Annex 1

1. IDENTIFICATION

Title/Number	Swaziland Support to Water and Sanitation in Swaziland (SWASS) SZ/FED/22695		
Total cost	Total cost approximately: EUR 12 000 000 EU contribution: EUR 12 000 000 19% of EDF A envelope		
Aid method / Method of implementation	Project approach – partially decentralised management		
DAC-code	140	Sector	Water

2. RATIONALE

2.1. Sector context

Swaziland's Poverty Reduction Strategy and Action Plan (PRSAP)'s overall aim is "to reduce poverty by more than 50% by 2015 and ultimately eradicate it by 2022", and to support the Millennium Development Goals (MDGs) by presenting a number of strategies and actions for poverty reduction over a 20-year period. The Government is developing sectoral policies and respective action plans across a number of ministries, prioritising four areas, including water and sanitation. A water sector working group was established in 2009 but progress is limited.

There are currently two main pieces of legalisation for the sector: i) the Water Services Corporation Act 1992, and ii) the Water Act 2003. However, both focus on institutional arrangements rather than establishing strategies and activities in the sector. A National Water Policy is currently being drafted.

The Water Services Corporation Act 1992 establishes the Swaziland Water Services Corporation (SWSC)'s mandate as: "the objective of the corporation shall be to abstract, store, transport, purify and supply water and collect, convey, treat and dispose sewage in the areas specified in the Schedule to this Act". In short, the Act gives the SWSC a *de jure* monopoly with regard to the responsibility and oversight roles for piped potable water supply in Swaziland.

The Water Act 2003 harmonises the management of water resources. It provides for the establishment of a National Water Authority (NWA), which is required to develop a Water Resources Master Plan. The Master Plan provides an inventory of all water resources in Swaziland and a plan of action to obtain the maximum benefit for Swazis from these resources. The plan has been developed and is currently being subject to stakeholders' consultation and revision.

The SWSC uses its own funds to maintain the network and fund small expansions but relies on the Government's funds for larger expansions. Swaziland is currently suffering a fiscal crisis due to a 62% reduction in the Southern Africa Customs Union (SACU) receipts. This, in turn, led to a 14% reduction of ministries' budgets in 2010/2011, and to 24% cut in 2011/2012. These cuts have affected both the Ministry of Natural Resources and Energy (MoNRE) and the SWSC. Without additional funding, no expansions will take place and no significant progress on the water-related MDG will be achieved. In addition to the lack of funding, the project seeks to address the following problems: i) **a high level of water borne diseases**, which leads to high mortality rates, an over burdening of primary health care systems, increased health costs and reduced labour productivity; ii) **continued poverty,** as households often purchase water from vendors at inflated rates, reducing household income for meeting other basic needs, and women and children spend significant time fetching water, which has high opportunity costs; and iii) **environmental degradation and contamination,** as 'free' traditional resources (springs, rivers, etc.) are often over exploited, and poor sanitation and a lack of land zoning can contaminate ground water.

2.2. Lessons learnt

A number of key lessons have been learnt, which are fully taken into account in the project. These are the following:

1) **Willingness to pay for water**. Traditionally rural populations accessed water from natural sources (springs, rivers, etc.) allocated to them by their traditional leaders. Rural water is perceived as being 'free' and as a 'right', meaning that beneficiaries are often unwilling to contribute to the maintenance of such schemes. A recent survey found that 37% of boreholes are not functioning. By contrast, it is clearly understood that treated potable water supplied through a metered connection by the SWSC must be paid for.
2) **The emergence of peri-urban areas.** A large and increasing proportion of the population lives in high density informal peri-urban communities on the fringes of the towns outside the legal remit of the municipal authorities. The majority do not receive piped potable water from the SWSC and are at risk of outbreaks of water-related diseases.
3) **Differing capacities of implementing bodies in the sector**. The Department of Water Affairs (DWA) of the MoNRE and the SWSC have very contrasting capacities for project implementation. While the DWA needs to play an essential role in integrated water management – as described in the Water Act 2003– it currently lacks the capacity to do so. Therefore one component will support the capacity building of DWA. By contrast, the SWSC has both the legal mandate and the capacity to implement large projects. It has proven track record, a turnover equivalent to EUR 32 500 000, 300 000 consumers, 500 staff and has won a number of plaudits. An independent assessment in 2011 confirmed the SWSC's capacity.
4) **Mitigating climatic change and environmental issues.** Small scale schemes are often environmentally unsustainable. Piped water uses more sustainable water sources (water harvested through dams) and users pay for the amount of water used, encouraging water efficiency.
5) **Project feasibility and implementation modalities.** Projects can often achieve greater impact by restricting their objectives and beneficiaries to those that they can realistically reach. A second important consideration is ensuring that the modalities chosen are within the capacities of implementing bodies, the National Authorising Officer and the EU Delegation.

2.3. Complementary actions

Complementary actives include: i) 10th EDF micro-projects programme (MPP), which supports small-scale water schemes for drinking water and irrigation, as well as the provision of sanitation at schools. MPP targets the "poorest of the poor" in rural areas. The objectives, the delivery method and the targeted beneficiaries of MPP are markedly different to SWASS with a clear division of labour between the two projects; ii) the 9th EDF Support to Education programme has built eight ablution blocks at primary schools nationwide; and iii) EU-funded NGO projects include a grant to the Africa Cooperative Action Trust (ACAT) under the Water Facility to provide boreholes and water harvesting schemes to school and communities, as well as a grant to Cooperazione per lo Sviluppo dei Paesi Emergenti (COSPE) under health budget line.

