



EN

This action is funded by the European Union

Annex

of the Commission Decision on the Annual Action Programme 2017 (Part 2) in favour of the Republic of Zambia to be financed from the 11th European Development Fund

**Action Document for
Support to the Sustainable Commercialisation of Zambia's Smallholder Farmers**

INFORMATION FOR POTENTIAL GRANT APPLICANTS

WORK PROGRAMME FOR GRANTS

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012), applicable to the EDF in accordance with Article 37 of Regulation (EU) 2015/323 in the following sections concerning calls for proposals: 5.4.1.

1. Title/basic act/ CRIS number	Support to the sustainable commercialisation of Zambia's smallholder farmers CRIS Number: ZA/FED/039-612 Financed under 11 th European Development Fund (EDF)	
2. Zone benefiting from the action	Eastern Africa, Southern Africa and the Indian Ocean, Zambia The action shall be carried out at the following location: Zambia	
3. Programming document	National Indicative Programme 2014-2020 for Zambia ¹	
4. Sector of concentration/ thematic area	Focal Area 2: Reduced rural poverty and improved livelihoods	DEV. Aid: YES
5. Amounts concerned	Total estimated cost: EUR 108 572 000 Total amount of EDF contribution: EUR 87 000 000 This action is co-financed in joint co-financing by: - GIZ (German Development Cooperation) for an amount of EUR 2 100 000 - DFID (UK Department for International Development) for an amount of EUR 19 000 000 - FAO (Food and Agriculture Organization) for an amount of EUR 472 000 This action shall also be co-financed by entities and for amounts specified in the indicative project pipeline which is an appendix to this Action Document	
6. Aid modality and implementation modalities	Project Modality Direct management: grant - call for proposal Indirect management with the Republic of Zambia Indirect management with GIZ, DFID, FAO The component of this action regarding this Regional Blending Facility shall be implemented in indirect management by entities to be indicated in complementary financing decisions to be adopted at the end of the Regional Blending Facilities award procedure	

¹ Commission Decision on the adoption of the National Indicative Programme between the European Union and Zambia C(2014)3607 of 12.6.2014.

7 a) DAC codes	311 Agriculture - 100% 31120 Agriculture production (40%) 31140 Agriculture water resources (13%) 31191 Agriculture services (26%) 31193 Agriculture financial services (21%)			
b) Main Delivery Channel	12000 Recipient government 31000 Public Private Partnership			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	x	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	x	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	x	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	x	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input type="checkbox"/>	x	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	x	<input type="checkbox"/>
9. Global Public Goods and Challenges thematic flagships	Food and nutrition security and sustainable agriculture Environment and climate change			
10. Sustainable Development Goals (SDGs)	Main SDGs: 1 "No Poverty", 2 "Zero Hunger", 8 "Decent Work and Economic Growth" Secondary SDGs: 5 "Gender Equality", 13 "Climate Action", 15 "Life on Land"			

SUMMARY

Accounting for about 9% of total Gross Domestic Product (GDP) and employing about 80% of Zambia's labour force, the agricultural sector is by far the main economic activity and the primary source of income and food for the rural poor. Despite ample land and water resources, fertile soils, a favourable climate, significant government allocations on agriculture and a thriving private sector, the performance of Zambia's agricultural sector falls short of its potential, with the poverty level among rural dwellers (who make up 2/3 of the country's population) still at 77% and prevalence of stunting of children under 5 years old being as high as 40%. Furthermore, the gap between urban and rural poverty continues to widen. Overall, production and productivity lag behind global levels and are below the average of low-income countries. This is due to a number of constraints that inhibit improvements in the productive and commercialisation capacity of the country's small-scale farming community thereby perpetuating rural poverty that leads to poor food and nutrition security.

In line with Zambia's Second National Agricultural Policy (2016-2020) and the National Indicative Programme 2014-2020, this programme will support business oriented smallholder farmers and will enable them to graduate from low productive subsistence-based agriculture towards more diversified and market-oriented farming while increasing their income. The EU grants will leverage other investments in the form of loans from EU multilateral and bilateral financial institutions. The programme will promote the development of inclusive value chains and support entrepreneurial smallholder farmers to link up to private sector enterprises and service providers. It will enable smallholder farmers to have better access to inputs, finance, markets, and extension and to become valuable actors within the value chain. The promotion of agricultural diversification away from the current maize dominated system will contribute to economic diversification and food and nutrition security. Sustainable cropping and land management techniques and durable smallholder irrigation systems will further boost productivity and make smallholder production systems climate resilient.

