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This action is funded by the European Union

## ANNEX

of the Commission Decision on the Annual Action Programme 2016 in favour of the Kingdom of Swaziland to be financed from the 11<sup>th</sup> European Development Fund

### Action Document for Capacity Strengthening and Technical Cooperation Project

1. Title/basic act/ CRIS number	Capacity Strengthening and Technical Cooperation Project CRIS number: SZ/FED/039-128 financed under 11 <sup>th</sup> European Development Fund (EDF)			
2. Zone benefiting from the action/location	Kingdom of Swaziland  The action shall be carried out at the following locations: Country-wide throughout Swaziland			
3. Programming document	11 <sup>th</sup> EDF National Indicative Programme (NIP) (2014–2020) for Co-operation between the Kingdom of Swaziland and the European Union			
4. Sector of concentration/ thematic area	11 <sup>th</sup> EDF NIP – Support Measures	DEV. Aid: YES		
5. Amounts concerned	Total estimated cost: EUR 5 300 000  Total amount of EDF contribution: EUR 5 000 000  This action is co-financed in parallel co-financing by:  - Government of the Kingdom of Swaziland for an amount of EUR 300 000			
6. Aid modality(ies) and implementation modality(ies)	Project Modality  Indirect management with the Government of the Kingdom of Swaziland  Direct management – procurement of services			
7 a) DAC code(s)	151 – Government and Civil Society – 8.06%			
b) Main Delivery Channel	Recipient government 12000, NGO and civil society 20000			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagship</b>	Not applicable			
<b>10. Sustainable Development Goals (SDGs)</b>	Main SDG Goals Goal 17: Revitalise the global partnership for sustainable development Goal 1: End poverty in all its forms everywhere Secondary SDG Goals Goal 17 Capacity building target: Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the sustainable development goals, including through North-South, South-South and triangular cooperation			

## SUMMARY

The National Development Strategy aims that by 2022 Swaziland is in the "top 10% of medium human development group of countries". The Poverty Reduction Strategy and Action Plan (PRSAP) aims "to reduce poverty by more than 50% by 2015 and ultimately eradicate it by 2022". However, Swaziland's UN Human Development Index ranking has fallen from 103<sup>rd</sup> in 1990 to 150<sup>th</sup> in 2014. The country is also not generating its 5% growth targets required to lift people out of poverty: economic growth has slowed from 2.5% to 1.7% in 2015/16 and is forecast to further decline to 1.3% in 2016/17.

The main objective of the development cooperation with Swaziland for the period 2014-2020, as well as the focus of this intervention, is to support inclusive and sustainable economic growth and poverty reduction by focusing on two key sectors: agriculture and social protection. The focus on agriculture is justified by its critical role in eradicating food insecurity and its considerable potential for contributing to economic development in Swaziland, while the development of a comprehensive social protection system is essential to support poverty reduction and inclusive growth. This focus is in line with the strategic EU priorities vis-à-vis Africa, namely, to combat the root causes of migration and contribute to economic growth that boosts job creation, including addressing gender and inequalities as transversal priorities. This intervention logic is also in line with the country context and is reflected in the national development strategies.

The specific objective of the present Capacity Strengthening and Technical Cooperation Project (CSTC) is: the volume, quality and absorption rate of EU and other external assistance is increased. It will relate with strategies and outcomes pursued under the 11<sup>th</sup> EDF NIP. Its outputs will be: 1) the capacity of National Authorising Officer (NAO)/ Aid Coordination and Management Section (ACMS)\_ to manage NAO operations and coordinate EU and other

external assistance is improved; 2) the capacity of line ministries and public bodies to manage EU and other external assistance and to integrate project and line ministry activities in a more sectoral approach is improved; and 3) the capacity of Non-State Actors (NSAs) to access EU and other external assistance, coordinate with Government actions, and implement successfully is improved. Activities would include: appointing additional civil servants and locally contracted staff; training on EU procedures, project cycle management, financial management and sector coordination; strengthening information management systems; improving donor coordination; mainstreaming NSAs into the framework of the 11<sup>th</sup> EDF sectors; and enhancing stakeholders participation at meetings, seminars and conferences related to the priorities of the ACP/EU Partnership and post Cotonou dialogue.

The CSTC project has adopted the lessons learned from the 10<sup>th</sup> EDF support programmes which have improved the speed, quality and amount of EU support to Swaziland. Significant staff turnover has, however, decreased the skills available and diminished institutional memory to sustain previous gains in absorption of external assistance. The CSTC will work across the PRSAP and at all stages of the project cycle to ensure efficiency and effectiveness of EU cooperation with Swaziland, building capacity of the Ministry of Economic Planning and Development (NAO operations), and project implementers at line ministries, public bodies and non-state actors.

## **1 CONTEXT**

### **1.1 Country context**

The year 2016 marks 40 years of development cooperation and partnership between the Kingdom of Swaziland and the European Union. Much has been achieved over this period although the earlier achievements in socio-economic development have been set back due to a co-pandemic of HIV/AIDs<sup>1</sup> and Tuberculosis, periodic droughts at national and sub national level, including the current drought, the worst experienced by the country in 35 years<sup>2</sup>.

Swaziland is classified as a middle-income country (at a per capita income of USD 5,542), yet with a skewed income distribution (Gini coefficient of 49.5) and high unemployment (28.5%)<sup>3</sup>, 63% of the population lives below the poverty line, and 29% is in extreme poverty.