2.4. Donor coordination

No EU Member States are present in Swaziland. The main co-operating partners in Swaziland are the United States, the Global Fund, the World Bank, the African Development Bank (AfDB), Taiwan and nine UN agencies. Donor coordination is emergent with no explicit division of labour between donors. The AfDB may support a water and sanitation project in Shiselweni region, which complements this project. UNICEF has USD 380 000 for water and sanitation in schools and rural communities and capacity building on sanitation and hygiene. UNICEF supports monthly meetings of the Water and Sanitation Health (WASH) forum, which is currently chaired by the SWSC.

3. DESCRIPTION

The project aims to improve the potable water supply and sanitation facilities in selected intervention areas in the Lubombo and Shiselweni regions of Swaziland. The project has three main components which are detailed below. Shiselweni and Lubombo are considered the poorest regions in the country and have the lowest annual rainfalls in Swaziland. The majority of the beneficiaries are in high density informal settlements around Siphofaneni and Lavumisa, the main urban centres.

3.1. Objectives

The overall objective is target 3 of MDG 7, that is: “To halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation”. The project purpose is “To expand and improve the potable water supply and sanitation facilities in selected areas of Lubombo and Shiselweni”.

3.2. Expected results and main activities

1. Access to drinking water in intervention areas is improved and sustainable.

The project will support the expansion of the existing network of treated potable water to include an additional 46 000 people in Siphofaneni (Lubombo region) and Somnotongo (Shiselweni). The sites have been selected based on need, social acceptability, feasibility, and financial and technical considerations. Good quality preliminary designs have been developed by the Swaziland Water Services Corporation (SWSC), and the estimated costs are EUR 5 300 000 and EUR 5 000 000 respectively. Activities include upgrading existing water treatment plants and the construction of reservoirs and pipelines to transport the water to the selected areas. A number of water kiosks will be constructed to sell the water to the consumers. Kiosks will be community owned and run by female kiosk managers who will be responsible for collecting payment from consumers, and transmitting payments to the SWSC based on monthly meter readings. The SWSC will provide bulk water to the kiosks at a price of SZL 4/m^3 (equivalent to approximately EUR 0.0004 per litre), and consumers will be charged SZL 10/m^3 (equivalent to approximately EUR 0.001 per litre). With an estimated average of 2 000 consumers per kiosk, this will generate sufficient revenue to pay the salary of the kiosk manager and to cover the operational and management costs of the kiosk. The component will be implemented by two contracts: i) a direct grant to the SWSC based on their *de jure* monopoly (The SWSC will make the detailed designs, oversee the works, build the capacity to operate the kiosks, and sensitise communities on water related issues); ii) a works contract for the expansion of the network with main activities, consisting of 1) further consultation with local communities; 2) detailed design of works and supervision of works contractors; 3) installing new pipelines, excavating new reservoirs, purchasing and installing water treatment equipment; 4) constructing water kiosks; and 5) training communities and managers in kiosk operation and maintenance and business administration.

2. Basic sanitation at household and community level in intervention areas is improved.

Component 2 ensures that the potable water supplied to consumers through the water kiosks is not subsequently contaminated by improving basic sanitation and hygiene. It will take place in the same intervention areas as component 1. Community laundry facilities will be constructed at each water kiosk while at household level, the project may provide materials for households to build their own VIP pit latrines or septic tanks. The project will also provide education and training on: i) basic hygiene and sanitation; ii) efficient water use and storage; iii) waste disposal; and iv) cross-cutting issues. The component will be implemented through a grant contract following a competitive Call for Proposal (CfP) open to non state actors (NSAs) and international organisations. Activities will include: i) constructing sanitation facilities (laundry facilities, VIP latrines, septic systems); and ii) training communities in sanitation, hygiene, efficient water use and storage, waste disposal and cross-cutting issues.

3. Capacity to implement an integrated approach to water management is improved.

Component 3 will provide capacity building to the Department of Water Affairs (DWA) so that it can better fulfil its role and responsibilities. In order for this to be achieved, there is need for institutional change in the department and a clear definition of its mandate and tasks. Technical Assistance consisting of an institutional expert and a water resources expert will be provided. Activities will include: building capacity of the DWA in oversight, contract monitoring and effective regulation, raising awareness of environmental and climate change mitigation measures.

3.3. Risks and assumptions

Assumptions that have been identified include: i) that there is political stability in Swaziland; ii) that the Government revenues do not decrease further; iii) that Swaziland does not experience a drought; iv) that there is the political will to fully implement the Water Act 2003; and v) that the price of water does not increase significantly and communities are able and willing to pay for potable water.

Risks that have been identified include: i) that the grant contract with the SWSC is correctly managed – low risk (Mitigation measures include: recruitment of project manager with suitable experience; training in grant management; and regular meetings between the SWSC, the NAO and the EU); ii) that the capacity building of the DWA is effective – medium risk (Mitigation measures include: making sure that the department is fully staffed as a condition for the start of the service contract); iii) that the funds collected for water used are remitted to the SWSC – low risk (Mitigation measures include ensuing community understanding of how the schemes operates, training, and ensuring clear responsibility for collecting money – kiosk manager.

3.4. Crosscutting Issues

Component 2 of the project includes education and training to beneficiary communities on HIV/AIDS, environment, gender and good governance. Improving access to water and sanitation will partially alleviate the burden on women and children. In addition, all kiosk managers will be women. Reducing water-borne diseases will reduce stress on people affected by HIV/AIDS and their families. Waste water can be used for the cultivation of vegetable gardens, improving nutrition. Environment impact Assessments (EIAs) will be undertaken and approved by the Swaziland Environment Authority prior to any major works, as stipulated by Swazi Law. Climate change is affecting the seasonality and geographic distribution of rainfall, leaving some areas in net deficit. Linking individuals and communities to water networks helps mitigate some of the potential impacts of climate change, as water resources can be more easily transferred to deficit areas. Good governance will be encouraged by fostering transparency in project implementation and procurement.

