

Report on Quality at Entry and Next Steps to Complete Design for A Zimbabwe Window of the Africa Enterprise Challenge Fund

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| A: AidWorks details <i>completed by Activity Manager</i> | | | |
| Initiative Name: | Zimbabwe Food Security - AECF Zimbabwe Window | | |
| AidWorks ID: | INI879 | Total Amount: | \$5,320,000 (note QAE relates to \$5,000,000 grant payment to AECF) |
| Start Date: | 10 December 2009 | End Date: | 30 June 2016 |
| B: Peer Review details <i>completed by Activity Manager</i> | | | |
| Independent Appraiser: | <ul style="list-style-type: none"> – Alwyn Chilver, Principal Adviser Rural Development and Environment – Michael Baxter | | |

| C: Quality Rating Assessment against indicators <i>completed by Activity Manager / Peer Reviewers / Independent Appraiser</i> | | | |
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| Quality | Rating (1-6) * | Comments to support rating | Required Action (if needed) |
| 1. Clear objectives | 6 | <p>The objective is closely linked to the goal (promote pro-poor growth). It has specific actions ("contribute to the rehabilitation and re-generation of agri-business...") that can be monitored. And, the means to achieve the purpose are clearly explained ("...by putting in place a multi-donor supported mechanism to competitively select and co-finance private sector led agri-business ideas that are commercially viable and will have a large, positive development impact.").</p> <p>The way in which the objective is defined, how it relates to the goal and the description of the means to achieve it, are specific and clear; together, these actions provide the basis of a simple project design and monitoring framework.</p> <p>Objectives are consistent with Zimbabwe country strategy (rural development and private sector), and with Australian priorities and policies of increasing support to African development, including food security and poverty alleviation.</p> <p>Both the government of Zimbabwe and all consulted key donors in Harare support the program; a number of donors indicated their agreement in principle to fund the Zimbabwe Window (ZW) at a later stage.</p> | AusAID should verify, over time, that project management keeps the objective central to project implementation, and specifically reports on this to the AECF Governing Council. |

