

Document: EB 2016/118/R.20/Rev.1  
Agenda: 11(b)(iii)  
Date: 22 September 2016  
Distribution: Public  
Original: English

E



Investing in rural people

## President's report

### Proposed grant to the Republic of Zimbabwe for the Smallholder Irrigation Revitalization Programme

#### Note to Executive Board representatives

##### Focal points:

##### Technical questions:

Thomas Rath  
Country Programme Manager  
East and Southern Africa Division  
Tel.: +39 06 5459 2069  
e-mail: t.rath@ifad.org

##### Dispatch of documentation:

William Skinner  
Chief  
Governing Bodies Office  
Tel.: +39 06 5459 2974  
e-mail: gb\_office@ifad.org

Executive Board — 118<sup>th</sup> Session  
Rome, 21-22 September 2016

---

For: Approval

## Contents

Abbreviations and acronyms	ii
Map of the programme area	iii
Financing summary	iv
Recommendation for approval	1
I. Strategic context and rationale	1
A. Country and rural development and poverty context	1
B. Rationale and alignment with government priorities and RB-COSOP	1
II. Programme description	2
A. Programme area and target group	2
B. Programme development objective	2
C. Components/outcomes	3
III. Programme implementation	3
A. Approach	3
B. Organizational framework	4
C. Planning, monitoring and evaluation, and learning and knowledge management	4
D. Financial management, procurement and governance	5
E. Supervision	6
IV. Programme costs, financing, and benefits	6
A. Programme costs	6
B. Programme financing	6
C. Summary benefit and economic analysis	7
D. Sustainability	8
E. Risk identification and mitigation	8
V. Corporate considerations	9
A. Compliance with IFAD policies	9
B. Alignment and harmonization	9
C. Innovation	9
D. Policy engagement	10
VI. Legal instruments and authority	10
VII. Recommendation	10

## Appendices

I. Negotiated financing agreement	
II. Logical framework	

## Abbreviations and acronyms

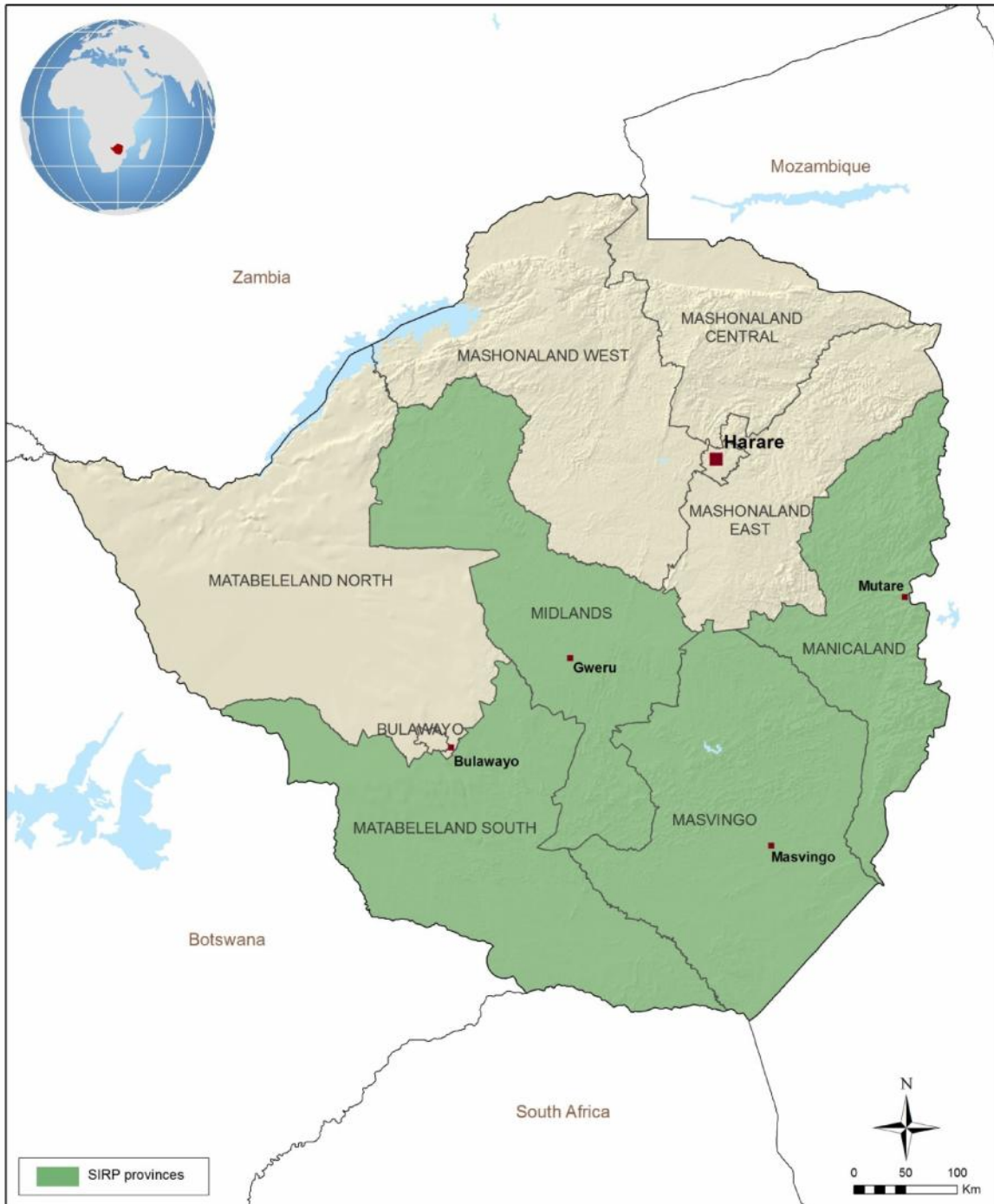
AWP/B	annual workplan and budget
DoI	Department of Irrigation
IMC	irrigation management committee
M&E	monitoring and evaluation
MAMID	Ministry of Agriculture, Mechanisation and Irrigation Development
O&M	operation and maintenance
OFID	OPEC Fund for International Development
PCU	programme coordination unit
SIRP	Smallholder Irrigation Revitalization Programme
WUO	water users organization

# Map of the programme area

## Republic of Zimbabwe

### Smallholder Irrigation Revitalization Programme (SIRP)

*President's report*



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 21-07-2016

# Republic of Zimbabwe

## Smallholder Irrigation Revitalization Programme

### Financing summary

<b>Initiating institution:</b>	IFAD
<b>Recipient:</b>	Republic of Zimbabwe
<b>Executing agency:</b>	Ministry of Agriculture, Mechanisation and Irrigation Development
<b>Total programme cost:</b>	US\$51.5 million
<b>Amount of IFAD grant:</b>	SDR 18.3 million (equivalent to approximately US\$25.5 million)
<b>Cofinancier(s):</b>	OPEC Fund for International Development
<b>Amount of cofinancing:</b>	US\$15.0 million
<b>Terms of cofinancing:</b>	To be confirmed
<b>Contribution of recipient:</b>	US\$7.7 million
<b>Contribution of beneficiaries:</b>	US\$3.3 million
<b>Appraising institution:</b>	IFAD
<b>Cooperating institution:</b>	Directly supervised by IFAD

## Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed grant to the Republic of Zimbabwe for the Smallholder Irrigation Revitalization Programme, as contained in paragraph 53.