3.5. Stakeholders

Key stakeholders and beneficiaries can be grouped into a number of overlapping groups: i) direct beneficiaries – the SWSC, the DWA, sanitation component grant beneficiaries and private sector contractors awarded contracts for service, supplies or works; ii) ultimate beneficiaries – 46 000 inhabitants living in the project intervention areas, the female kiosk managers employed to run the water kiosks, the communities that benefit from capacity building in hygiene and sanitation, households who built their own latrines; and iii) other key stakeholders – the Government including the Ministry of Health, the Ministry of Tinkundla and Administration, the Office of the Deputy Prime Minister (DPM), the Ministry of Agriculture, NGOs and donors (UNICEF).

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

The project will be implemented by partially decentralised management through the signature of a Financing Agreement with the Government of Swaziland in accordance with Articles 21 to 24 of the Financial Regulation of the EDF. The Commission controls ex ante all the procurement and grant procedures. Payments are executed by the Commission.

The contracting authority for the project shall be the relevant representative of the beneficiary country National Authorising Officer (NAO).

The project supervisor shall be the Ministry of Natural Resources and Energy for components 1 and 3 and shall be the Ministry of Health for component 2.

A steering committee will be set up to oversee and validate the overall direction and policy of the project.

No project implementation units will be established. The implementation modalities for the 3 components are as follows:

Component 1 will be implemented by two contracts. The first (1a) will be a direct grant to the SWSC with an EU contribution of EUR 1 200 000. Direct award is based on their *de jure* monopoly, which is established by the Water Services Corporation Act 1992[1]. The grant will cover both the detailed design and the supervision of the works and also the sensitisation and capacity building of the local communities. The second (1b) will be a works contract of approximately EUR 9 000 000 awarded following a competitive international open works tender.

Component 2 will be implemented through a grant contract awarded following a competitive restricted Call for Proposal open to both Non State Actors and International Organisations.

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[1] The Act states (Part III, section 16 (2)) that the SWSC is responsible for "preparing schemes for the development of water resources and for the supply of water and to construct, maintain and operate such schemes…design, construct, acquire and maintain water works for the purpose of supplying water for public purposes".

Component 3 will be implemented through a service contract awarded following a competitive international restricted service tender.

4.2. Procurement and grant award procedures

<u>1) Contracts.</u> All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the 10th EDF.

<u>2) Specific rules for grants.</u> The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions. They are established in accordance with the principles set out in Title VII 'Grants' of the Financial Regulation applicable to the 10th European Development Fund. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases provided for in Article 109 of the Council Regulation on the Financial Regulation applicable to the 10th European Development Fund.

- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 108 of the Financial Regulation applicable to the 10th EDF.

4.3. Budget and calendar

The total project cost is estimated at EUR 12 000 000, of which EUR 12 000 000 shall be financed from the National Indicative Programme in the framework of the Cotonou Agreement, although both the SWSC and the grant beneficiary for component 2 will also make a contribution. The indicative budget and indicative proposed modalities are as follows:

	Description	**EU contribution / Total Amount in EUR**
1	Access to drinking water	
1a	*- direct grant to the SWSC*	1 200 000
1b	*- works contract*	9 000 000
2	Sanitation at household and community level, cross-cutting issues and visibility – *grant following CfP.*	600 000
3	Capacity in integrated water management – *service contract.*	625 000
4	Evaluation and financial and technical audits – *service contracts.*	175 000
5	Contingencies	400 000
	Total	**12 000 000**

The execution period of the project is 84 months consisting of an implementation period of 60 months.

4.4. Performance monitoring

Overall responsibility for implementation will rest with the NAO and the steering committee. A joint annual review of the sector will be encouraged. Implementers for each of the 3 components will have to establish baseline values for the indicators listed in the project's logframe in order to ensure that the impact of the project can be accurately measured.

4.5. Evaluation and audit

A mid- and end- of term evaluation of the project will be undertaken by independent consultants. A final project audit will be undertaken during the closure phase of the project. In addition, each grant contract will undertake annual financial verifications and mid- and end of term evaluations. A technical audit will be contracted to monitor the implementation of the works contract.

4.6. Communication and visibility

Contractors and grant beneficiaries will have to implement visibility measures based on the EU visibility guidelines. Visibility activities of all EU-funded projects will be coordinated and monitored by the 10^{th} EDF capacity Building Project II.

Annex 2

1. IDENTIFICATION

Title/Number	Swaziland Support to Education and Training II (SET II) SZ/FED/22735		
Total cost	EUR 12 500 000 EU contribution : EUR 12 500 000 (A envelope)		
Aid method / Method of implementation	Project approach – partially decentralised management.		
DAC-code	110	Sector	Education

2. RATIONALE

2.1. Sector context

Swaziland's National Development Strategy (NDS) called "Vision 2022" was adopted in 1997 and privileges human development, notably in education and health. It was followed by the Poverty Reduction Strategy and Action Plan (PRSAP) which aims "to reduce poverty by more than 50% by 2015 and ultimately eradicate it by 2022". The PRSAP is supportive of the Millennium Development Goals (MDGs) and highlights eight national priorities. The education sector policies support three of these eight priorities.

In the education sector there are three main sectoral documents: i) the Education Sector Review; ii) the Education Sector Policy 2011; and iii) the Education Sector Strategic Plan (ESSP). The Education Sector Policy aims to provide an equitable and inclusive education system where all Swazis have access to free, compulsory, high quality basic education followed by opportunities for life-long learning, so enhancing personal development, socio-economic growth and global competitiveness.