Swaziland's UN Human Development Index (HDI) ranking has fallen from 103<sup>rd</sup> in 1990 to its current position of 150<sup>th</sup> in 2014, indicative of the continuing social challenges faced by the country. The burden of poverty falls disproportionately on the rural areas, the elderly and children. The welfare of those living in extreme poverty has declined over the past decade.

Swaziland economy remains dependent on South Africa: the Swazi Lilangeni is pegged to the South African Rand, South Africa accounts for about 90% of Swaziland's imports, 60% of its exports, and 60% of its electricity. The receipts from the Southern African Customs Union (SACU) account for almost 50% of the central government's annual revenues. In 2010/11 Swaziland's SACU receipts fell by 62% leading the Government to adopt a Fiscal Adjustment Roadmap in late 2010, an Economic Recovery Strategy in 2011 as well as a Public Finance Management Reform Action Plan 2013-2018. After a brief recovery, SACU revenues are again projected to decrease from the SWZ Emalengeni 6.9 billion (around EUR 460 million)

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<sup>1</sup> Swaziland suffers the highest prevalence rates of HIV/AIDs in the world (27.7% of adults)

<sup>2</sup> The country has lost over 40,000 heads of cattle since January 2015.

<sup>3</sup> Swaziland Labour Force Survey 2013, Employment Statistics Unit, Ministry of Labour and Social Security

received in 2015/16 to SWZ Emalengeni 5.3 billion (around Eur 350 million) projected for 2016/17, representing a 22% decline which will again impact on the budget deficit<sup>4</sup>. In addition, exports are falling due to a slowdown in the South African economy and due to the effects of the loss of the trade benefits under the African Growth and Opportunity Act (AGOA) in 2015. A sharp drop in external assistance disbursements as a percentage of gross domestic product (GDP) from 3.2% to 2.5% in 2014/15<sup>5</sup> also reduced the level of investment in key social and economic projects. The cumulative result is that economic growth has slowed from 2.5% to 1.7% in 2015/16 and is forecast to further decline to 1.3% in 2016/17<sup>6</sup>. Consequently, poverty and inequality will remain challenges. The drought has resulted in inflation on food prices and will impact to increase rural poverty as 75% of households depend on subsistence farming.

Some progress took place (e.g. Swaziland fully met the Millennium Development Goals about universal primary education, successfully delivered EU Accompanying Measures for Sugar Protocol Countries (AMSP) and 10<sup>th</sup> EDF investments). Yet Swaziland still faces many of the same challenges as compared to the formulation of the 10<sup>th</sup> EDF Capacity Building Programme (CBP II). The objective of the CBP II in 2011 was to improve the speed, the quality, and the amount of EU support in Swaziland. The socio-economic and revenue situation is such that it remains crucial that Swaziland makes better use of external assistance funding by getting "better value for money" and enhance their socio-economic returns. The Government needs to further prioritise initiatives to increase resource mobilisation by strengthening the absorptive capacity of existing central and line ministries and improving the implementation rate of existing programmes and projects.

### ***1.1.1 Public Policy Assessment and EU Policy Framework***

Swaziland's National Development Strategy (NDS) called 'Vision 2022', was adopted in 1997. It aims that by 2022 Swaziland is in the *"top 10 % of medium human development group of countries founded on sustainable economic development, social justice and political stability"*. The NDS was followed in 2007 by the Poverty Reduction Strategy and Action Plan (PRSAP), aiming *"to reduce poverty by more than 50% by 2015 and ultimately eradicate it by 2022"*. The PRSAP highlights eight national priorities: i) fiscal prudence; ii) equitable growth iii) investing in people's education and health; iv) food security; v) increasing agricultural production; vi) investing in rural infrastructure; vii) reducing the vulnerability of the poor and viii) decentralisation and improved governance of institutions.

The 10<sup>th</sup> EDF supports four of these priority areas while EU support to the sugar sector is investing in rural infrastructure. The 11<sup>th</sup> EDF NIP focal sectors are Agriculture with emphasis on food security and social protection. The agriculture sector has a large potential due to a favourable climate and ample land that can be allocated for agricultural purposes. However, this potential is not realised because of constraints, including capacity constraints at the Ministry of Agriculture, a low proportion of the national budget allocated to agricultural development, an insecure land tenure system and weak land allocation mechanism. The 11<sup>th</sup> EDF NIP intervention is addressing these constraints. Given the poverty challenge, the social protection interventions under the 11<sup>th</sup> EDF NIP seeks to address extant gaps in the country's social safety net by providing a higher level of social security and access to essential services.

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<sup>4</sup> A budget deficit of E6.5 billion or 14% of GDP is projected for fiscal 2016/17

<sup>5</sup> Source: External Assistance in Swaziland, 2011/12 – 2014/15, ACMS

<sup>6</sup> World Bank Macro poverty outlook for Swaziland, 2016

This project is intended to work across all priority areas of the PRSAP and at all stages of the project cycle to ensure efficiency and effectiveness of all EU/EDF and related supporting initiatives, building capacity of project implementers and technical teams at the Ministry of Economic Planning and Development (MEPD), at the Line Ministries (LMs), at Parastatals and Public Bodies and at the level of Non-State Actors (NSAs).