## Proposed grant to the Republic of Zimbabwe for the Smallholder Irrigation Revitalization Programme

### I. Strategic context and rationale

#### A. Country and rural development and poverty context

1. Zimbabwe is a landlocked country with a total area of approximately 390,757 square kilometres. The country's population is estimated at 14.6 million people (2014) and projected to grow to 20.3 million people in 2020. With a Human Development Index of 0.509, Zimbabwe ranks 155<sup>th</sup> of 188 countries. Life expectancy stands at 57.8 years, and stunting prevalence in children is an estimated 27.6 per cent (2014). While still among the highest globally, the prevalence of HIV has declined from 25 per cent in 1997 to 15 per cent in 2014.
2. Economic growth slowed from 4.5 per cent in 2013 to an estimated 1 per cent in 2015 as a result of weak domestic demand, high public debt, tight liquidity conditions, drought, poor infrastructure and institutional weaknesses. Agriculture provides direct and indirect livelihoods for over 70 per cent of Zimbabwe's population and supports one third of the formal labour force. Agriculture generates between 15 and 18 per cent of gross domestic product, and contributes over 40 per cent of national export earnings.
3. The proportion of the population living below the national poverty line is estimated at 72 per cent (84 per cent in rural areas). Zimbabwe's recurrent droughts and food security issues have remained dire over the past decade, exposing millions of people to food insecurity and poverty. An estimated 1.5 million people – 16 per cent of the rural population – will be unable to meet their minimum food needs and will require humanitarian assistance in 2015/16. This is a 164 per cent increase over the 2013/14 season.
4. Zimbabwe's relations with the international community have been difficult for years, mainly due to land reforms and political conflicts. There are now positive signs of the international community re-engaging with the Government of Zimbabwe. The Government has made progress on negotiations with international financial institutions, notably the International Monetary Fund and the African Development Bank, to settle the country's arrears. In December 2015, IFAD's Executive Board approved Zimbabwe's debt rescheduling proposal in the amount of US\$23.1 million.

#### B. Rationale and alignment with government priorities and RB-COSOP

5. Zimbabwe has one of the highest levels of water development for irrigation in the region. Evidence suggests that households in smallholder irrigation schemes are better off in terms of food production, income, nutrition and general well-being than households relying on rainfed agriculture. In addition to achieving higher yields, irrigators are able to increase crop production and incomes during the dry winter season, when rainfed production is impossible.

6. More than 50 per cent of smallholder irrigation schemes in Zimbabwe are either not functional or only partly functional. These schemes have been caught in a vicious cycle of build/operate/rehabilitate, and are heavily dependent on government and donor funding.
7. A common feature is that rehabilitation has primarily focused on infrastructure development and repairs, often without the corresponding investments in farmers' organization and empowerment, water management, agricultural production activities and market linkages. Some schemes have been operating for many years, even decades, many of them at sub-optimal levels. There is a general lack of community ownership and participation in the management of irrigation assets. While irrigation management committees (IMCs) exist in all schemes, and are seen as a standard requirement, they do not have the formal status to enforce by-laws.
8. Decades of experience in irrigation development, both in Zimbabwe and elsewhere, have evidenced the need for an integrated approach to ensure commercial and environmental sustainability. This is the rationale behind the design of the Smallholder Irrigation Revitalization Programme (SIRP). Without an increased market orientation, improved access to inputs, and the adoption of good agricultural practices to boost productivity, farmers cannot create the revenue needed to increase their income and defray the operation and maintenance (O&M) of irrigation schemes. Similarly, unless wider socioeconomic and biophysical considerations are taken into account, equity issues will limit impact to a small number of people, and environmental issues will undermine the overall success of the programme.

## II. Programme description

### A. Programme area and target group

9. Programme area: SIRP will revitalize 6,100 hectares (ha) in about 152 existing smallholder irrigation schemes, located mainly in communal and old resettlement areas in the semi-arid sections of natural regions III, IV and V in the provinces of Manicaland, Masvingo, Matabeleland South, and Midlands. The programme's target area contains about 47 per cent of the country's estimated total irrigation-equipped area of about 13,000 ha.
10. Target group: SIRP will target 29,750 smallholder poor rural households, equivalent to about 148,750 people. Women (heads of household, wives and young women) will account for at least 50 per cent of the target group, in line with their participation in irrigated agriculture and off-farm activities. SIRP beneficiaries will include: (i) 15,250 households (76,250 people) holding an average of 0.4 ha in irrigation schemes; (ii) 12,500 households (62,500 people) with no access to irrigation in the greater-scheme and subcatchment areas relying on rainfed agriculture and livestock; (iii) 2,000 youth, who will be involved in production, aggregation, marketing and service provision and will build small- and medium-scale businesses along value chains; and (iv) 500 extension service providers that will improve their capacity for more responsive and efficient service delivery.

### B. Programme development objective

11. The overall goal of SIRP is that rural households achieve food and nutrition security and are resilient to climate change effects and economic shocks in the programme districts. The programme development objective is that rural households sustainably increase their income in schemes and adjacent rainfed areas supported by the programme.
12. The programme goal will be achieved by revitalizing existing high potential irrigation schemes and their adjacent rainfed areas (subcatchment areas), which will result in: (i) an increase in production and productivity of selected

commodities; (ii) an increase in annual household incomes; (iii) increased market integration; and (iv) a smallholder agricultural production system that is better adapted to climate change.

### C. Components/outcomes

13. SIRP's structure is articulated around two complementary components, the first focusing on sustainable development of smallholder irrigation, and the second on climate-smart agriculture and market access.
14. Component 1: Sustainable smallholder irrigation development will focus on revitalizing existing irrigation schemes and rendering them fully operational, thereby contributing to improving the incomes of targeted households. This will be achieved by rehabilitating 6,100 ha of existing irrigation schemes in the four target provinces, while financing further scheme feasibility and design studies nationwide. It will entail expanding the area of existing smallholder irrigation schemes under effective O&M by irrigators and their water users organizations (WUOs), by preparing and implementing revitalization plans at scheme level. This will be complemented by capacity-building for government departments to provide quality service to smallholder irrigators, and engaging in policy dialogue on issues affecting small-scale irrigators.
15. Component 2: Climate-smart agriculture and market access aims to improve productivity and sustainable crop production under both rainfed and irrigated conditions, through improved cropping intensity on selected schemes and increased adoption of improved varieties, fertilizers, good agricultural practices and climate-smart agriculture practices and technologies. This component will seek to improve village natural resources management planning, including soil and water conservation in adjacent rainfed areas, by preparing and implementing greater scheme agricultural plans. A natural resources management facility will be established to provide matching grants to farmers in rainfed areas to undertake income-generating projects that utilize natural resources in a sustainable manner and complement soil and water conservation technologies. This component will focus on improving farm profitability and household incomes by increasing market access and linkages between the different value chain actors for both irrigation and rainfed farmers. Moreover, this component will improve access to and use of financial services through enhanced financial literacy of farmers and their organizations and strengthening of community-based financial institutions. This component will promote good nutritional practices and gender mainstreaming as part of agricultural and market support. This will be complemented by capacity-building for government departments to enable them to provide quality services to smallholder farmers, and engage in policy dialogue on issues affecting smallholder farmers.