The Education Sector Strategic Plan (ESSP), approved by Cabinet in 2011, defines the national priorities within the sector and outlines the objectives, indicators and activities to be undertaken to achieve the Policy's goals. Work has started on the National Education and Training Improvement Programme (NETIP) which will operationalise the Strategic Plan. NETIP will be a medium-term (3-year) rolling plan describing the activities to be undertaken and the resource requirements – including any resource gaps. It will include a medium-term expenditure framework (MTEF) and will be the sector programme.

In 2009 Non State Actors in Swaziland challenged the Government over failing to provide free primary education (FPE) as set out in the 2005 Constitution. Subsequently, the Government committed itself to FPE. In 2010, it adopted the FPE Act and started FPE in primary grades 1 and 2. The Government will add an additional primary grade each year until all grades are covered by 2015, hereby meeting MDG 2.

SET II intends to address three main problems: i) the Government's limited ability to extend free primary education as a result of the current fiscal crisis; ii) the poor quality of primary education due to a 40-year old primary curriculum and outdated teaching methods; and iii) poor coordination, and a lack of evidence-based decision making, which has led to a lack of transparency and inefficiency in the use of resources. SET II will improve governance in the sector by empowering parents and school committees, as well as supporting decentralisation through the Regional Education Officers.

2.2. Lessons learnt

The EU has significant experience in the education sector. The ongoing 9th EDF Support to Education and Training (SET) project (EUR 23 000 000) started in 2005 and will end early 2012. Implementation was slow at first but is now fully up to speed. SET I had a mid-term review (MTR) in 2008, and Result-Oriented Monitorings in 2009 and 2010. The capitation component (school grants for orphans and vulnerable children was also subject to a separate evaluation in 2008 and a verification audit in 2010. The main lessons learnt have been the following:

1) **Need to rationalise the payment of school 'fees' (capitation).** Both the Government and the EU make payments to schools in order to meet the educational costs for specific children (orphans and vulnerable children). The scope of who benefited and the amount of the grant changed each year, meaning the scheme was 'reinvented' annually. There is a need for stability and predictability with regards to the criteria for the selection of beneficiaries (orphans and vulnerable children) and the scope of the scheme. The scheme should be harmonised with Government's own payments under Free Primary Education and preferably use the same or similar payment mechanism.
2) **Need to focus on fewer education sub-sectors**. SET I is too broad in scope, covering all stages of education from early childhood care and development (ECCD) to technical and vocational education and training (TVET). Financial resources were spread too thinly and administrative costs for the Ministry of Education and Training (MoET), the National Authorising Officer (NAO) and the EU were greatly increased.
3) **Need for better coordination across the sector**. The MoET needs to play a more active role in coordinating the activities of the education sector, as well as donors and Non State Actors. Further development of the education management information system (EMIS) is seen as key for accountability and improved efficiency in the sector, and a key objective of SET II.
4) **The need for a clear and proactive communication strategy** so that teachers, parents and students are convinced of the need for change, consulted and kept informed of the changes in the sector.

2.3. Complementary actions

9th EDF Support to Education and Training (SET I) (EUR 23 000 000) has constructed 58 classrooms, 48 teacher houses, a teacher resource centre, a student centre and two workshops. It supplied 240 000 reading books, desks and chairs for primary schools and equipment for TVET and ECCD. Capitation grants have paid the school fees of up to 26 000 orphans and vulnerable children each year. SET I also supports capacity building of the MoET management capacity, with particular focus on the EMIS. SET I will end in 2012 and the final phase will support the development of the National Education and Training Improvement Programme (NETIP).

Successive Micro-Projects Programmes (MPPs) have assisted local communities to construct teachers' houses and classrooms. Between 2008 and 2010, the MPP built an additional 118 classrooms and 15 teacher's houses with the Government's resources. The 10th EDF Micro-Projects Programme (EUR 5 200 000) does not cover classrooms or teacher housing but can assist schools with water and sanitation.

The joint 10th EDF EU/World Bank Support to health, HIV/AIDs and Tuberculosis (expected to start in 2011) includes a component that provides cash transfers to orphans and vulnerable children . The programme will set up a Management Information System (MIS) at the Department of Social Welfare and establish a grant transfer mechanism for orphans and vulnerable children. Based on experience gained in administering support to orphans and vulnerable children, the MoET and SET II will look to develop a linked MIS and a joint payment mechanism.

2.4. Donor coordination

No Member States is present in Swaziland and few development partners are supporting the education sector in Swaziland. Although the World Bank supported the Education Sector Review, it has been absent for the last decade and since returning, has prioritised the health sector through the joint EU/World Bank health project. UNICEF supported the costs of the education policy development process and has also provided a small amount for equipping schools. UNESCO may assist with the development of NETIP in 2011.

3. DESCRIPTION

3.1. Objectives

The overall objective is "to enhance the human productivity of Swaziland", while the project purpose is "to improve primary education and coordination in the sector".

3.2. Expected results and main activities

Three main results are expected. These are listed below with the main activities that are expected to lead to these results.

1: **The number of children attending primary school and completing the cycle is increased (*access component*).** SET II will pay primary school fees[2] for approximately 30 000 children for 3 years under FPE. SET II will design (with EU/World Bank health project) a secure payment mechanism to be piloted under the project. A comprehensive annual audit and verification will be conducted at the end of each year and lessons learnt incorporated in the following years' exercise. The component will clarify the roles and responsibilities of school committees and parents and build the capacity of the school committees in administrating the schools fees. It will also assist in the selection of school performance indicators linked to FPE. These will inform parents' choice as to where they enroll their children and help create incentives for well-managed and performing schools. Head teachers, regional education officers and school inspectors will receive training on FPE and school development.