### ***1.1.2 Stakeholder analysis***

The scope of the proposed action is strengthening the capacity of those entities responsible for EU cooperation programme administration i.e. those who will deliver services to the final beneficiaries. This includes: the MEPD, responsible for donor coordination and administration of development assistance grants<sup>7</sup>; the Office of the Deputy Prime Minister, responsible for social protection; the Ministry of Finance, responsible for public finance management and for administration of development loan finance; LMs implementing projects in the agriculture, education, health, labour and social welfare, energy and natural resources sectors; semi state and public bodies implementing projects in water, sanitation, agriculture and irrigation sector and in agricultural marketing. In addition, NSAs are operating across all sectors; these include Private Sector Organisations (PSOs), International and local Non-Governmental Organisations (NGOs), as well as Community Based Organisations (CBOs) and Faith Based Organisations (FBOs). In accordance with Aid Effectiveness (AE) principles and seeking comparative advantage of other development organisations, the EU has entered into grant and administrative agreements with the International Monetary Fund (IMF) and with the World Bank (WB) to implement EU-funded projects in Public Finance Management (PFM) and in the health sector.

The final beneficiaries of these support measures and of ongoing EU 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> EDF support reflect all sections of the Swazi society. Particularly, it serves the rural and peri-urban poor benefitting from improved basic services in health, education, water and sanitation, and social protection systems. Through agriculture (sugar and non-sugar) projects, beneficiaries also include 120 smallholder producer groups on Swazi National Land, some 60,000 people (women in particular) beneficiaries of water and sanitation projects in the more arid region of the country, while each year approximately 650 primary schools benefiting 25,000 school children in 1<sup>st</sup> Grade, including orphans and vulnerable children, receive grants for Free Primary Education. EU assistance is exploring addition methods to reach the rural poor e.g. introducing cash transfers under the health and social protection projects.

### ***1.1.3 Priority areas for support/problem analysis***

The country is not generating the 5% economic growth rate required to lift people out of poverty. It is required to increase the volume, the quality of implementation and the absorption rate of EU development assistance in order to increase investment in socio-economic development. To streamline implementation and improve synergies and efficiency, it is proposed to amalgamate the new capacity building programme with the next phase Technical Cooperation Facility (TCF), as the stakeholders, beneficiaries and priorities areas of both actions are essentially the same:

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<sup>7</sup> In addition to fulfilling the political and administrative functions of the NAO for the EDF, the Principal Secretary of MEPD is also the Contracting Authority (CA) for the EU Accompanying Measures for Sugar Protocol Countries (AMSP) that supports the implementation of the National Adaptation Strategy (NAS) for the sugar sector as well as of the Support to Land Governance in Swaziland, both of which are financed under the Instrument for Development Cooperation (DCI).);

### Capacity for NAO operations

The operational functions of the NAO and CA are carried out by the Aid Coordination Management Section (ACMS) of MEPD. The ACMS is headed by a Principal Economist who is supported by five (5) Planning Officers (civil servants), a monitoring and evaluation (M&E) Officer and six (6) finance and administrative staffs (locally contracted). The ACMS is the key counterpart of the EU and of line ministries for the programming, and it provides oversight, monitoring and administrative support during project implementation.

With the AMSP, Swaziland experienced a 400% increase in EU development assistance during the period of the 10<sup>th</sup> EDF (2008 to 2014) compared to the preceding period of the 9<sup>th</sup> EDF (2002- 2007)<sup>8</sup>. It challenged the capacity of the then small teams at the EU Delegation and at the MEPD. The 10<sup>th</sup> EDF TCF and the 10<sup>th</sup> EDF Capacity Building Programme (CBP II) were designed to bolster the capacities of ACMS and LMs. Then, the ACMS working with the EU Delegation, LMs and public bodies and with Technical Assistance (TA) support was successful in formulating projects, in committing funds and in contracting and supervising the works, services, grants and programme estimates during this exceptional period. Although the impact is still to be appreciated the purpose of the 10<sup>th</sup> EDF CBP II *‘to improve the speed, quality and amount of EU support to Swaziland’* was largely achieved.

The capacity of ACMS and LMs were enhanced through practical learning and through training and mentoring by TA and EU Delegation staff, to the extent that a Mid Term Review (MTR) of CBP II in 2014 recommended reducing the number of Long-Term TA assigned at ACMS. Unfortunately, some of the previously trained contract staff left for private sector; some have been promoted while others have gone abroad for postgraduate training.

Although the original improved capacities continue to benefit the country, the staff turnover means that the capacity of the ACMS is again constrained. The project portfolio to be managed continues to be large, e.g. the Swaziland Sugar Facility and technical assistance components are still ongoing while new projects are starting up under the 11<sup>th</sup> EDF. The projected shortage and absence of one or two civil service staff at ACMS has also resulted in an overload and in an unequal distribution of the work to the relatively new staff that is in place. The impacts are delays in programming and implementation. The culture of M&E and management information systems remain weak at all levels, such that reporting on development assistance remains poor and outputs are not always adequately analysed and made known or visible to the political level, LMs and NSAs and Swazi public in general for improved national dialogue and planning.

### Capacity for donor coordination

Although there are limited numbers of development partners in Swaziland<sup>9</sup>, there is no explicit division of labour, communication channels are not always respected, and there is a low capability for coordination by ACMS. ACMS it is occasionally bypassed as development partners and LMs engaging directly with each other.

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<sup>8</sup> Swaziland's allocation under the 10th EDF increased to EUR 63 million, from EUR 33 million under the 9th EDF, which came in addition to EUR 120 million under the EU sugar budget line, EUR14 million from Swaziland's Fluctuations in Exchange Earnings (FLEX) allocation in 2007, and EUR 7 million from the EU millennium development goal (MDG) Initiative. Most programmes are now also implemented under decentralised management.