## III. Programme implementation

### A. Approach

16. The proposed principles of engagement for programme design are as follows:
  - (a) In line with IFAD's mandate, SIRP will target productive poor smallholders who are currently engaging in irrigation as well as poor and vulnerable smallholders engaged in rainfed farming in the adjacent rainfed areas;
  - (b) Without compromising on food security, the programme will support the move towards smallholder irrigated farming as a business in order to enable sufficient financial returns to targeted smallholders, long-term sustainability of investment and replicability/scalability of the smallholder irrigation development approach;
  - (c) SIRP will adopt a participatory approach. The programme will support farmers' own development efforts, based on the preparation of a revitalization plan and



a greater scheme agricultural plan by farmers/irrigators through their organizations;

- (d) Investment will be made on a cost-sharing basis, with capital expenditure financed mainly by the programme, and farmers fully covering the O&M of their scheme, including the cost of water and depreciation of movable equipment;
- (e) The programme will prioritize the rehabilitation of existing schemes while verifying adequate water availability at pre-feasibility stage, market proximity to sell produce at competitive prices and interest on the part of the private sector and financial institutions to work with the scheme or cluster, and institutional arrangements;
- (f) SIRP will engage with the private sector, such as off-takers, input suppliers and financial institutions, early on in the process of prioritizing schemes to be rehabilitated, in order to ensure viable linkages with input and output markets and support services during implementation; and
- (g) The Government's capacity to provide services to smallholders will be strengthened, while supporting the implementation of different business models and business relations between farmers and the private sector.

## B. Organizational framework

17. The lead implementing agency will be the Ministry of Agriculture, Mechanisation and Irrigation Development (MAMID). The Ministry will execute the programme and ensure that it is aligned with sector priorities and complements the programmes/projects and initiatives of other development partners supporting the sector. Implementation responsibilities rest with the Department of Irrigation (DoI) for component 1, while the Department of Agriculture Technical and Extension Services (AGRITEX) will lead component 2. At the provincial and district levels, programme coordination will be provided by provincial and district agricultural coordination committees, respectively.
18. A multi-sector stakeholder programme steering committee, chaired by the Permanent Secretary of MAMID, will be established to provide overall programme oversight, direction and advice. A dedicated and competitively recruited programme coordination unit (PCU) will report to the Permanent Secretary, MAMID. The PCU will be responsible for day-to-day management and ensure effective coordination of DoI and AGRITEX activities under the programme. The PCU will be responsible for consolidating annual workplans and budgets (AWP/Bs), procurement plans, and progress and financial reports received from the districts and implementing entities, and will coordinate the procurement of goods, works and services. The PCU will also take charge of monitoring and evaluation (M&E) and provide support to implementation and supervision missions. The PCU will serve as programme steering committee secretariat.
19. A programme technical committee, comprising of staff drawn from government technical departments, will provide technical support and advice to the PCU on planning and progress issues.

## C. Planning, monitoring and evaluation, and learning and knowledge management

20. The main planning tools for SIRP will comprise the updated logical framework/M&E framework, including indicators and targets, and the results-based AWP/B. The logical framework provides indicators and targets for the programme as a whole, whereas the RB-AWP/B will be used as the primary planning tool to set annual targets and allocate financial resources. The financial and physical execution of the RB-AWP/B will be regularly monitored and reported on.
21. The M&E system will be the key source of comprehensive and reliable data to inform improved planning and decision-making during implementation. It will be

relied upon to inform stakeholders on SIRP performance. Results generated by the results and impact management system indicators will be reported back to IFAD on an annual basis. The PCU will be responsible for ensuring a well-functioning M&E system.

22. A baseline study will be designed and carried out at programme start-up in pre-identified schemes. Baselines will be scheme specific as per outcome of the selection process. The baseline studies will form the basis for assessing programme effectiveness and results achievement. The household survey will be repeated at mid-term and upon programme completion.
23. SIRP learning systems will involve monthly, quarterly, bi-annual and annual review meetings/workshops, capturing information on progress, lessons and best practices and finding solutions to implementation constraints at different levels. These review platforms will serve as a learning event, as well as to monitor and influence the process through which results are supposed to be achieved.

#### D. Financial management, procurement and governance

24. Financial management. A financial management assessment carried out at design assessed the overall fiduciary control risk as high. Consequently, the proposed financial management arrangements for SIRP include appropriate risk mitigation measures, inter alia: (i) competitive recruitment of a dedicated programme accountant, and assignment of qualified accounting staff at the provincial level; (ii) mobilization of additional technical assistance during start-up to assist with the establishment of systems and financial procedures to be included in the programme implementation manual; (iii) use of accounting software; and (iv) the use of programme-specific designated accounts, to ensure that the residual programme implementation rating will be medium risk.
25. MAMID's Director of Finance and Administration will be responsible for ensuring adequate financial management arrangements throughout SIRP implementation. The operational day-to-day financial management functions, including budgeting, accounting, funds flow management, internal control, financial reporting and ensuring timely external audits, will be the responsibility of the PCU's programme accountant overseen by the Chief Accountant, DoI.
26. Programme audits. To provide assurances of strong internal controls, MAMID will include regular internal auditing of the programme in its audit plans. During the initial years an independent audit firm acceptable to the Fund will perform the external audit, until such time as the Office of the Auditor General has been appropriately assessed.
27. Funds flow and disbursement arrangements. Two separate designated accounts operated and maintained by the Ministry of Finance and Economic Development will be opened to receive programme funds from IFAD and the OPEC Fund for International Development (OFID), respectively. Only one operational account will be opened for settlements of advances to implementing agencies and programme expenditures incurred. The PCU will manage and operate the operational account.
28. Start-up costs. An advance may be requested to cover start-up costs for eligible expenditure to be incurred between the date of entry into force of the financing agreement and fulfilment of the conditions precedent to withdrawal.
29. Procurement. All procurement under SIRP will be carried out in accordance with national procurement procedures, to the extent that they are consistent with IFAD's project procurement guidelines. A procurement assessment of MAMID undertaken during SIRP design showed several inconsistencies between national and IFAD regulations, concerning bid registers, bidding documents, contract administration, procurement planning and selection of procurement methods. To address procurement risks, a procurement specialist in the PCU will be responsible for

ensuring full compliance with IFAD requirements. The latter will be duly spelled out in the financing agreement, letter to the recipient and programme implementation manual.

#### E. Supervision

30. The SIRP will be directly supervised by IFAD. Direct supervision will encompass loan and grant administration, procurement reviews, audit reviews, and supervision and implementation support missions. Joint supervision missions with the Government will be carried out bi-annually and will focus primarily on fiduciary aspects, physical progress and the quality of programme implementation. In conjunction with supervision, implementation support will be provided by IFAD to help ensure the efficient achievement of programme objectives. Additional implementation support and backstopping will be provided during the programme start-up phase to enhance technical capacities, assist with the establishment of implementation arrangements and assist in the setting up of required systems (e.g. M&E and financial management). The proposed OFID cofinancing will be administered by IFAD.

### IV. Programme costs, financing and benefits

#### A. Programme costs

31. Total programme costs to be incurred during the seven-year implementation period, including price and physical contingencies, duties and taxes, are estimated at US\$51.5 million. This includes base costs amounting to US\$47.6 million and estimated physical and price contingencies in the amount of US\$3.9 million (8 per cent of the base costs). Estimated foreign exchange expenditure is about US\$15.2 million (30 per cent of total programme costs), whereas duties and taxes amount to US\$8.1 million (16 per cent). Investment costs represent 89 per cent of the base costs, with recurrent costs accounting for the remaining 11 per cent. Programme management costs are 4 per cent of total programme costs.
32. Local inflation rates were estimated at 1.3 per cent per annum in 2017 and 2 per cent per annum thereafter until 2023. Foreign inflation has been set at 2 per cent for seven years, based on the World Bank Manufactures Unit Value Index. Taxes and duties were estimated using information provided by the Zimbabwe Revenue Authority. The Government of Zimbabwe will either waive duties, excises and taxes or directly finance their cost.