2: **The quality and relevance of primary schooling is improved (*quality component*).** The main activity will be developing a learner centred primary curriculum based on basic competencies and detailing the resources needed for its implementation. SET II will support the training of 50 lead teachers (training of trainers) on the new curriculum and the development of teaching materials. It will also conduct a study to inform policy makers on the current situation regarding the language of instruction. An information and communication strategy on the curriculum reform will be developed.

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[2] School 'fees' do not cover teacher wages, construction of school buildings, stationary or textbooks, which are paid directly by the Government. The 'fees' are used to pay development activities that enhance the quality of teaching, including school feeding (90% of primary schools), wages of auxiliary staff such as cooks, security staff, etc., to pay school utilities (water, electricity and telephone), to purchase supplementary readers, to purchase inputs for home economics, agriculture and art classes, and to pay examination fees for grade 7 students.

3: **A sector programme (the National Education and Training Improvement Programme - NETIP) is finalised and implemented (*SWAp component*).** In order to ensure the successful implementation of NETIP, the component will support capacity building of the Ministry of Education and Training (MoET), particularly in regards to: i) management, ii) programme- based approaches, and iii) monitoring and evaluation. Continued support for Education Management Information System (EMIS) will help encourage evidence-based policy making and a more efficient use of resources in the sector.

3.3. Risks and assumptions

The risk and main assumptions identified are: i) continued political and macro-economic stability; ii) that reduced Southern African Customs Union (SACU) revenues can be mitigated and will not significantly affect the implementation in the sector; iii) that the Government continues to roll out FPE; iv) that SET I and UNESCO will develop NETIP; v) that the Government will comply with the conditionalities under SET II; vi) that the MoET trains sufficient number of teachers; vii) that there are sufficient school classrooms and equipment for all students.

3.4. Crosscutting Issues

Swaziland is at the epicentre of the HIV/AIDS pandemic, which impacts both teachers and learners. One of the main components of SET II is the review of the primary curriculum, which represents an ideal opportunity to incorporate crosscutting issues - including HIV/AIDs, gender, environment, life skills, and civic education - into the primary curriculum as a compulsory and examinable subjects. In addition, SET II will support the implementation of the MoET HIV/AIDS policy within the ministry and the teaching profession.

3.5. Stakeholders

The key stakeholders and beneficiaries are summarised below and include children, parents, school committees, teachers, teachers' unions and community groups, as well as private sector organisations, faith-based organisations (FBOs) and non-governmental organisations.

- **Primary schools and school committees** which will receive grants to cover the costs of students under FPE - *direct and ultimate beneficiary.*
- **Teachers and trainers** that are trained as part of curriculum development and quality improvements - *direct beneficiary.*
- **The Government of Swaziland/MoET** which are responsible for implementing FPE under the 2005 Constitution - *direct beneficiary*.
- **Private sector** awarded service contracts for technical assistance and contracts for works, supplies and services - *direct beneficiary*.
- **Children (including** orphans and vulnerable children**) attending primary school** in the grades covered by FPE – *ultimate beneficiary.*
- **Parents and guardians** of children covered by FPE who no longer have to pay school fees, leading to increased disposal incomes to meet other basic needs such as food security and health – *ultimate beneficiary.*
- **Other stakeholders, including NSAs, FBOs** involved in the education sector who would benefit from a clear strategy, prioritisation in the sector, and a clarification of respective roles afforded by a sector wide approach – *ultimate beneficiary.*
- **Potential future employers/secondary schools** will benefit from receiving employees or students with a higher level of education – *ultimate beneficiary.*

- **Swaziland as a whole.** Higher levels of education would lead to enhanced economic growth and competiveness, lower rates of HIV/AIDS and an improved social situation – *ultimate beneficiary.*

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

The project will be implemented in partially decentralised management through the signature of a Financing Agreement with the Government of Swaziland in accordance with Articles 21 to 24 of the Financial Regulation of the 10th EDF.

The National Authorising Officer will be the contracting authority for the project.

The project will be implemented by the Ministry of Education and Training (MoET). An internal project management unit will be established in the planning unit of the ministry. Long-term Technical Assistance, complemented by a series of short-term inputs, will assist the MoET with implementation of the project.

A steering committee will be set up to oversee and validate the overall direction and policy of the project.

The Commission controls 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 > EUR 50 000 and may apply ex post for procurement contracts ≤ EUR 50 000 . The Commission controls ex ante the contracting 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 beneficiary country for operating costs and contracts up to the ceilings indicated in the table below.

The responsible Authorising Officer ensures that, by using the model of financing agreement for decentralised management, the segregation of duties between the authorising officer and the accounting officer, or of the equivalent functions within the delegated entity, will be effective, so that the decentralisation of the payments can be carried out for contracts up to the ceilings specified below.

Works	Supplies	Services	Grants
< EUR 300 000	< EUR 150 000	< EUR 200 000	≤ EUR 100 000

The change of management mode constitutes a substantial change, except where the Commission ‘re-centralises’ or reduces the level of tasks previously delegated to the beneficiary country, international organisation or delegatee body under, respectively, decentralised, joint or indirect centralised management.

4.2. Procurement, grant award and programme estimates procedures

1) Contracts. All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the

procedure in question. Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the European Development Fund.

2) Specific rules for grants. The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions. They are established in accordance with the principles set out in Title VII ‘Grants’ of the Financial Regulation applicable to the 10th European Development Fund. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases provided for in Article 109 of the Council Regulation on the Financial Regulation applicable to the 10th European Development Fund.
- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 108 of the Financial Regulation applicable to the 10th EDF.

3) Specific rules on programme estimates. All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question (i.e. the Practical Guide to procedures for programme estimates).

The EDF financial contribution covers the ordinary operating costs deriving from the programme estimates.