<sup>9</sup> Currently only 10 main development partners, of which 4 are resident in the country

### Capacity for sector coordination and implementation by LMs

The focal sectors of the 11<sup>th</sup> EDF represent entirely new areas of support to stakeholders with limited to no experience in implementing EU programmes. In areas where cooperation is continuing, despite previous efforts to develop sector wide approaches, the concept has not gained much traction at LMs and sector coordination remains weak. Left with "project approach" the actions are not always well integrated in Ministries activities. The perceived complexity and frequency of changes in donor policies and procedures creates ownership and implementation challenges. Ineligible expenditure had been reduced significantly under the 10<sup>th</sup> EDF partly with shifts away from Programme Estimates (PEs) managed by LMs towards procurement contracts and grants and with increased oversight by the ACMS. There is still a risk that resources will be returned or that implementation could be delayed under the 11<sup>th</sup> EDF using the PE modality, due the relative inexperience of the line Ministries involved.

### NSA capacity

There is poor coordination between LMs and NSA activities, as well as between NSAs, who are often rivals for resources. The 10<sup>th</sup> EDF CBP II had a grant component aimed at improving NSA capacities. This led to an improved response to and an improved success rate in Calls for Proposals (CfPs). However, the successful applications are sometimes drawn-up by consultants, leaving the still weakly organised NSAs to struggle later with implementation. The mapping of NSAs and establishment of a Helpdesk have been two key deliverables under this CBP II grant. NSAs have also benefitted from training in EU procedures under the CBP II and TCF programmes. Not all NSAs have retained the knowledge and skills to access EU funding, the possibility to increase the role of NSAs in local development remains limited.

## **2 RISKS AND ASSUMPTIONS**

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
Macro-economic and political conditions is not conducive to growth	H	A high operational and strategic risk, addressed through improved revenue collection, with 10 <sup>th</sup> EDF Governance/ Public Finance Management Project.
Major external upheavals or climatic shocks e.g., prolonged drought	H	A significant risk given the current drought, resilience is being built by the Directorate-General for European Civil Protection and Humanitarian Aid Operations (ECHO), 10 <sup>th</sup> EDF Support to Water and Sanitation in Swaziland (SWASS) & 11 <sup>th</sup> EDF Water Harvesting, Small and Medium Dams Project (WHDP) and High value crop and horticulture project (HVCHP) projects, however the Government emergency response strategy is not swiftly implemented.

Staff turnover at MEPD remains high.	H	This problem was faced in the recent years, and this risk could persist, as staff recruited at MEPD could be offered better positions. MEPD is currently recruiting to cover better its needs; the EU Delegation and the MEPD will continue to monitor the workload and staff motivation to anticipate the need for further reinforcement of the team.
Low Government of Swaziland-Development Partner adherence to aid policy and division of labour principles	M	The updating of the new aid policy has involved the Development Partners. More regular updating, annual external assistance report and at least biennial Government of Swaziland-Development Partners retreats are needed.
No line ministry willingness and capacity to implement the sector wide approach	H	Mitigation measures include developing impetus around sectors that have already developed their approaches like Agriculture and Education, directly supporting the organisation of meetings with potential development partners.
Capacity strengthening of local NSAs under the NSA thematic budget line (EUR 4.5 million) will not be sufficiently targeted to consolidate the actions under the 10 <sup>th</sup> EDF CBP II grant	M	Close consultation will be held with the EU Delegation in the development of an appropriate focus of this NSA budget line.
There is no or inadequate transfer of knowledge within and between NSAs	M	The on-going support to NSAs is actively working on building bridges between organisations. The EU Delegation will monitor the progress and set up with MEPD dedicated meetings with NSAs to improve the exchange of experiences and information.
<b>Assumptions</b>		
<ul style="list-style-type: none"> <li>• Development partner procedures remain consistent. A tendency for frequent changes to procedures increases risks of non-compliance. It is assumed that future changes will be at a pace that will not negate the rate at which training is provided.</li> <li>• Tendering procedures for services will be successful and timely.</li> <li>• Sustainability rests on the projects ability to demonstrate that a better performing NAO operation will increase Swaziland's absorption and lead to increased external assistance.</li> </ul>		



### **3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES**

#### **3.1 Lessons learnt**

The mid-term review in 2014 found that CBP II was highly relevant and that the original design responded positively to the challenges facing MEPD/ACMS and LMs. Management of EDF/EU resources was satisfactory as evidenced by the lowered ineligible expenditure. The submission of documents was timely, of good quality and reminders by EU Delegation were unnecessary, indicating improved efficiencies. A major gap was the absence of an ACMS M&E officer which has since been resolved. The ACMS team's management of tender processes was also found to be higher than satisfactory quality.

However, the review found that the large number of TA assigned at NAO/ACMS was not conducive to capacity building as ACMS staff, who took a backseat. The review also found that the achievements at the level of LMs were not as advanced as those at the NAO. The focus of TA support to implementation of EU/EDF was then reoriented to LMs and parastatals/public bodies in the agriculture, water and sanitation and education sectors, leaving the recommended minimum contingent at ACMS for NAO operations. The review also recommended supporting four pilot LMs in developing Sector Wide Approaches (SWAs) and to establish Sector Working Groups. The capacity building of LMs and parastatals was eventually outsourced under the TCF and as recommended by the review the availability of opportunities for capacity building was more widely communicated To LMs and NSAs.