The overall objective of the programme is to support the Government of Zambia's policy objectives to reduce rural poverty and malnutrition and to improve rural livelihoods. Its specific objective is to increase smallholder farmers' productivity, income and employment opportunities. This objective will be achieved through different components aiming at complementary results:

Result area 1 Increased participation of smallholder farmers in market-integrated, nutrition-and gender-sensitive value chains and improved access to finance, services and inputs as well as investment opportunities

Result area 2 Improved sustainable and climate smart crop production and gender-sensitive land management practices

Result area 3 Enhanced sustainable and gender-sensitive agricultural water management and irrigation systems for smallholder farmers in selected districts of the Lower Kafue sub-catchment

Result area 4 Strengthened nutrition governance and support services to women of reproductive age, adolescent girls and children under-five

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

1.1.1 Public Policy Assessment and EU Policy Framework

Economic/social situation and poverty analysis

The Zambian economy grew at an average annual rate of 7.4% between 2004 and 2014, on the back of high copper prices, Foreign Direct Investments in the mining sector, government investment in infrastructure and expanding private sector investments in construction and services. This economic growth has not translated into inclusive development. With a Gini index of 57.1 in 2015², Zambia is among the five countries with the highest income inequality in the world. With a Human Development Index of 0.579³, it ranked 139 out of 189 countries in 2015. Despite significant improvements in the reduction of urban poverty, the poverty level among rural dwellers (that make up 2/3 of the country's population) is still at 77%. The gap between urban and rural poverty continues to widen. Poverty is the principal obstacle to achieving better nutrition. The prevalence of both stunting and anaemia remains very high in Zambia especially in rural areas, which in turn reduces the economic potential of the agriculture economy.

Accounting for about 9% of total GDP and employing about 80% of Zambia's labour force, the agricultural sector is by far the main economic activity and the primary source of income and food for the rural poor. As such, the sector has the potential to play a driving role in supporting more inclusive economic growth and reducing poverty. Further development of a market-oriented, effective and

² World Bank, see <https://data.worldbank.org/indicator/SI.POV.GINI?locations=ZM>

³ United Nations Development Programme, see <http://hdr.undp.org/en/countries/profiles/ZMB>

sustainable agriculture sector would also highly contribute to the much needed economic diversification.

National development policy

The EU intervention will support the Government's development priorities, which are framed by the vision of "a prosperous middle-income nation by 2030"⁴ including an efficient, competitive, sustainable and export-led agriculture sector that assures food security and increased income. This is echoed in the recently adopted Seventh National Development Plan and in the Second National Agricultural Policy (2016-2020), which identify agriculture, fisheries and livestock as key drivers for inclusive economic growth.

It backs Zambia's National Climate Change Policy officially launched in April 2017, as well as the National Irrigation Policy and Strategy (2005-2015) and the National Water Policy. These policies promote irrigation infrastructures to mitigate and adapt to climate change and to decrease dependence on rain-fed agriculture towards increased agricultural production and diversification.

The programme is fully aligned with the guiding frameworks for nutrition in Zambia, which include the National Food and Nutrition Policy (2006), the National Food and Nutrition Strategic Plan (NFNSP, 2017-2021) and the Roadmap for Accelerating Reduction of Maternal, New-born and Child Mortality (2013-16). The action also contributes to the achievement of the Gender Action Plan 2016-2020 (Objective 12) on healthy nutrition levels for girls and women throughout their lives.

The Zambia Intended Nationally Determined Contribution (INDC) put, as its first adaptation priority, "guaranteed food security chains through diversification and promotion of Climate Smart Agricultural (CSA) practices for crop, livestock and fisheries production including conservation of germplasm for land races and their wild relatives".

The integration of gender equality as a significant cross-cutting objective is also in line with Vision 2030 and the National Agriculture Investment Plan 2014-2018, which respectively recognise the importance of a gender-sensitive programming approach within the agriculture sector and the need to "eliminate inequalities in social economic development". Other complementary factors include the NFNSP's identification of the links between women's empowerment and household nutrition.

Global and EU policies

This programme is consistent with the New European Consensus on Development⁵ with the overarching goal of eradicating poverty by promoting good governance, human and economic development and tackling universal issues such as fighting hunger and preserving the world's natural resources.