Table 1  
**Programme costs by component and financier**  
(Thousands of United States dollars)

Component	IFAD grant		OFID		Beneficiaries		Government		Total
	Amount	%	Amount	%	Amount	%	Amount	%	Amount
1. Sustainable smallholder irrigation development	11 511	35	13 767	42	2 238	7	4 961	15	32 477
2. Climate-smart agriculture and market access	12 253	73	1 233	7	1 045	6	2 333	14	16 864
3. Programme coordination	1 736	80	-	-	-	-	441	20	2 176
<b>Total</b>	<b>25 500</b>	<b>50</b>	<b>15 000</b>	<b>29</b>	<b>3 283</b>	<b>6</b>	<b>7 735</b>	<b>15</b>	<b>51 518</b>

#### B. Programme financing

33. SIRP will be financed by the Government of Zimbabwe, programme beneficiaries, IFAD and, pending official confirmation, OFID. IFAD will finance 50 per cent (US\$25.5 million) of overall programme costs on grant terms, under the Debt Sustainability Framework. The Government will finance taxes and duties

(US\$7.9 million), representing 15 per cent of total costs.<sup>1</sup> Beneficiaries will contribute 6 per cent of total programme costs, US\$3.3 million, in the form of financial contributions to O&M for rehabilitated infrastructure, cost sharing of post-harvest technologies, and in-kind contribution to soil and water conservation activities. It is anticipated that OFID will finance 29 per cent<sup>2</sup> (US\$15.0 million) of programme costs, covering civil works related to irrigation rehabilitation and road improvement.

Table 2  
**Programme costs by expenditure category and financier**  
(Thousands of United States dollars)

<i>Expenditure category</i>	<i>IFAD</i>		<i>OFID</i>		<i>Beneficiaries</i>		<i>Government</i>		<i>Total Amount</i>
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	
1. Consultancies	4 911	90	-	-	-	-	546	10	5 457
2. Equipment and materials	2 475	98	-	-	-	-	56	2	2 531
3. Goods, equipment and inputs	2 009	71	-	-	697	25	108	4	2 814
4. Workshops	545	85	-	-	-	-	96	15	641
5. Training	4 315	85	-	-	-	-	762	15	5 077
6. Vehicles	1 091	45	-	-	-	-	1 336	55	2 427
7. Works	7 621	28	15 000	56	348	1	3 931	15	26 899
8. Salaries and allowances	387	75	-	-	-	-	129	25	515
9. Operating costs	2 145	42	-	-	2 238	43	774	15	5 157
<b>Total</b>	<b>25 500</b>	<b>50</b>	<b>15 000</b>	<b>29</b>	<b>3 283</b>	<b>6</b>	<b>7 735</b>	<b>15</b>	<b>51 518</b>

### C. Summary benefit and economic analysis

34. SIRP will generate substantial economic and social benefits. The main quantifiable benefit is the increase in production and productivity to be achieved with higher yields following investments in the revitalization of irrigation schemes and in farm-level training on both irrigated and rainfed plots. Cropping patterns on irrigated plots will favour market-led production of higher value crops, leading to increased farm incomes. The introduction of post-harvest technology and infrastructure, as well as training in post-harvest handling, is expected to result in reduced post-harvest losses. Investments in the rehabilitation of approximately 150 kilometres of access roads will reduce transport costs and enhance market access for targeted smallholders.
35. Moreover, the programme is likely to generate a range of indirect benefits, such as the creation of off-farm jobs in the service and marketing sectors, increased market participation and food availability, institutional strengthening and policy changes.
36. The proposed investment shows robust financial results at both crop and farm level, demonstrating clear incentives for farmers to participate and financial sustainability for the irrigation scheme. The base case economic internal rate of return (EIRR) is estimated at 25.9 per cent. The benefit/cost ratio is estimated at 2.29, and the payback period at 7.3 years. The economic net present value is estimated at US\$41.7 million. The EIRR is robust to changes in the expected benefits or costs. Switching values were calculated for incremental benefits and incremental costs. Benefits would have to be reduced by 60 per cent or costs increased by 152 per cent for SIRP to become economically unviable. Such variations in costs and benefits are unlikely to occur. Adoption rates ranging from 65 per cent to 85 per cent have been assumed in the cost benefit analysis.

<sup>1</sup> The estimate of taxes and duties was based on the rates in effect at the time of the design. In conformity with the principle that no taxes or duties would be financed out of the proceeds of the IFAD and OFID financing, any future changes in the rates and/or structures of taxes and duties would apply to the programme.

<sup>2</sup> If OFID funding does not materialize, alternative sources of funding will be sought by the Government of Zimbabwe.

## D. Sustainability

37. The long-term sustainability of investments in irrigated infrastructure will be ensured as follows: first, prior to investment a diagnostic study of the key issues affecting scheme performance needs to be carried out with a high degree of participation by the targeted farmers. This study will identify the root causes of system failure and allow SIRP to adequately target investments. Second, interventions will take into account larger natural resource management issues to ensure environmental sustainability. By investing in community-based natural resources management in adjacent rainfed areas and linking them with income generating activities, SIRP proactively deals with potential environmental issues whilst also ensuring a longer life time for the scheme itself. Third, the programme will invest in building adequate capacity at all levels as required to sustainably operate and maintain schemes, manage finances and effectively prevent or resolve any social conflicts related to access to land or water.
38. Zimbabwe's rural population is exposed to the effects of climate change, as the recent drought showed. The proposed programme interventions are designed to minimize those impacts. Revitalized irrigated agriculture becomes a key adaptation pathway to respond to increasing intra-seasonal variability in the water supply. Water-use efficiency will be improved by reducing conveyance losses and by training farmers on irrigation water management. When designing extensions to existing schemes, the increased crop water requirements due to increased evapotranspiration will be assessed to determine potential irrigable area. The selection of new schemes to be studied will be informed by the National Adaptation Plan, currently under development, in order to select those areas most crucially affected by climate change. Interventions in the adjacent rainfed lands aim to restore the natural resource base and use it in a more sustainable way, thereby increasing resilience to shocks. These interventions will help protect the irrigation schemes from silting up and restore water bodies.

## E. Risk identification and mitigation

39. The programme design prioritized risk identification and management to ensure a successful re-engagement of IFAD in Zimbabwe and the sustainability of the proposed interventions. The main approach has been simplified design and implementation arrangements to limit the programme's exposure. Measures in financial management and procurement are proposed to manage remaining risks deemed acceptable or inevitable.
40. Macro-economic and political instabilities, however, remain beyond programme control. Other key risks to programme success have been identified as follows: (i) non-fulfilment of IFAD arrears settlement; (ii) non-availability of cofinancing from OFID; (iii) programme implementation delays; (iv) limited responsiveness of service providers; (v) inability of farmers to contribute to initial commitment and operational costs; (vi) effects of climate change; and (vii) market constraints.
41. The respective mitigation measures for the above risks include: (i) commitment by the Reserve Bank of Zimbabwe and the Ministry of Finance and Economic Development to ensure liquidity to settle arrears as they fall due; (ii) close follow-up by the Government of Zimbabwe with OFID; (iii) engagement of technical assistance during programme start-up to help set up financial management systems and address pre-disbursement conditions; (iv) capacity-building for public sector service providers, and engagement of private-sector service providers under performance-based contracts; (v) targeting schemes where farmers have demonstrated willingness and ability to commit to operational costs; (vi) integration of climate change effects into the planning and design of irrigation investments; and (vii) improving farmers' access to information and promoting value addition at scheme level while establishing linkages to markets.