4.3. Budget and calendar

The total project cost is estimated at EUR 12 500 000, which shall be entirely financed from the National Indicative Programme in the framework of the revised Cotonou Agreement. No direct Government contribution is foreseen, however the Government is meeting the majority of costs (approximately 80%) of FPE estimated to be EUR 9 to 17 000 000 per year. The indicative budget and indicative proposed modalities are as follows:

	Description	**EU contribution EUR**	**Government contribution**	**Total Amount EUR**
1	Grants under FPE – *grants under Programme Estimates*	5 750 000	0	5 750 000
2	Activities under 3 components: i) support to FPE excluding grants; ii) curriculum development and teacher training on new curriculum; iii) support to development and implementation of NETIP[3] – *Programmes Estimates and service contracts.*	1 550 000	0	1 550 000
3	Supplies: equipment for piloting cash transfer; books – *supply contracts.*	385 000	0	385 000
4	Technical Assistance – long-term and short-term – *service contracts.*	2 250 000	0	2 250 000
5	Project coordination office operating costs – *Programme Estimates.*	795 000	0	795 000
6	Communication/visibility – *Supply & service*	350 000	0	350 000

[3] The National Education and Training Improvement Programme

	contracts.			
7	Evaluations and audit– *service contracts.*	500 000	0	500 000
8	Contingencies*	920000	0	920 000
	Total	**12 500 000**	**0**	**12 500 000**

The operational duration will last 60 months as from signature of the Financing Agreement. The majority of activities under results areas 1 (access), 2 (quality), 3 NETIP (sector approach) - as well as the project operating costs - will be implementation by means of a series of programme estimates under direct decentralised management. The grant contracts in support of Free Primary Education of up to EUR 10 000 per primary school will be under the imprest component of the Programme Estimates. A competitive international restricted service tenders will be launched for recruiting the long term Technical Assistance.

4.4. Performance monitoring

Monitoring systems in Swaziland in all sectors are being developed. In order to address this, SET II will assist the development of a comprehensive Monitoring and Evaluation system for NETIP (sector programme) and will also provide long term TA assistance on M and E. Another key output of SET II will be the establishment of a secure database on primary education students / orphans and vulnerable children, school assets etc. The database will be used for making FPE payments.

4.5. Evaluation and audit

A mid and end of term evaluation will be undertaken by independent consultants contracted by the EU. Audits of programme estimates (PEs) will be undertaken during their implementation and a final PE audit at the end of the PE. A final project audit will be undertaken during the closure phase of the project. The project will undertake an annual comprehensive (100 % coverage) audit and verification of its grants so that lessons learnt can be incorporated in the following year's grants. Failure to do so will result in grants to FPE being suspended for the subsequent year.

4.6. Communication and visibility

The MoET will ensure maximum visibility of the project and its various activities in line with EU visibility guidelines. A service contract for visibility is foreseen and all EU visibility activities will be coordinated and monitored by the 10th EDF Capacity Building Project II.

Annex 3

1. IDENTIFICATION

Title/Number	Swaziland Technical Cooperation Facility III (TCF III). SZ/FED/22917		
Total cost	EUR 2 000 000 100% funded by EU, 3% of NIP A envelope		
Aid method / Method of implementation	Project approach – partially decentralised management		
DAC-code	151	Sector	Government and civil society

2. RATIONALE

2.1. Sector context

Swaziland's National Development Strategy (NDS), called 'Vision 2022', was adopted in 1997 with a 25-year timeframe and privileges human development, notably education and health. Its overall aim is 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) which both updated and operationalised the NDS. The PRSAP's overall aim is "to reduce poverty by more than 50% by 2015 and ultimately eradicate it by 2022", and is supportive of the Millennium Development Goals (MDGs).

The PRSAP highlights eight national priorities, which are: 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. In addition, the Government of Swaziland is continuing to develop and update sectoral polices and respective action plans across a number of ministries prioritising: a) health, b) education, c) agriculture, and d) water and sanitation.

Swaziland currently receives significant EU funds under both the European Development Fund (EDF) and the budget. The revised 10th EDF Country Strategy Paper (CSP) is supportive of all of the PRSAP's objectives and recent prioritisations. The CSP has two focal areas: i) health and education with EUR 16 500 000 and EUR 12 500 000 respectively; and ii) water and sanitation with EUR 12 000 000, as well as a number of projects under the non-focal area (Technical Cooperation Facility II with EUR 2 500 000, Micro-projects with EUR 4 500 000, Governance with EUR 8 200 000 and Capacity Building Project II with EUR 4 800 000). In addition, funds received under FLEX in 2007 support a EUR 14 000 000 agriculture project[4].

Under the Budget, the vast majority of funds come from the Accompanying Measures for Sugar Protocol Countries (AMSP), from which Swaziland received an allocation of EUR 63 500 000, for

[4] 9 ACP RPR 193 Swaziland Agricultural Development Programme which is implemented through a contribution agreement with the Food and Agriculture Organisation (FAO).

2006-2010, and is expected to receive a further EUR 54 200 000 for 2011-2013. The AMSP supports five key areas: i) technical assistance; ii) infrastructure; iii) expansion of sugar cane out grower irrigation; iv) provision of social services in the sugar belt; and v) agricultural diversification. Swaziland also benefits from allocations under the Non State Actor – Local Authority (NSA-LA) and the European Instrument for Democracy and Human Rights (EIDHR) thematic programmes.

Due to its horizontal nature, the TCF III will complement and support the implementation, evaluation and audit of existing EU projects (where necessary) as well as the programming, identification and formulation of new EU strategies and projects that support the PRSAP and the MDGs.

2.2. Lessons learnt

A number of lessons have been learnt from the successful implementation of both TCF I and TCF II. These include:

(1) **A continued high demand for additional Technical Assistance (TA).** TCF II, for an amount of EUR 2 500 000, was signed in February 2009. Yet, the technical Assistance Facility (TAF component) of EUR 2 000 000 will have been fully contracted by January 2011, demonstrating the high demand for additional TA.