The programme will contribute to the implementation of the European Commission Communication on "A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries"⁶ through the support to the development of a competitive local private sector and a broad based farmers' outreach model, as well as the European Commission Communication on "Enhancing Maternal and Child Nutrition in External Assistance: an EU Policy Framework"⁷ and the related Action Plan committing the EU to contribute EUR 3.5 billion to supporting partner countries in reducing the number of children under five years of age who are stunted by at least 7 million by 2025. This action is in line with the EU's framework for "Gender Equality and Women's Empowerment: Transforming the Lives of Girls and Women through EU External Relations 2016-2020"⁸, and in particular with its Objective 12 (healthy nutrition levels for girls and women throughout their lives) as well as with the thematic pivotal area on "Promoting the economic and social rights and empowerment of girls and women", and namely its Objective 15: "Equal access by women to financial services, productive resources including land, trade and entrepreneurship".

⁴ See Vision 2030, Republic of Zambia, 2006

⁵ OJ C 210 of 30.6.2017.

⁶ COM(2014)263 final of 13.5.2014.

⁷ COM(2013)141 final of 12.3.2013.

⁸ Joint Staff Working Document SWD(2015) 182 final of 21.9.2015.

1.1.2 Stakeholder analysis

The main target group of the programme will be the smallholder male and female farmers with the potential to commercialise their produce. This group of farmers, cultivating between approximately 2 and 20 ha⁹, are able to produce excess for sale to the market, are food secure, have higher access to land and labour, and have an interest in developing their farm as a commercial enterprise. There are an estimated 450,000 of these farmers (almost 30% of total number of farmers) in Zambia in this category. The poorest of the poor farmers cultivating less than 2 ha (estimated at one million) have different needs that are better met through other kinds of interventions such as social cash transfer.

Given the extensive participation of women in all aspects of agricultural production in Zambia (providing more than 70% of agricultural labour according to the Ministry of Gender and Child Development Programming), the socio-economic potential of their greater inclusion in the sector and the crucial role they play in food and nutrition security at household level, they are considered beneficiaries of particular importance.

Other stakeholders include:

- The medium-large private sector companies that can provide small-scale farmers with end market solutions, innovative services and technologies. This category embraces agro-entrepreneurs, agro-dealers, commercial farmers' groups/associations providing businesses services, input suppliers, output aggregators and processors such as large commodity traders and end buyers (including exporters).
- Community-level service providers/entrepreneurs providing demand driven and affordable farm gate services, including agro-dealers, small traders, emerging farmers, farmer groups and co-operatives (particularly women cooperatives), savings and loans groups, etc. Because of their proximity to the farmer, this widely spread "last mile" network plays an important role in linking farmers to value chain operators and markets.
- Financing institutions such as development and commercial banks as well as micro-finance and micro-leasing companies involved in financial services to agriculture.
- The public sector, represented by the Government of Zambia (Ministry of Agriculture and Ministry of Livestock and Fisheries), its statutory bodies (such as the Water Resources Management Authority - WARMA) and parastatal institutions. They play a key role in ensuring consistent policy-making and the establishment of an enabling environment for successful private sector development.
- National Agricultural Research Organisations (NARS) such as Zambia Agriculture Research Institute (ZARI) and University of Zambia (UNZA), providing farming technologies that are well adapted to Zambia's agro-ecological and climate situation.
- International Organisations and Research Institutions, such as the Food Agriculture Organization (FAO) or the International Maize and Wheat Improvement Center (CIMMYT), which will implement part of the programme.
- Other Development Cooperating Programmes operating in the agricultural sector.

1.1.3 Priority areas for support/problem analysis ¹⁰

Despite ample land and water resources, fertile soils, a favourable climate, significant government allocations for agriculture and a thriving private sector, the performance of Zambia's agricultural sector falls short of its potential. Overall, production and productivity of most staple crops lag behind global levels and are below the average of low-income countries. On average, Zambian farmers produce about 2 metric tonnes of maize per hectare against the Comprehensive Africa Agriculture Development Programme (CAADP) target of 5 m/t. This is due to a number of constraints that inhibit improvements in the productive and commercialisation capacity of the country's small-scale farming

⁹ The landholding size differs along agro-ecological zones, also depending on agriculture production systems.