42. Based on the 2015 Transparency International Global Corruption Perceptions Index score of 21, the country has been rated as high risk. A 2015 follow-on World Bank financial management assessment indicated that improvements have taken place in recent years but recommended a number of reforms. As provided in paragraph 24 above, the programme's design arrangements include key financial management safeguards to be adopted during implementation.

## V. Corporate considerations

### A. Compliance with IFAD policies

43. SIRP design is fully aligned with all IFAD strategic objectives set for the 2016-2025 period.<sup>3</sup> Strategies for gender mainstreaming and targeting have been incorporated in programme design in accordance with the IFAD Policy on Targeting and the Policy on Gender Equality and Women's Empowerment. All activities under SIRP will comply with the IFAD Policy on Improving Access to Land and Tenure Security. Proposed activities in rural finance are consistent with IFAD's Rural Finance Policy.
44. For environmental and social purposes, SIRP is classified as a category B operation, as the focus of the investment is primarily on rehabilitating existing irrigation schemes. The programme is expected to have limited adverse social impacts on human populations or environmentally significant areas. These risks will be minimized through a solid scheme selection and design process complemented by investments in the greater scheme area. In line with IFAD's Social, Environmental and Climate Assessment Procedures, residual risks will be identified in the environmental and social impact assessment and managed via scheme-specific mitigation measures agreed upon in the environmental and social management plan to be prepared for each SIRP-supported scheme.

### B. Alignment and harmonization

45. The smallholder irrigation subsector is identified among priority areas for investment in all relevant country strategy and policy documents.<sup>4</sup> The Zimbabwe Agenda for Sustainable Socio-Economic Transformation, the country's poverty eradication strategy, targets a 50 per cent increase in the country's area equipped with irrigation by 2018. Both the Comprehensive Agricultural Policy Framework and Zimbabwe Agriculture Investment Plan share SIRP's value chain approach to increasing farm productivity, improving extension services and promoting the commercialization of smallholder agriculture. All relevant country strategies emphasize the importance of building the resilience of communities to food and nutrition insecurity and the effects of climate change.
46. Furthermore, SIRP implementation responsibilities will be largely mainstreamed within the Government's existing systems and decentralized structures. This will facilitate the creation of synergies with other development partners and ensure complementarities between SIRP and other interventions in the sector.

### C. Innovations and scaling up

47. The programme will adopt a holistic approach to smallholder irrigation revitalization in Zimbabwe that encompasses infrastructure development, farmers' organization capacity-building and empowerment, natural resource management, agricultural production, market linkages and access to finance. This is an innovative approach, as it constitutes a departure from the usual focus on "hardware" investments. The selection of irrigation schemes for revitalization will occur during programme

<sup>3</sup> IFAD Strategic Framework 2016-2025.

<sup>4</sup> Government priorities for the development of the agricultural sector are outlined in the: (i) Zimbabwe Agenda for Sustainable Socio-Economic Transformation 2013-2018; (iii) Zimbabwe Agriculture Investment Plan 2013-17; (iv) draft Comprehensive Agricultural Policy Framework 2012-2032; and (v) Zimbabwe 10-Point Plan for Economic Growth.

implementation, and will be based on predefined criteria that prioritize areas that optimize a combination of biophysical, socioeconomic and institutional aspects, in order to achieve economies of scale and scope, and maximize efficiency, effectiveness and large-scale impacts. The participatory planning approach and the requirement of having farmers contribute to O&M costs are innovative features, intended to promote sustainability.

48. The programme will pilot and promote low cost technologies for storage and processing of perishable products at irrigation scheme level and cluster level. Innovative approaches to include youth in programme activities call for providing vocational training and starter kits to promote off-farm employment along the value chain.

#### D. Policy engagement

49. The programme will enhance national capacity through evidence-based policy dialogue among stakeholders such as the Government, farmer representations, WUOs and the private sector to engage in policy dialogue on issues related to smallholder irrigation, natural resources management and market access. Several priority issues have been identified during programme design, including: (i) formalization of the status of IMCs to become legally recognized WUOs with certified rights to water and lands; (ii) revision of water pricing for smallholder irrigation; (iii) effective and cost-efficient implementation of environmental and social management plans; and (iv) incentives for private companies to engage with smallholder farmers.

### VI. Legal instruments and authority

50. A programme financing agreement between the Republic of Zimbabwe and IFAD will constitute the legal instrument for extending the proposed financing to the recipient. A copy of the negotiated financing agreement is attached as appendix I.
51. The Republic of Zimbabwe is empowered under its laws to receive financing from IFAD.
52. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

### VII. Recommendation

53. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a Debt Sustainability Framework grant to the Republic of Zimbabwe in an amount equivalent to eighteen million three hundred thousand special drawing rights (SDR 18,300,000) (approximately US\$25.5 million) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze  
President

## Negotiated financing agreement

### Negotiated financing agreement: "Smallholder Irrigation Revitalization Programme"

(Negotiations concluded on 14 September 2016)

Grant Number: \_\_\_\_\_

Programme Title: Smallholder Irrigation Revitalization Programme (SIRP) ("the Programme")

The Republic of Zimbabwe (the "Recipient")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and both of them collectively the "Parties")

hereby agree as follows:

#### Section A

1. The following documents collectively form this Agreement: this document, the Programme Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2), and the Special Covenants (Schedule 3).

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of April 2014, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.

3. The Fund shall provide a Grant to the Recipient (the "Financing"), which the Recipient shall use to implement the Programme in accordance with the terms and conditions of this Agreement.

#### Section B

1. The amount of the Grant is eighteen million three hundred thousand Special Drawing Rights (SDR 18 300 000).

2. The first day of the applicable Fiscal Year shall be 1<sup>st</sup> of January.

3. There shall be one Designated Account denominated in US dollar (the "Designated Account") opened by the Recipient at the Reserve Bank of Zimbabwe, through which the proceeds of the Grant shall be channelled.

4. There shall be one Programme Operations Account denominated in US dollar (the "Operations Account") opened by the Lead Programme Agency at a commercial bank acceptable to the Fund to receive and hold the financing transferred from the Designated Account.



5. The Recipient shall provide counterpart financing for the Programme in the amount of seven million nine hundred thousand US dollars (USD 7 900 000) to cover taxes and duties levied in the implementation of the Programme. The Recipient shall also provide the financing for the staff salaries in accordance with its national regulations.

#### Section C

1. The Lead Programme Agency shall be the Ministry of Agriculture, Mechanisation and Irrigation Development (MAMID).

2. The following are designated as additional Programme Parties: Ministry of Finance and Economic Development (MOFED), Ministry of Environment, Water and Climate (MEWC), Ministry of Small and Medium Enterprises and Cooperative Development (MSMECD), Ministry of Women Affairs, Gender and Community Development (MWAGCD) and other ministries as required during the implementation; and Private Services Providers and Water Users Organizations (WUOs).