The Final Evaluation of the TCF II in 2014 recommended a better dissemination, to potential users, of the availability of funding for participation in conferences trainings and seminars; the establishment of clear criteria for the approval of applications and regular meetings of the evaluation committee and the establishment of a proper communication plan, ensuring dissemination of information to increase the visibility of EU support in Swaziland. The TCF II and III were regarded more as facilities than development cooperation instruments. The merger of the former TCFs with the former CBPs under this new consolidated action will reinforce the development context and coherence between both.

In line with the Cotonou Agreement, the EU supports the full involvement of civil society in the development agenda in Swaziland. The EU is implementing a NSAs programme under the thematic budget line, through centralised management, amounting to EUR 4.5 million. It is assumed that capacity strengthening of local NSAs will be prioritised in order to consolidate key support measures under the 10th EDF CBP II grant (e.g., Helpdesk; mapping of NSAs).

Civil society in Swaziland is also being promoted through the European Instrument for Democracy and Human Rights (EIDHR) with a support amounting to EUR 1 million. The previous CBP II had a specific grant of EUR 1 million aimed at capacity building of NSAs. However, the 11<sup>th</sup> NIP foresees no support to civil society under the NAO support measures. NSAs will continue to benefit from the TCF component and NSAs will be fully mainstreamed into the framework of the two 11th EDF focal sectors. The bulk of EU support to civil society in Swaziland will be channelled using the instruments mentioned above.

#### **3.2 Complementarity, synergy and donor coordination**

EU Member States are not resident in Swaziland. The other development partners are: the US, the Global Fund, the World Bank, the African Development Bank, China (Taiwan), Japan, Kuwait, Arab Bank for Economic Development in Africa and the UN agencies.

Explicit complementarities exist with 10<sup>th</sup> and 11<sup>th</sup> EDFs and EU Budget projects and with development partner actions as the MEPD/ACMS is responsible for donor coordination and administration of development assistance. Under the 10<sup>th</sup> EDF CBP II, ACMS has developed and updated an External Assistance Database up to April 2015. The ACMS has also revised the Swaziland Aid Policy, which elaborates on the structures and mechanisms for donor coordination. The revised aid policy has been submitted in May 2016 for Cabinet approval and is still waiting for approval. The MEPD has previously received technical support from the UNDP towards the implementation of SWApS and design and installation of M&E systems.

### **3.3 Cross-cutting issues**

The main cross-cutting issues relevant to this project include Gender, HIV/AIDS, governance and the environment. Cross-cutting issues will be mainstreamed at the level of projects and programmes. This project will ensure gender balance is promoted and maintained in terms of contracted staff recruitment within the ACMS, and in terms of participation in all training components to include LMs, public bodies and NSAs. A list of participants at trainings will be maintained by gender. The project will also promote good governance, especially by advocating the sector approach with the involvement of key LMs and stakeholders, and especially NSAs in the programming, formulation as well as the implementation of projects. M&E frameworks will be strengthened to ensure better sharing of information with stakeholders and the public at large on the outputs and outcomes of all programmes managed by the ACMS. Finally the project will ensure strong health and safety practices are observed in the work space including on HIVAIDS awareness as required. A review of the degree to which cross-cutting issues have been mainstreamed will be conducted at mid-term evaluation.

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Objectives/results**

This programme is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG Goals: 17 - Revitalise the global partnership for sustainable development and 1 - End poverty in all its forms everywhere, but also promotes progress towards secondary Goal 17 - Capacity building target: Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the sustainable development goals, including through North-South, South-South and triangular cooperation. This does not imply a commitment by the country benefiting from this programme.

The overall objective to which the project will contribute is: *To assist in sustainable economic growth and a reduction in poverty.*

The specific objective is: *The volume, quality and absorption rate of EU and other external assistance increased.*

The project is expected to lead to three main outputs:

- (1) The capacity of National Authorising Officer (NAO)/ Aid Coordination and Management Section (ACMS) to manage NAO operations and coordinate EU and other external assistance is improved.

- (2) The capacity of line ministries and public bodies to manage EU and other external assistance and to integrate project and line ministry activities in a more sectoral approach is improved.
- (3) The capacity of Non-State Actors (NSAs) to access EU and other external assistance, coordinate with Government actions, and implement successfully is improved.

## 4.2 Main activities

Activities related to output 1: For the NAO/ACMS operations capacity to be improved in terms of: (i) the number and quality of trained staff (particularly civil servants) appointed and maintained in positions, ii) the NAO/ACMS staff are better trained in EU/EDF and other external assistance procedures, project cycle management and sound financial management, the following indicative activities could be conducted:

- *Appointing additional civil servants and employing locally contract staff as required.*
- *Updating the role and objectives for NAO staff in accordance with development priorities.*
- *Formal training on all aspects of EU procedures, project cycle management, financial management and auditing procedures.*
- *Strengthening systems and Management Information Systems (MIS) for EU and other external assistance.*
- *On the job training by technical assistants and up keep of capacity strengthening database.*
- *Supporting implementation of Aid Effectiveness measures to improve donor coordination.*
- *Setting up of verification systems for all aspects of operations.*
- *Adhere to EU guidelines/action plans on cross cutting issues in design and implementation.*
- *Procurement of office equipment and vehicles.*
- *Maintenance of the dedicated offices supplied by the Government of Swaziland.*
- *Improving coordination and dialogue with line ministries/projects, NSAs and EU.*
- *Participation by Ministry of Economic Planning and Development (MEPD)-ACMS at meetings, seminars and conferences related to the priorities of the ACP/EU Partnership Agreement, post-Cotonou dialogue and development issues of interest for Swaziland.*
- *Communications and visibility including publication of an Annual External Assistance report.*