(2) **The clear comparative advantage of the TCF.** The comparative advantage of the TCF is its inherent flexibility to: i) meet unforeseen needs, and ii) support small, yet important interventions in areas outside existing projects.

(3) **The need for better programming of EU aid.** The 10^{th} EDF Mid-Term Review highlighted the need for better programming and a reduction in the number of areas of EU support, as well as better coordination between EDF and EU funds. Future programming will be supported under TCF III.

(4) **The need for improved contract management.** Swaziland has approximately 120 open contracts, over half of which are no longer being implemented. While the main work of closing these contracts and commitments will be done under the 10^{th} EDF Capacity Building Project II (CBP II), it will be complemented by TCF III, which will fund any additional audits or evaluations necessary to facilitate the closure of old projects.

(5) **Increasing uncertainty.** Given the difficult socio-economic situation facing Swaziland, stemming from the current fiscal crisis and the underlying governance issues, there may be a number of unforeseen needs linked to the fiscal reforms that the Government has outlined in its Fiscal Adjustment Roadmap (FAR).

(6) **The need to foster the Government – Non State Actor (NSA) collaboration.** The CBP II includes a grant of EUR 1 000 000 to build the capacity of NSAs. This will be complemented by activities under TCF III. Under TCF II, the Government encouraged NSAs to apply to hold conferences, training workshops and seminars on relevant issues (up to a maximum value of EUR 10 000).

2.3. Complementary actions

There are very close synergies between the TCF III and all other EU-funded projects, and especially the CBP II (as highlighted above). CBP II's project purpose is to "improve the speed, the quality and the amount of EU support to Swaziland". Both projects have similar purposes but the main difference is that CBP II supports a well-defined set of core objectives, while TCF III has a broader and more flexible approach.

In order to avoid any potential duplication between TCF III and CBP II, or any other EU-funded project, the approach taken is that actions should be funded under a specific project. Only where this is not possible, or it is not feasible, will the TCF III be used to support an action (Technical Assistance request, evaluation, audit, etc.).

2.4. Donor coordination

No EU Member States are present or have ongoing activities in Swaziland. The main co-operating partners in Swaziland are the United States, the Global Fund (EU participates in Global Fund Country Coordination Mechanism (CCM) meetings), the World Bank, the African Development Bank, Taiwan and nine UN agencies. Donor coordination is emergent with no explicit division of labour between donors. It is expected that the TCF III steering Committee – which will be the same as that of the CBP II – will provide a platform for better coordination between EU projects, as well as better coordination between the EU and other donor-funded projects.

3. DESCRIPTION

The project looks to meet: i) the need for technical assistance, studies, audits, attendance at workshops, etc., not covered by other existing projects; and ii) unforeseen needs for technical assistance, studies, audits, attendance at workshops, etc., that may arise in future.

The project has two main components. These are:

(1) **Technical Assistance Facility (TAF).** This component will cover the provision of additional technical assistance related to EU programming (CSPs[2], MIPs[5], etc.), project identification (PIFs[2]), formulation (AFs[2]) and additional assistance with project implementation. It will also support the Government's requests relevant to the EU – Swazi cooperation under the Cotonou Agreement or other EU 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.

(2) **Conference, training courses and seminars (CTS).** This component will cover the attendance (fees, venue hire, per diems and travel costs) of both the Government and NSA personnel at key conference, 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 in providing training relevant to the 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 possible, it will not support studying for degrees.

3.1. Objectives

The overall objective is: "To contribute to the reduction of poverty in Swaziland by supporting the effective implementation of the Poverty Reduction Strategy and Action Plan (PRSAP) and EU strategies for Swaziland (EDF and Budget)". The project purpose is: "To meet the needs (both known and unforeseen) for technical assistance, studies, audits, and attendance at workshops that can not be funded under other existing projects".

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[5] CSPs = Country Strategy Paper; MIPs = Multiannual Indicative Programmes; PIFs = Project Identification Fiches; AFs = Annual Action Fiches.

3.2. Expected results and main activities

The two components of the project are expected to lead to two main results. The indicative activities for each component are the following:

(1) The implementation of the PRSAP and EU (EDF and Budget) strategies is improved - TAF component.

- Assisting with future programming of EU funds (CSPs, NIPs, MIPs, etc).
- Assisting with identification and formulation of EU projects and potential sector/budget support.
- Assisting with the implementation of EU-funded projects where this can not, or it is not feasible to, be provided by another existing project.
- Assisting with the integration of crosscutting issues (gender, environment, human rights, HIV/AIDs).
- Undertaking evaluations and audits of other EU projects where these can not be funded from the projects themselves, or where it is expedient to combine a number of evaluations and audits.
- Ad hoc studies relevant to the PRSAP and EU strategies.
- Providing trainers on relevant issues (trade, Economic Partnership Agreements (EPA) negotiations, regional integration, etc.), and project management (PCM) where this cannot, or it is not feasible to, be provided by another existing project.
- Providing other technical assistance relevant to the PRSAP and EU strategies.

(2) Swaziland's attendance at key workshops, seminars and training courses is improved. The component will fund the following activities where they cannot, or it is not feasible to, fund them from other sources.

- Fund the participation of the Government staff and NSAs at EU-organised workshops, seminars and trainings.
- Fund the participation of the Government staff and NSAs at key workshops, seminars and trainings given by third parties.
- Support the organisation of workshops, seminars and training courses by the Government on issues relevant to EU – Swaziland cooperation.