3. The Programme Completion Date shall be the seventh anniversary of the date of entry into force of this Agreement.

#### Section D

The Grant will be administered and the Programme supervised by the Fund.

#### Section E

1. The following are designated as additional grounds for suspension of this Agreement:

- (a) The co-financing agreement to be executed between the Recipient and the OPEC Fund For International Development (OFID) ("Co-Financing Agreement") has been suspended, cancelled or terminated, in whole or in part, or any event has occurred which, with notice or the passage of time, could result in the foregoing.
- (b) The Programme Implementation Manual ("PIM"), or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior consent of the Fund, and the Fund has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the Programme.
- (c) Any Key Programme Staff as established in Section II.A.3.1 of Schedule 1 to this Agreement, have been appointed, transferred or removed from the Programme Coordination Unit ("PCU") without the prior concurrence of the Fund.

2. The following are designated as additional general conditions precedent to withdrawal:

- (a) The Recipient has established the PCU within MAMID, in accordance with Schedule 1, Section II of this agreement;
- (b) The Recipient has prepared the PIM, in form and substance satisfactory to the Fund, and in accordance with the provisions of Section C of Schedule 1 to this Agreement; and

- (c) The Recipient is operating a fully functional accounting software, in form and substance satisfactory to the Fund.
3. This Agreement is subject to ratification by the Recipient.
4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Recipient:

Minister of Finance and Economic Development  
New Government Composite Building  
Cnr Simon V. Muzenda Street/S. Machel Avenue  
Harare, Zimbabwe

For the Fund:

President  
International Fund for Agricultural Development  
Via Paolo di Dono 44  
00142 Rome, Italy

This Agreement, dated \_\_\_\_ has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Recipient.

REPUBLIC OF ZIMBABWE

\_\_\_\_\_  
[insert NAME of the Authorised Representative]  
[insert his title]

INTERNATIONAL FUND FOR  
AGRICULTURAL DEVELOPMENT

\_\_\_\_\_  
Kanayo F. Nwanze  
President

## Schedule 1

### Programme Description and Implementation Arrangements

#### (a) Programme Description

1. Target Population. The Programme shall benefit a large number of poor smallholder farmers and poorer members of the communities in the districts selected as set forth in the PIM, including approximately 15,000 households with an average of 0.4 hectare in the irrigation schemes, 12,500 households with no access to irrigation in the adjacent rainfed areas, 2,000 youth and 500 extension and technical service providers. Women will account for at least 50 per cent of the target in line with their participation in irrigated and rainfed agriculture supported by the Programme.

2. Goal. The Programme goal is that rural households achieve food and nutrition security and are resilient to climate change effects and economic shocks in the Programme districts.

3. Objective. The objective of the Programme is that rural households sustainably increase their income in schemes and adjacent rainfed areas supported by the Programme.

4. Components. The Programme shall consist of the following three components:

##### 4.1 Component 1: Sustainable Smallholder Irrigation Development

The objective of this component is to transform low-performing irrigation schemes in the targeted provinces into fully functional schemes that are efficiently managed by strengthened WUOs, thereby providing a basis for sustained, commercial irrigated agriculture in selected areas, through:

4.1.1 Scheme Selection and Rehabilitation. Improvement of irrigation schemes, with the rehabilitation of approximately 6,100 hectares, including, inter alia, (i) preparation of feasibility studies, scheme revitalization plans and other technical studies, such as manuals and detailed design reports; (ii) construction and/or expansion of the selected schemes, including piloting solar power pumping systems; (iii) carrying-out of the related supervision of civil and electromechanical works; and (iv) capacity building on the operation and maintenance of irrigation schemes for key professionals of the Department of Irrigation ("DoI") and to scheme level operators.

4.1.2 Improved Smallholder Irrigation Management. Empowerment of irrigators and of their WUOs for the establishment of more effective and inclusive governance institutions to increase local ownership and participation, including, inter alia, (i) institutional development of irrigation groups and WUOs and strengthening of the managerial capacity of WUOs for community operation, productivity and sustainability, including studies, capacity building on irrigation water management, financial and administrative management, community visioning, participatory planning and operations and maintenance (O&M); and (ii) stimulate the creation of a network of repair and maintenance of irrigation schemes, with vocational training to selected youth on irrigation equipment repair and maintenance and related provision of starter kits to setting-up irrigation asset repair and maintenance businesses.

4.1.3 Enhanced Institutional Capacity for Irrigation Development. Enhancement of DoI's institutional capacity on irrigation service delivery, and to contribute to evidence-based policy development on issues affecting smallholder irrigation. This will include, inter alia, (i) provision of equipment and vehicles and

funding recurrent operational costs; (ii) preparation of training materials and providing training and mentorship for DoI staff on water management, irrigation and other relevant subjects; (iii) undertaking a nation-wide inventory of smallholder irrigation schemes; (iv) development of DoI's capacity to conduct participatory feasibility studies and detailed designs for an additional of approximately 2,000 hectares, equivalent to approximately 10 irrigation projects, nationwide; and (v) testing of evidence-informed policy dialogue with relevant stakeholders on selected policy matters related to smallholder-irrigated agriculture.

#### 4.2 Component 2 – Climate-smart Agriculture and Market Access

The objective of this component is to achieve sustainable crop production and farm competitiveness and profitability on selected irrigated areas and related adjacent rain-fed areas, through:

4.2.1 Enhanced Agricultural Practices and Farmers' Organizational Capacity. Empowerment of targeted farmers to improve their agricultural practices and sustainably increase productivity and efficient use of natural resources, including, inter alia, (i) participatory natural resources mapping, including support to Village Development Committees ("VIDCOs"); (ii) participatory planning, monitoring and evaluation, including the preparation of the Revitalization Plan and of the Greater Scheme Agricultural Plan; (iii) promotion of the adoption of good agricultural practices through the implementation of farmer field schools and demonstration plots; (iv) establishment of a National Resources Management Facility ("NRMF") to provide start-up support to farmers in the rain-fed areas to undertake income generating projects that utilise natural resources in a sustainable manner; (v) promotion of good nutrition education, gender equality and economic empowerment, including, capacity building on gender sensitisation, facilitation and strengthening of women's organizations, gender sensitisation and nutrition education courses, establishment of nutrition demonstration gardens and carrying-out of food fairs and/or cooking and feeding demonstrations.

4.2.2 Market Access and Rural Financial Services. Improvement of irrigated and rain-fed farmers' profitability and household incomes by increasing market access and linkages between the different value chain actors including, inter alia: (i) improved access to and use of financial services through financial literacy training for farmers and their organisations and strengthening of community based financial institutions; (ii) broad-based capacity building on agribusiness development and marketing; (iii) brokering market linkages and information access, through the establishment of farmer businesses groups and value chain platforms; (iv) post-harvest management training and promoting innovative low cost technologies for storage and processing of perishable products at irrigation scheme level and cluster level; (v) training of youth as artisans to provide post-harvest value addition services; and (vi) design and rehabilitation of last mile feeder roads and of small bridges.

4.2.3 Enhanced Institutional Capacity for Market-led Agricultural Production. Enhancement of the institutional capacity of Agricultural, Technical and Extension Services (AGRITEX) to improve the quality of service provision to smallholder farmers. This will include, inter alia, (i) provision of equipment and vehicles and funding recurrent operational costs; (ii) preparing training materials and providing training and mentorship to the AGRITEX staff covering a range of technical aspects of good agronomic practices; and (iii) enhancing the capacity of AGRITEX and other relevant stakeholders to engage in policy dialogue on issues affecting smallholder agriculture.