Activities related to Output 2: For improving the capacity of line ministries and public bodies to manage EU and other external assistance and to integrate project and line ministry activities in a more sectoral approach, the following indicative activities could be conducted:

- *Formal training on all aspects of EU procedures, project cycle management, financial management procedures.*
- *Setting up of verification systems for all aspects of operations.*
- *Ensuring the application of EU guidelines and action plans on cross cutting issues in design and implementation.*
- *Improving coordination and dialogue with other development partners, NAO, NSAs and EU Delegation.*
- *Assisting with integration of EU projects with Line Ministry (LM) and sector actives, including training on Sector Wide Approaches (SWAs) and Sector Working Groups (SWGs) as required/requested.*
- *Participation by central ministries, cabinet and parliamentary officials, LMs, public bodies and local government officials at meetings, seminars and conferences related to the*

*priorities of the ACP/EU Partnership Agreement, post-Cotonou dialogue and on development issues of interest for Swaziland.*

Activities related to output 3: for improving the capacity of NSAs to access EU and other external assistance, coordinate with Government actions, and implement successfully, the following indicative activities could be conducted:

- *Mainstreaming of NSAs into the framework of the 11th EDF sectors.*
- *Ensuring the participation of NSA in programme steering committees.*
- *Enhancing the participation by NSA at meetings, seminars and conferences related to the priorities of the ACP/EU Partnership Agreement, post-Cotonou dialogue and development issues of interest for Swaziland.*
- *Support for training activities for NSAs related to the priorities of the ACP/EU Partnership Agreement (Project Cycle Management (PCM) and EU procedures), or relevant development cooperation/trade issues.*

#### **4.3 Intervention logic**

The country is not generating the 5% economic growth rate required to lift people out of poverty. To increase the volume and the quality of implementation and the absorption rate of EU development assistance and overall increase investment in socio-economic development, a new or next phase CBP is required. This new phase is particularly required to maintain a strong team at the MEPD as this team has recently been established, and to further develop the knowledge and experience of this team to manage programmes from an operational, finance and contract perspective, based on the competences already accumulated (e.g. on Program Estimates, M&E etc). This new phase will similarly expand the benefits of the current support to NSAs.

To streamline implementation and improve synergies and efficiency, it is proposed to amalgamate the new Capacity Building Programme (CBP) with the next phase Technical Cooperation Facility (TCF), as the stakeholders, beneficiaries and administrators of both actions are essentially the same. This approach will also enable to regroup the responsibilities in MEPD for managing the related contracts and activities, which will contribute to the overall rationalisation of the staff's portfolio.

This proposal integrates the Agenda 2030, as it contributes to the progressive achievement of SDG target no. 17 *to strengthen the means of implementation and to revitalise the global partnership for sustainable development*. It also promotes progress towards Goal no. 1 *to end poverty in all its forms everywhere*; and target no. 8 *to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*.

## **5 IMPLEMENTATION**

### **5.1 Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) 2015/322.

### **5.3 Implementation modalities**

#### Component 1: NAO staff and operations (output 1)

This component will be implemented in indirect management through a multiannual Programme Estimate and will provide for all operational and investments costs association with the NAO operations. The co-financing contribution by the Government of EUR 300 000 represents the cost of all civil service staff assigned to ACMS, water/electricity fees over the entire duration of the project.

#### Component 2: NAO Technical Assistance Team (TAT) (output 1)

This component will be implemented in indirect management with the partner country through a service contract. The TAT will assist the Beneficiary in the implementation of the project, including the provision of:

- (1) Technical expertise tasks, e.g.: i) strategic advice with particular focus on management and financial systems ; ii) training and capacity building on PCM and EU procedures; iii) implementation support; iv) support to coordination between stakeholders; v) setting up MIS and M&E systems. vi) support on the integration of cross cutting issues.
- (2) Administrative, preparatory and ancillary tasks relating to planning, monitoring, reporting on project components, procurement, and financial management.

The TAT will work under terms of reference agreed by both the NAO and the EU Delegation, and will indicatively consist of: two senior experts (NAO advisor; finance advisor) and short-term experts in subject areas such as training in PCM and EU procedures, financial management, development of MIS, M&E, support with the mainstreaming of cross-cutting issues etc. These tasks will involve neither the exercise of public authority nor the use of discretionary powers of judgement.

#### Component 3: Conferences Seminars and Trainings (CST) (outputs 2 and 3)

This component will be implemented in indirect management through a multiannual Programme Estimate. It will cover the attendance (fees, venue hire, per diems and travel costs) of personnel from the Government of Swaziland and NSA at key conferences, training courses and seminars organised by the EU or by third parties. Such requests will have to be fully justified and demonstrate that no other sources of funding exist. It will also support the Government of Swaziland in providing training relevant to EU – Swazi cooperation and procedures in Swaziland. The component will give preference to job-orientated training over academic training. While the attendance of short courses will be covered, studying for degrees will not be supported.

#### Component 4: Technical Support Facility (TSF) (outputs 1 and 2)

This component will be implemented via service contracts in direct management and through a multiannual Programme Estimate. The TSF will cover the provision of additional technical assistance related to EU programming (Country Strategy Paper (CSP), Multi-Annual Indicative Programmes (MIPs) etc), project identification and formulation (Action Documents) and additional assistance with project implementation. It will also support the Government of Swaziland's requests for participation to conferences/workshops if relevant to

EU – Swaziland cooperation under the ACP-EU Partnership Agreement or other national development strategies even if they are outside the focal areas of the CSP (trade, public finance management etc). It will also support relevant studies, provision of trainers, monitoring and evaluations and audits as well as support to NSAs on answering to calls for proposals.