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| 2. Monitoring and Evaluation | 6 | <p>Monitoring reporting will be done at a firm and Window level, quarterly and annually. It will be complemented by field visits to each funded project by AECF staff based in Zimbabwe and elsewhere. Monitoring reports will be shared with the AECF Governing Council and with AusAID separately (Australia is also represented on the Governing Council). There will be both a mid-term ("interim") and end-project evaluation of the ZW.</p> <p>The approach to monitoring and evaluation is appropriate to the instrument. The ZW log frame in particular contains adequate information on performance indicators and measures.</p> <p>A noted challenge for instruments like AECF is being able to realise change and benefits beyond the scale of the individual project, and across the wider market system (systemic change). Monitoring these potential changes, and the opportunities to realise them will be challenging, but particularly important.</p> <p>M&E costs at the program (Zimbabwe Window) have been taken into account during program design. The design/review of funded activities will ensure that appropriate resources are allocated to their M&E.</p> | <p>AusAID needs to continue to tap information that the AECF ZW will provide and use this information to guide Australia's overarching engagement in agriculture in Zimbabwe.</p> <p>AusAID should closely monitor M&E activities, particularly to ensure that appropriate remedial actions are identified, as needed, and that they are thereafter acted upon by project management (and by the AECF Governing Council as appropriate).</p> |
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| 4. Implementation & Risk Management | 5 | <p>The AECF Zimbabwe Window (ZW) is a demand-based competitive fund. As such it is implemented and managed for risk at two levels. One is at the level of the overall management of the ZW at the country level; the other is the operations of individual activities financed by the ZW. Project design has focused on the AECF/country level. The Africa-wide systems of the AECF have been slightly adapted to the country conditions of Zimbabwe (para 2.8). In addition, particular attention has been given to the risk environment in Zimbabwe, both for the ZW as a whole, as well as for individual financed activities.</p> <p>The AECF-ZW remains a relatively risky program, simply because of the complex political and economic context that is Zimbabwe.</p> <p>As the value of the fund grows and the program expands, AECF resource allocation to the program should be monitored.</p> <p>There was considerable discussion with potential other donors to the program, and it is not expected that there will be harmonization issues as other donors fund the ZW; DFID and the Dutch Government are major AECF donors elsewhere and subscribe to AECF procedures elsewhere and which are consistent with the ZW. The ZW is supported by government but as it funds directly private sector investments, it does not rely on government systems.</p> <p>The AECF Charter and Operations Manual (Annex 1) spells out in considerable detail the responsibilities of all main parties. It includes scenario analysis of "when things go wrong" particularly as it applies to fiduciary elements.</p> <p>Whilst every effort will be made by the Fund Manager to ensure ZW projects are sensitive to issues concerning the ownership status of land and other underlying project assets, it is likely that issues will arise – such as potential beneficiaries being farmers on confiscated land, or farmers without title deeds, or politically-linked applicants – requiring careful handling and political judgement.</p> | <p>AusAID should focus its monitoring – using its position on the AECF Governing Council – on the following issues to mitigate the key risks:</p> <ul style="list-style-type: none"> - The implementation of project-specific strengthening measures outlined in the design document; - The rigorous application of AECF's grant award and management mechanisms; - The allocation by AECF of staff and attention to full capitalization of the ZW; - The allocation by the Fund Manager of sufficient staff and other resources to its southern hub in Johannesburg, and to the Harare office. <p>Consider and develop a strategy to handle politically sensitive issues that may arise particularly around tobacco and land.</p> |
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| 3. Sustainability | 5 | <p>Sustainability is not addressed specifically in the project document. In this case, the concept has three main elements – the sustainability of the Zimbabwe Window (ZW) as a funding mechanism, the sustainability of individual investments financed by the Window, and the sustainability of the pro-poor growth goal of the operation. The business plans of each activity to be funded will include coverage of long-term funding and organisational needs, including of the communities involved in production and as direct employees. The AECF Zimbabwe Window itself is designed to last as long as there is funding available for it and to collect agreed repayments from funded activities.</p> <p>Sustainability – in terms of the continued generation of benefits and services beyond each of the 'AECF interventions/projects' interventions, and the capacity of the wider financial and or agribusiness systems in Zimbabwe to continuously evolve to become more inclusive – is embedded in the rationale and approach of the AECF.</p> <p>The longer term benefits of activities financed under the Zimbabwe Window will depend on the evolution of the private sector environment in Zimbabwe. At the time of program design there were signs that the environment was favourable to longer-term investment in agribusiness and rural financial services. Given the political uncertainty in the country, however, the situation requires close monitoring and possible adjustments by the ZW and its funded activities to ensure long-term sustainability; such an assumption was built into program design.</p> <p>The main changes being financed by this program are in the scale and direction of private sector investment in the agri-business and rural financial services sectors. Whether the assets, technical and other changes of these investments are sustained will depend on their commercial viability and the soundness of individual business models, as well as a continued public policy that encourages private investment in these fields. The program design team believed that there were adequate signs of public, private and community support to get the program started and to allow expectations of long-term sustainability.</p> | <p>Post to consider how their engagement with AECF can help leverage (Australian) influence over sustainability aspects of agricultural recovery in Zimbabwe.</p> |
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| 5. Analysis and lessons | 6 | <p>The ZW has been designed as a 'sub project' within the on-going Africa-wide AECF. As such, its design takes into account both the experience of the AECF and of other competitive funds, and the country situation in Zimbabwe.</p> <p>Prior competitive fund experience in Africa has been taken into account. Program design also included an assessment of the political, financial, business and rural sector environments in Zimbabwe. The flexibility inherent in a competitive fund will allow such experience and further developments to be taken into account.</p> <p>Gender and environmental sustainability have been considered during project design, and will be taken into account in the assessment of applications for ZW funding.</p> <p>Given the way in which the ZW will encourage and select individual private sector activities to support, and that these will take into account the track record and ability of the project managers, it is expected that technical solutions pursued will be of high quality and appropriate.</p> | Lessons learnt from engagement with the agri-business and the rural sector must be fed back into the design and implementation of Australia's overarching agricultural support in Zimbabwe. |
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*** Definitions of the Rating Scale:**

| Satisfactory (4, 5 and 6) | Less than satisfactory (1, 2 and 3) |
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| 6 Very high quality; needs ongoing management & monitoring only | 3 Less than adequate quality; needs to be improved in core areas |
| 5 Good quality; needs minor work to improve in some areas | 2 Poor quality; needs major work to improve |
| 4 Adequate quality; needs some work to improve | 1 Very poor quality; needs major overhaul |

D: Next Steps *completed by Activity Manager after agreement at the Appraisal Peer Review meeting*

| Provide information on all steps required to finalise the design based on <i>Required Actions</i> in "C" above, and additional actions identified in the peer review meeting | Who is responsible | Date to be done |
|---|---------------------------------|----------------------------|
| 1. The required actions identified need to be undertaken whilst the program is being implemented mainly through monitoring and evaluation and feeding lessons learnt back into Australia's overarching approach to agriculture. | Michael Hunt and Claire Chivell | Through out implementation |

F: Approval *completed by ADG or Minister-Counsellor*

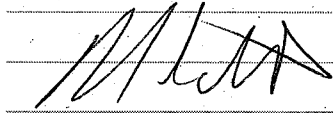
On the basis of the final agreed Quality Rating assessment (C) and Next Steps (D) above:

☒ **QAE REPORT IS APPROVED**, and authorization given to proceed to:

☒ **FINALISE** the design incorporating actions above, and proceed to implementation

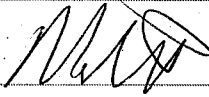
or: ☐ **REDESIGN** and resubmit for appraisal peer review

☐ **NOT APPROVED** for the following reason(s):



Jamie Isbister

signed:



16/12/09
< date >

When complete:

- Copy and paste the approved ratings, explanation and actions (table C) into AidWorks
- The original signed report must be placed on a registered file