## II. Implementation Arrangements

### A. Organization and Management

#### 1. Lead Programme Agency ("LPA")

1.1 The LPA shall be MAMID, who shall have the overall responsibility for the Programme implementation.

#### 2. Programme Steering Committee ("PSC")

2.1. Establishment and Composition. The Recipient, through MAMID, shall establish the PSC, with structure, functions and responsibilities in accordance with the PIM and acceptable to the Fund. The PSC shall be chaired by MAMID's Permanent Secretary and will comprise senior officials from the Ministries of Environment, Water and Climate (MEWC); Finance and Economic Development (MOFED), Rural Development, Preservation and Promotion of Culture (MRDPPC); Women Affairs, Gender and Community Development (MWAGCD); and Small and Medium Enterprises and Cooperative Development (MSMECD) or as otherwise agreed between the Recipient and the Fund. It will include also senior representatives of the irrigation working group, farmers organisations and selected private sector service providers. The PSC shall meet at least twice a year and the PCU shall act as PSC's secretariat.

2.2. Responsibilities. The PSC is responsible for Programme oversight and strategic guidance, as detailed in the PIM, including (i) provision of strategic guidance to Programme management; (ii) approval of the Annual Work Plan Budget (AWPB) and the Procurement Plan and of financial and technical progress reports; (iii) vigilance over full transparency and accountability in Programme management; (iv) review and follow-up of supervision and audit recommendations; (v) promotion of cooperation with all development partners; (vi) identification of policy issues for attention by the Recipient and initiation of follow-up action on lessons and findings from the Programme; and (vii) close collaboration and supervision of the coordination of implementation of activities at the provincial level by the Provincial Agricultural Coordination Committee and at district level by the District Agricultural Coordination Committee, both with composition and functions as established in the PIM.

#### 3. Programme Coordination Unit ("PCU")

3.1. Establishment and Composition. The PCU shall be established within MAMID, with structure, functions and responsibilities in accordance with the PIM and acceptable to the Fund. The PCU will be composed of, but not limited to, a Programme Coordinator, a Monitoring and Evaluation and Knowledge Management (M&E/KM) specialist, a Programme accountant, a Procurement specialist (jointly, the "Key Programme Staff") and an administrative assistant. One full time Provincial Facilitator (PF) will be selected for each of the four Programme provinces. All staff shall be selected competitively according to the Recipient's applicable procedures acceptable to the Fund and hiring and termination of the contracts shall be subject to the Fund's no-objection.

3.2. PCU Responsibilities. The PCU is responsible for overall Programme implementation and coordination, including, inter alia: (i) preparation of the AWPB; (ii) financial management; (iii) procurement; (iv) Programme M&E; (v) KM; (vi) preparation and consolidation of Statement of Expenditures (SOEs), financial statements and withdrawal applications; (vii) Programme reporting; and (viii) coordination of all Programme implementing partners, especially DoI and AGRITEX.

3.3 PF Responsibilities. The PF will be responsible for, inter alia: the coordination and facilitation of the Programme implementation by relevant government agencies; (i) monitoring Programme implementation and prepare progress and annual reports; (ii) collection and consolidation of all support documents, reports, annual audit reports and financial statements; (iii) contract services for rehabilitation of irrigation schemes and ensure compliance with the conditions of the NRMF.

#### 4. Programme Technical Committee ("PTC")

4.1. Establishment and Composition. The PTC shall be established with structure, functions and responsibilities acceptable to the Fund and in accordance with the PIM.

4.2. Responsibilities. The PTC shall provide technical support to the PCU on a demand-driven basis.

#### B. Implementation of Components

##### 5. Component 1: Sustainable Smallholder Irrigation Development

5.1. Programme activities under this Component will be led by DoI and implemented using the Recipient's existing administrative and technical structures, in close participation with beneficiaries. The PCU will contract long-term and short-term consultancy services as and when required, in accordance with this Agreement. For sub-component 1.1, when required, contractors will be hired for civil and electro-mechanical works and qualified companies will be selected to carry-out the technical studies and designs. For sub-component 1.2, a service provider will be hired to work with DoI at the provincial level to strengthen and empower irrigation WUOs, with the backstopping of central level staff from the water management department. The PCU will hire specialized vocational training institutions to carry-out the activities related to youth and procure and supply irrigation assets, maintenance tools and equipment.

##### 6. Component 2: Climate-smart Agriculture and Market Access

6.1 Programme activities under this component will be led by AGRITEX in collaboration with the PCU, service providers and farmers. Service providers and technical assistance will be contracted in accordance with this Agreement to assist targeted schemes, prepare VIDCOs and the NRMF and help AGRITEX and DoI in the preparation of the Revitalization Plan and of the Greater Scheme Agricultural Plan. Private entities that show interest in collaborating with the irrigation schemes will be encouraged to also provide capacity building to farmers. The PCU will be responsible for the assessment, recommendation and, upon due approvals, set up and monitor the execution of the matching grant facility and provision of matching grants to beneficiaries, as established in the PIM.

#### C. Programme Implementation Manual ("PIM")

7. Preparation. The Recipient shall prepare, in accordance with terms of reference acceptable to the Fund, a PIM, which shall include, among other arrangements: (i) institutional coordination and day-to-day execution of the Programme; (ii) Programme budgeting, disbursement, financial management, procurement monitoring, evaluation, reporting and related procedures; (iii) detailed description of implementation arrangements for each Programme component; and (iv) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Programme.

8. Approval and Adoption. The LPA shall forward the draft PIM to the Fund for comments and approval. The LPA shall adopt the PIM, substantially in the form approved by the Fund, and the LPA shall promptly provide copies thereof to the Fund. The Recipient shall carry out the Programme in accordance with the PIM and shall not amend, abrogate, waive or permit to be amended, abrogated, or waived, the aforementioned manual, or any provision thereof, without the prior written consent of the Fund.

## Schedule 2

## Allocation Table

1. Allocation of Grant Proceeds. (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Grant and the allocation of the amounts of the Grant to each Category and the percentages of expenditures for items to be financed in each Category:

Category	Grant Amount Allocated (expressed in SDR)	Percentage See (b) below
I. Consultancies	3 200 000	
II. Goods, services and inputs	3 600 000	
III. Training and Workshops	3 150 000	
IV. Works	4 900 000	
V. Operating Costs	1 400 000	
VI. Salaries and allowances	250 000	
Unallocated	1 800 000	
<b>TOTAL</b>	<b>18 300 000</b>	

(b) In all cases the percentage of expenditures to be financed will be 100% net of taxes and beneficiary, counterpart financing and OFID co-financing.

(c) "Goods, Services and Inputs" comprises materials and vehicles including equipment and materials provided through the NRMF.

(d) "Salaries and Allowances" comprises allowances only, since salaries will be entirely borne by the Recipient.

2. Start-up Costs. Withdrawals in respect of expenditures for start-up costs for expenditures incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of USD 400 000.