### 5.3.1 Procurement (direct management)

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Technical Support Facility (TSF)	Services	6	Throughout project implementation

### 5.3.2 Indirect management with the partner country

A part of this action, with the objective of increasing the volume, quality and absorption rate of EU and other external assistance, may be implemented in indirect management with the Kingdom of Swaziland in accordance with Article 58(1)(c) of the Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of Regulation (EU) 2015/323 according to the following modalities:

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement procedures except in cases where programme estimates are applied, under which the Commission applies ex ante control for procurement contracts above EUR 100 000 and may apply ex post control for procurement contracts up to that threshold. The Commission will control ex ante the grant procedures for all grant contracts.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the partner country for ordinary operating costs, direct labour and contracts below EUR 300 000 for procurement and up to EUR 300 000 for grants.

The financial contribution partially covers, for an indicative amount of EUR 1 740 000, the ordinary operating costs incurred under the Programme Estimate. The financial contribution from the EU does not cover: salaries of civil servants and the cost of office space, water and electricity, which are provided by the Government as part of its contribution to the project.

In accordance with Article 190(2)(b) of Regulation (EU, Euratom) No 966/2012 and Article 262(3) of Delegated Regulation (EU) No 1268/2012 applicable in accordance with Article 36 of Regulation (EU) 2015/323 and Article 19c(1) of Annex IV to the ACP-EU Partnership Agreement, the partner country shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of the Regulation (EU) No 323/2015, will be laid down in the financing agreement concluded with the partner country.

#### 5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

#### 5.5 Indicative budget

	<b>EU contribution (amount in EUR)</b>	<b>Government contribution (amount in EUR)</b>
<b>5.3.2 - Indirect management with the Kingdom of Swaziland</b>	<b>3 740 000</b>	<b>300 000</b>
Component 1 - NAO staff and operations including communications and visibility	1 840 000	300 000
Component 2 - NAO Technical Assistance Team (TAT)	1 100 000	
Component 3 - Conferences Seminars and Trainings (CST)	600 000	
Component 4 - Technical Support Facility (TSF)	200 000	
<b>5.3.1 - Procurement (Direct management)</b>	<b>800 000</b>	
Component 4 - Technical Support Facility (TSF)	800 000	
<b>5.9 Evaluation, 5.10 Audit</b>	<b>280 000</b>	
<b>Contingencies</b>	<b>180 000</b>	
<b>Totals</b>	<b>5 000 000</b>	<b>300 000</b>

#### 5.6 Organisational set-up and responsibilities

The contracting authority for this project shall be the National Authorising Officer. In Swaziland this is the Principal Secretary within the Ministry of Economic Planning and Development (MEPD). The operational and administrative functions of the project will be carried out by the ACMS. It is foreseen that a multi-annual Programme Estimate will be implemented by ACMS-MEPD.

A steering committee shall be set up to oversee and validate the overall direction and policy of the project and to monitor progress on all EU funded projects in Swaziland. The project steering committee shall meet twice (or specify if different) a year.

The project steering committee shall be made up of all relevant Government ministries involved in the management and implementation of this project, together with:

- Representatives of other development partners as relevant;

- Two senior representatives of NSAs and civil society (to be decided by the Steering Committee);
- A representative of the Head of Delegation with observer status.

Representatives of EU-funded parastatals/public bodies and contractors may also be invited to attend or make presentations to the project steering committee as relevant.

## **5.7 Performance monitoring and reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. The implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

## **5.8 Evaluation**

Having regard to the nature of the action, a mid-term and final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission. The mid-term evaluation will be carried out for learning purposes, in particular with respect to identifying opportunities for improvement to the project design to help improve efficiency, effectiveness and potential future impact. The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision).

The Commission shall inform the implementing partner at least 30 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, two contracts for evaluation services shall be concluded under a framework contract in the mid-term of project implementation (indicatively fourth quarter of 2019) for the mid-term evaluation and within 6 months after project completion (indicatively third quarter of 2021) for the final evaluation.



## **5.9 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, at least one contract for audit services shall be concluded in the second quarter of 2017.

## **5.10 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Implementation of communication and visibility actions will be done on the basis of procurement contracts (service and/or supply contracts) under this project.

## **6 PRE-CONDITIONS**

The Government of Kingdom of Swaziland will undertake to:

- 1) Provide on a permanent basis a Head of ACMS and at least 5 other full time qualified civil service staff for EU/EDF operations at NAO/ACMS.
- 2) Ensure that all NAO staff duties and objectives are formalised.

These measures must be completed prior to the signing of the first programme estimate by the Head of Delegation.