3.3. Risks and assumptions

The risks (**r**) and assumptions (**a**) of the project are the following:

1. That there is political and macro-economic stability in Swaziland (a).
2. That there is continued demand for technical assistance and conference, training courses and seminars where they cannot be covered by the existing projects (a).
3. That activities funded under TCF III contribute to the project purpose (r).
4. That Technical Assistance provided is of acceptable quality (r).
5. That NSAs will be able to access TCF funds (r).

In order to mitigate these risks, all requests for funding from line ministers and NSAs will be sent to the National Authorising Officer (NAO) who will establish and chair an evaluation committee composed of technical staff selected from the list of institutions represented in the steering committee (including Ministry of Public Service which is responsible for training). The NAO will produce a short report within 10 days of each evaluation meeting, listing all the applications received and justifying why each application has been supported or rejected. This approach will encourage the Government to prioritise the use of TCF III, to increase awareness of the facility within the Government, and to help foster better inter ministry coordination.

3.4. Crosscutting issues

Due to the *ad hoc* nature of the TCF III, no explicit measures with regards to cross cutting are foreseen. However, TCF III, in association with Capacity Building Programme II (CBP II), may be used to fund studies and training on climate change, environmental sustainability, gender equality, good governance and human rights and their integration into existing projects.

3.5. Stakeholders

The key stakeholders and beneficiaries are as follows:

- **The Government's line ministries and Non State Actors** will be direct beneficiaries. Their key role is to justify requests for assistance and to use the technical assistance provided to improve implementation of the PRSAP and EU-funded projects.
- **EU funded projects** will also be direct beneficiaries. Their role is to justify requests for assistance and to use the technical assistance provided to improve implementation of the EU projects.
- **Private sector contractors** involved in providing technical assistance will also be direct beneficiaries of the project.
- **The Swazi population** are the ultimate beneficiaries, as interventions under TCF III should lead to improved PRSAP and EU project implementation, in turn leading to a reduction in poverty.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

The project will be by partially decentralised management through the signature of a Financing Agreement with the Kingdom of Swaziland, in accordance with Articles 21 to 24 of the Financial Regulation of the 10th EDF.

The Commission controls *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 > EUR 50 000 and may apply *ex post* for procurement contracts ≤ EUR 50 000. The Commission controls *ex ante* the contracting 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 beneficiary country for operating costs and contracts up to the ceilings indicated in the table below.

The relevant Authorising Officer ensures that, by using the model of financing agreement for decentralised management, the segregation of duties between the authorising officer and the accounting officer, or of the equivalent functions within the delegated entity, will be effective, so that the decentralisation of the payments can be carried out for contracts up to the ceilings specified below.

Works	Supplies	Services	Grants
< EUR 300 000	< EUR 150 000	< EUR 200 000	≤ EUR 100 000

The change of management mode constitutes a substantial change, except where the Commission 're-centralises' or reduces the level of tasks previously delegated to the beneficiary country, international organisation or delegatee body under, respectively, decentralised, joint or indirect centralised management.

The project will be implemented directly by the National Authorising Officer (NAO) unit which is part of the Aid Coordination Management Section (ACMS) of the Ministry of Economic Planning and Development (MEPD). The unit already exists (no new Project Implementation Unit (PIU)) and implementation of the TCF III will be done in conjunction with the 10th EDF CBP II, in order to create synergies and reduce transaction costs.

4.2. Procurement, grant award procedures and programme estimates

1) Contracts. All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the 10th EDF.

2) Specific rules for grants. The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions. They are established in accordance with the principles set out in Title VII ‘Grants’ of the Financial Regulation applicable to the 10th European Development Fund. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget of the European Communities, and in Article 109 of the Council Regulation on the Financial Regulation applicable to the 10th European Development Fund.

- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 108 of the Financial Regulation applicable to the 10th EDF.

3) Specific rules on programme estimates. All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question (i.e. the Practical Guide to procedures for programme estimates). The EDF financial contribution covers the ordinary operating costs deriving from the programme estimates.

4.3. Budget and calendar

The total project cost is estimated at EUR 2 000 000, which shall be entirely financed from the National Indicative Programme in the framework of the revised Cotonou Agreement. No Government contribution is foreseen. The indicative budget and indicative proposed modalities are as follows:

	Component	EU contribution EUR	Government contribution	Total Amount EUR
1	Activities including studies, technical assistance, audits, attendance at workshops and visibility – *Programme Estimates and service contracts.*	1 820 000	0	1 820 000
2	Monitoring, evaluations and audit of this project – *service contracts.*	60 000	0	60 000
3	Contingencies	120 000	0	120 000
	Total	**2 000 000**	**0**	**2 000 000**

The execution period of the project is 84 months, consisting of an implementation period of 60 months.

The project will be implemented through a series of service contracts, including framework contracts and international restricted tenders, for technical assistance, audit and evaluations. If necessary, a series of programme estimates may be signed to support the costs of attendance at workshops and seminars.

4.4. Performance monitoring

Performance monitoring will be undertaken by the steering committee (which will be the same steering committee as for CBP II). Due to the nature of the project, the steering committee will use a few key indicators (Objectively verifiable indicators - OVIs) to monitor performance. In addition, each specific interventions will also be evaluated by the applicant (e.g. assessment of framework contracts performance, reports on the workshop attended, etc.).

4.5. Evaluation and audit

An end of term evaluation will be undertaken by independent consultants contracted by the EU. Audits of any programme estimates (PE) will be undertaken during their implementation and a final PE audit at the end of the PE. A final project audit will be undertaken during the closure phase of the project.

4.6. Communication and visibility

The NAO will ensure visibility of this project and its various interventions (studies, technical assistance, attendance at conferences, etc.) in line with EU visibility guidelines. Visibility actions will be an integrated part of each of the studies and conferences and no additional activities are foreseen.