## Schedule 3

### Special Covenants

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Recipient to request withdrawals from the Grant Account if the Recipient has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Programme:

1. **Gender.** The Recipient shall develop and implement a gender strategy for the Programme to ensure that gender concerns shall be mainstreamed in all Programme activities throughout the implementation period, in order to offer equal opportunities under the Programme to men, women, women headed households, youth and other disadvantaged groups.
2. **Counterpart Funds.** The Recipient shall ensure that counterpart funds are clearly identifiable in the financial management system and all financial statements.
3. **Land and Water Access.** The Recipient shall ensure that smallholder farmers have full access to land along applicable customary and legal regulations. A prerequisite to the signature of such agreements shall be the prior formal establishment of the WUOs.
4. **Environmental and Social Due Diligence.** The Recipient confirms that the Programme will be implemented in compliance with the main IFAD policies, strategies and procedures, including, inter alia, (i) IFAD's Natural Resources Management Policy, Climate Change Strategy and Social, Environmental and Climate Assessment Procedures, (ii) IFAD's Policy on Improving Access to Land and Tenure Security, and other policy tools such as (a) the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests and (b) the Framework and Guidelines for Land Policy in Africa. Before supporting any intervention that might affect the land access and use rights of communities, the Programme will ensure that their free, prior and informed consent has been solicited through inclusive consultations based on full disclosure of the intent and scope of the activities planned and their implications. Prior to carrying out any construction of irrigation facilities and related items, the Recipient shall prepare and adopt an Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plans (ESMPs), where they are required, with adequate budget for their implementation, so that to confirm the full social and environmental sustainability of the construction foreseen.
5. **Transparency and internal control framework.** The Terms of Reference of the external audit shall include a specific review of internal control environment. This covers all the systems, manual and IT.
6. **Internal Audit.** The Internal Audit Department of MAMID will include the Programme in its yearly internal audit oversight plans. The implementation status of internal audit recommendations will be addressed and made available to the Fund.

## Logical framework

Narrative summary	Performance indicators (all data will be disaggregated by gender, as applicable)	Baseline	Targets		Means of verification	MoV Frequency	MoV responsibility	Assumptions (A)/ Risks (R)
			Midterm (Y3)	End Project				
<b>GOAL</b>								
Rural households achieve food and nutrition security and are resilient to climate change effects and economic shocks in the programme districts	Reduction in the prevalence of chronic malnutrition in children under five (weight for age) (RIMS)	TBD	-1%	-3%	PCU survey of 4 provinces ZIMVAC reports	Annual	Food and Nutrition Council	Macro-economic stability (A)
	Improved household assets ownership index (RIMS)	Baseline data	+5%	+20%	PCR reports			
	Smallholder households cope with effects of climate change (RIMS 1.8.5) <sup>5</sup>	baseline data	7,600	22,100	PCR reports	Annual	MAMID PCU Survey?	
<b>OBJECTIVE</b>								
Rural households sustainably increase their income in SIRP-supported schemes and adjacent rainfed areas.	Diet diversity score	5	9	12	ZIMVAC; DDF; HDDS	Seasonal, Annual	MAMID PCU	Macroeconomic stability maintained
	Annual household income on irrigation schemes	\$129	\$1,000	\$3,490	PCR Progress reports; surveys			
	Number of people benefiting from project services, by gender	0	32,630 (16,315)	148,750 (74,375)	Progress reports	Annual	MAMID PCU	Climate shocks do not cause farmers to discontinue their contributions to O&M of the scheme
<b>OUTCOMES</b>								
<b>Component 1: Sustainable smallholder irrigation development</b>								
Outcome 1a: Irrigation schemes fully operational	Effectiveness (RIMS 2.1.2): Incremental hectares of crop grown throughout seasons	4,200ha 100% intensity	1,600 ha 175% int	5,200 ha 175% int	Progress reports	Annual	MAMID; PCU	Target group shoulders O&M
<b>Component 2: Climate-smart agriculture and market access</b>								
Outcome 2a: Increased adoption of improved technologies and practices	Improved agricultural production: avg. yield increase (kg/ha) of main crops: - Maize - Beans - Tomato - Maize rainfed - Sorghum rainfed - Groundnut rainfed	2 MT/ha 1 MT/ha 10 MT/ha 0.5 MT/ha 0.7 MT/ha 0.5 MT/ha	5 MT 1.75 MT 30 MT 1 MT 1.4 MT 1 MT	5 MT 1.75 MT 30 MT 1 MT 1.4 MT 1 MT	Progress reports; PCR; IMC <sup>6</sup> records;	Seasonal, Annual	MAMID PCU	Target group increases market share of production (A)

<sup>5</sup> Resilience to the effects of climate change will be measured by the number of households that have access to irrigated land, cultivate at least three different crops (diversification) and apply GAPs including soil improvement techniques.

<sup>6</sup> Irrigation management committee.

Narrative summary	Performance Indicators	Baseline	Midterm (Y3)	End project	Means of verification	MoV frequency	MoV responsibility	Assumptions (A)/ Risks (R)
<i>Outcome 2b:</i> Farmers benefiting from improved access to markets and financial services	Gross total value of marketed commodities per year	\$800,000	\$7.5 m	\$15 m	IMC records; Farmer records Market survey	Seasonal	MAMID, PCU	Farmers understand market functions (A)
<b>Subcomponent 1.1: Development and management of irrigation scheme assets</b>								
<i>Output 1.1:</i> Small-scale irrigation schemes revitalized.	Area of irrigation schemes rehabilitated	0 ha	1,840ha	6,100ha	Progress reports	Annual	PCU	Expertise to carry out the study is available (A) Prices for material and works remain within assumed margins (A)
<b>Subcomponent 1.2: Improved smallholder irrigation management</b>								
<i>Output 1.2 a:</i> Irrigators and their WUOs obtain knowledge in efficient irrigation management	Number of irrigators trained in irrigation management	0	15,250	15,250	Progress reports	Annual	PCU	Training is demand-driven (A)
<b>Subcomponent 1.3: Enhanced institutional capacity for irrigation development</b>								
<i>Output 1.3 b:</i> Enhanced capacity among government staff on irrigation service delivery	Number of government staff trained in irrigation and O&M selected topics <sup>7</sup>	0	250	250	Progress reports	Annual	PCU	Staffing levels are maintained or increased at all levels (A)
<b>Subcomponent 2.1: Enhanced agricultural practices and farmers' organizational capacity</b>								
<i>Output 2.1a:</i> Strengthened capacity of farmers and their organizations	Number of people trained in GAP, soil and water conservation, nutrition education and organization	0	7,600	25,250	Progress reports	Annual	PCU	VC actors are willing to cooperate (A) Training is demand-driven (A)
<b>Subcomponent 2.2: Market access and rural financial services</b>								
<i>Output 2.2a:</i> Strengthened business capacity of farmers and value chain actors	Number of people trained in agri-business, post-harvest and marketing skills, <sup>7</sup> and financial literacy	0	7,600	25,250	Progress reports	Annual	PCU	VC actors are willing to cooperate (A)
<i>Output 2.2b Value addition technology promoted at scheme and adjacent rainfed area</i>	Number of schemes and adjacent rainfed areas with demonstrated post-harvest technology	0	50	150				
<b>Subcomponent 2.3: Enhanced institutional capacity for market-led production</b>								
<i>Output 2.3 c:</i> Enhanced capacity among government staff on service delivery	Number of government staff trained in production, and market access	0	500	500	Progress reports	Annual	PCU	Staffing levels are maintained or increased at all levels (A)

<sup>7</sup> An individual is likely to be trained in more than one topic.