## APPENDIX - INDICATIVE LOGFRAME MATRIX

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	To assist in sustainable economic growth and a reduction in poverty in Swaziland	1. Annual GDP growth **  2. Percentage of population below the poverty line of 2 USD/day**  3. Percentage of population below the extreme poverty line of 125 USD/day**	1. 2015 = 1.7%  2. 2010 = 63%  3. 2010 = 29%	1. Sustained at 5% by 2020  2. 0% by 2022  3. 0% by 2022	1. Central Bank, World Bank and IMF statistics  2. UNDP Human Development Index reports  3. Household Income and Expenditure Survey	
Specific objective: Outcome	The volume, quality and absorption rate of EU and other external assistance in Swaziland increased	1. Percentage of 11 <sup>th</sup> EDF committed  2. Percentage of 11 <sup>th</sup> EDF contracted  3. Annualised percentage of ineligible expenditure by EU project  4. Annual targets of the annual joint Gpv. of Swaziland-EU forecast for commitments, contracting and disbursements  5. Percentage of projects for which the ROM and Mid-Term Evaluation performance conclusion is positive	1. 2015 = 59%  2. 2015 = % Tbd  3. 2015 = ≈2-3% per project  4. 2015: <90%  5. 2015: % Tdb (Baseline to be established from 2016 ROMs)	1. 100% by 2017  2. 100% by 2021  3. Annually <1% per project by 2018  4. 90% by 2018; 100% by 2020  5. 2018: 90-100%	1. CRIS/EAMR reports  2. CRIS/EAMR reports  3. Project audit reports  4. ACMS/project progress reports  5. ROM and Mid-Term Evaluation reports	Macro economic and political conditions conducive to growth  No major external upheavals or climatic shocks e.g., prolonged drought
Outputs	(1) The capacity of NAO/ACMS to manage NAO operations and coordinate EU and other external assistance is improved.	1.1 Number of qualified civil service staff on active duty at ACMS in support of EU projects; and key staff lost over the project period as a percentage of key staff  1.2 Percentage of civil service and contracted staff trained and competent in EU procedures related to their tasks  1.3 Status and effectiveness of management information systems and M&E  1.4 Availability and use of Updated NAO manuals and guides	1.1 2015: 4 and zero.  1.2 2015: <100% Data disaggregated by gender  1.3 2015: Partially established and not effective  1.4 2015: Updated as of 2016; some use of the manuals	1.1 6 by 2017 and no more than 25% of staff moving to other positions during the project period.  1.2 2018: 100% and Data disaggregated by gender  1.3 2018: Fully established and effective  1.4 2018: Revisited	1.1 Project, Mid Term evaluation and ROM reports  1.2 Project, Mid Term evaluation and ROM reports  1.3 Project, Mid Term evaluation and ROM reports  1.4 Project, Mid Term evaluation and ROM reports	Staff turnover is minimised  Government of Swaziland-Development Partner adherence to aid policy and division of labour principles  Development partner procedures remain consistent and not frequently changed  Tendering procedures will be successful and timely

		1.5 Adequate level of follow-up of programme implementation	1.5 2015: some projects with less than 2 programme steering committee per year per project and less than 2 site visits per project per year (not counting infrastructure related site meetings); no Gpv. of Swaziland-Development Partner aid effectiveness coordination meetings held in 2013-2015	update; regular use of NAO manuals confirmed by stakeholders  1.5 By 2018: 2 steering committees and 2 projects site visits per year per project; Gpv. of Swaziland-Development Partner aid effectiveness coordination meetings held biennially in 2017-2021	1.5 Project, Mid Term evaluation, final evaluation, and ROM reports	A better performing NAO operation will increase Swaziland's absorptive capacity and so lead to increased external assistance.
Outputs	(2) The capacity of line ministries and public bodies to manage EU and other external assistance and to integrate project and line ministry activities in a more sectoral approach is improved	2.1 Number of government officials trained and competent in development partner policies and procedures related to their tasks  2.2 The number of new sector programmes established, funded and implemented  2.3 Number of successful meetings dedicated to enhancing public and private investment in development priorities (with Gpv. of Swaziland, Development Partners, NSAs...)	2.1 2013-2015: Tbd. Data disaggregated by gender (total/M/F)  2.2 2015: 2 established; 0 funded and implemented  2.3 2013-2015: 2	2.1 2017-2020: At least 50% increase whilst promoting gender balance (total/M/F) 2.2 2018: 4 established and presented and 4 funded and implemented by 2021  2.3 2017-2021: 1 annually	2.1 Capacity and training reports, Project Mid Term and final evaluations and ROM reports  2.2 Project Mid Term and final evaluations and ROM reports  2.3 Capacity and training reports, Project Mid Term and final evaluations and ROM reports	Staff turnover is minimised  Line ministry willingness and capacity to implement the sector wide approach
Outputs	(3) The capacity of NSAs to access EU and other external assistance, coordinate with Government actions, and implement successfully is improved.	3.1 Number of eligible applications in response to calls for proposals and successfully awarded EU grants for projects in Swaziland  3.2 Participation of NSAs to Investment meetings referred to in 2.3 above  3.3 Number of NSAs officials trained and competent in development partner policies and procedures related to their tasks (i.e., effective implementation of projects)	3.1 2015: 24 eligible proposals to the CSO call for proposals 2015; 1 eligible proposal to the CSO-Agriculture/food security call for proposal; no successful proposal for ElectriFI first call.  3.2 2015: Generally one or two NSAs participating.  3.3 2013-2015: Tbc from current NSA support reports.	3.1 2019: At least 20 eligible proposals for LSA, EIDHR and further CSO calls; at least 3 eligible proposals for thematic calls for applications and award of grants to Swazi NSAs for all these calls.  3.2 2017-2020: At least 50% increase 3.3 2013-2015: Tbc from current NSA support reports.	3.1 Call for proposals evaluation reports; Annual notice of grant contracts awarded  3.2 and 3.3 Capacity and training reports, Project reports, Mid Term and final evaluations and ROM reports	There is adequate transfer of knowledge within and between NSAs  Capacity strengthening of local NSAs will be prioritized under the NSA thematic budget line (EUR 4.5 million) to consolidate actions under the 10th EDF CBP II grant

