement signed		
Start Date		
Project End Date (reflect any extensions)		
Total Project Budget		
Funding Sources	**Amount: US$**	**% of Total Cost**
• **Own Resources**		
• **Grant Financing**		
• **Government Contribution**		
• **Loan Facility**		
Terms and Conditions of the loan	• Interest Rate • Grace period • Maturity • Management fees • Commitment fees	
Date of Implementation Contract signed		
Duration		
Commencement date		
Completion date		
Revised completion date		

2.0 Project Details

Project Objectives		
Expected Project Impact		
Expected outcomes		
Strategic Context of the Project (*include specific reference to the relevant results framework, i.e. Key Performance Indicator/ Key Result Area and specific indicator*) **GOZ strategic Policy Objective supported** **Sector policy supported** **Ministry Key Result Areas**		
Project Description		
Component Description	**Component Details**	**Cost (US$ m)**
Total		

3.0 Financial Performance for the FY: …………

Quarterly Financial Performance

Period	Annual	Q1		Q4	
Component Description	Budget Allocation US$	Projected Expenditure US$	Actual Expenditure US$	Projected Expenditure US$	Actual Expenditure US$
Total					

4.0 Project Performance Monitoring Plan

Component Description	Planned Activities	Completed Activities	Targeted Outputs	Actual Output	Immediate Outcome

5.0 Annual Financial Performance for the Project

Component Description	Budgetary Allocation US$	Budget Year Disbursement US$	Variance US$
Total			

6.0 Financial Performance of Project Since Inception

Total Cost US$	Cumulative Disbursements US$

ANNEX 4: PROJECT REPORTING FORMAT FOR BUDGET PREPARATION

PART A - PROJECT SUMMARY		
Ministry:		
Department:		
Project Scope:		
Location (s) of Project: Province(s):		District(s):
PART B - STRATEGIC CONTEXT		
GOZ Strategic Policy Objectives Supported:		
Sector Policies Supported by Project:		
Ministry's Key Result Areas Supported: (as described in the bluebook):		
PART C - PROJECTS DETAILS:		
Start date:		
End date:		
Implementation period (years, months):		
Total estimated project cost USD:		
Funding details:	Type of funding	Amount: US$
	Loan facility (Indicate name of financier)	
	Grant financing (Indicate name of financier)	
	Government contribution	
	Own resources	
	Total	
Date of protocol or other financial agreements signed		
Project support documents: (Attach Documentation)		
Project Information Memorandum		Yes/No
Project Financial Analysis including identifiable revenue streams		Yes/No
Feasibility studies		Yes/No
EIA studies		Yes/No
Detailed BOQ		Yes/No
Implementation Plan/Gantt Chart		Yes/No
Procurement		Yes/No
Main Project Components & Costs:		Planned activities per outputs.

PART D - COST ESTIMATES					
Major Cost Category	**Expenditure to Date**	**Indicative Costs**			
		2019	**2020**	**2021**	**Total**

PART E – ACTUAL AND PLANNED DISBURSEMENTS								
Year	**Actual Disbursements**			**Total**	**Planned Disbursements**			**Total**
2019								
2020								
2021								
Total								