¹⁰ Unless stated otherwise, all data in this section are derived from the 2015 Rural Agricultural Livelihood Survey (RALS), Indaba Agricultural Policy Research Institute (IAPRI).

community thereby perpetuating rural poverty that leads to poor food and nutrition security. The proposed projects will address some of those constraints focusing on the following:

- Insufficient agricultural diversification. Public expenditure on agriculture remains overwhelmingly driven by the Government's maize purchases through the Food Reserve Agency (FRA) and input subsidies under the Farmer Input Support Programme (FISP). In addition to absorbing more than half of the agriculture budget every year at the expense of other key drivers of agricultural growth, these maize subsidy programmes have provided Zambian farmers with an incentive to concentrate on maize production. Almost 90% of households grow maize, including 83% as a single crop, limiting their production capacity to one commodity harvest a year.
- Insufficient access to improved inputs and technology. The State intervention in maize marketing and the input subsidy programmes compounded by unpredictable government trade restrictions entail increased risks for private sector potentially interested in investing in the sector. This limits the potential development of better quality seeds for other crops and leads to higher costs of agricultural inputs including fertilisers and agrochemicals.¹¹ Mechanisation is underdeveloped among small-scale farmers with only 1.8% of farming households using mechanical power nationally and 36.5% of them having access to animal draft power. Irrigation structures are limited leading to over-reliance on rain-fed agriculture and increased vulnerability to climate change.
- Limited access to extension and agribusiness development services. As a consequence of the very limited number of extension officers¹², the out-dated technical knowledge and poor available equipment of extension officers, most small-scale farmers have virtually no access to technical services including on veterinary issues, land tillage, crop harvesting or silage making. Likewise, poor processing facilities seriously hamper the development of sustainable crop and vegetable production and productivity of competitive crops other than maize. Equally, 40% of smallholder fish is produced for home consumption due to lack of processing and transport facilities whereas the remainder is mainly sold locally.
- Insufficient access to seasonal agricultural credit. Only 15% of Zambian smallholders had access to credit in 2015. Most of it (10%) was acquired throughout out grower schemes while the share of commercial bank credit remained at 0.6%, partly due to high interest rates adding to the difficulties for the farmers, often operating under customary land tenure systems, to provide collaterals to access loans.
- Limited marketing opportunities. The analysis of several Crop Forecast Surveys shows that, due to underdeveloped output markets and other factors including poor transportation conditions, a large share of maize sales in Zambia occurs through middlemen at the farm gate, while a smaller although still significant part occurs within 3 kilometres of the home. Overall few farmers transport maize over 30 kilometres. Low and volatile farm gate prices for agricultural products, coupled with a lack of market information and of storage facilities, lead to crop losses especially during surplus seasons and undermine producers' incentives to invest in technologies to improve farm productivity.
- Land degradation, unsustainable use of natural resources and climate change. The country's land base is environmentally fragile and easily degraded. Human-induced factors often linked to agriculture cause major land degradation. These include inappropriate agriculture practices further compounded by a severe decline in soil fertility due to soil nutrient depletion linked to maize monoculture and the related lack of crop rotation. Zambia's climate is highly variable and over the last few decades has experienced series of climatic extremes, e.g. droughts, seasonal floods and flash floods, extreme temperatures and dry spells, many of these with increased frequency, intensity and magnitude. This is linked to the fact that rainfall in Zambia is strongly influenced by the El Niño Southern Oscillation (ENSO), which causes large inter-annual variability. Their impacts on the country are evident in climate-induced changes to physical and biological systems which increasingly exert considerable stress on the country's vulnerable sectors, especially agriculture.

¹¹ Only 25.6% and 14% of farmers used fertilisers and pesticides respectively in 2015.

¹² The extension officers/farmer ratio is 1:900, falling short of the recommended level of 1:400.

- High prevalence of under-nutrition. Despite significant reductions in infant, under five and maternal mortality, prevalent rates remain unacceptably high and well above the average in sub-Saharan Africa and is seriously affecting Zambia's potential to meet economic and development targets. Despite a marginal reduction in stunting from 45% in 2007 to 40% in 2013/14, the percentage of children underweight has remained static at 15% while wasting has increased from 5% to 6%. Around 10% of women aged between 15 and 49 are underweight. The prevalence of anaemia is also very high by regional standards, affecting one in two children and one in three women of reproductive age. This is often a reflection of poor hygiene standards and insufficient quality of diet.
- Gender inequalities. The social, cultural and economic realities are experienced differently by men and women in Zambia. The main challenges include: (i) income disparities: according to 2015 Rural Agricultural Livelihood Survey (RALS), male-headed households have more than double the gross income than that of female headed households); (ii) access to land: while 26% of Zambian farm households are headed by women and women perform the majority of farm labour operations only 20% of female headed households have more than 2 ha of land compared to 39% among male headed households; (iii) assets: far more male farmers receive inputs than female farmers from the government Farmer Input Support Programme. Furthermore, women join rural production organisations less frequently, and therefore have a diminished role in decision-making processes.

In order to address these challenges, the programme will build on some recent and encouraging reforms including:

- The piloting of an e-voucher system under the national maize input subsidy programme in a total of 52 districts over two marketing seasons. This measure is meant to promote agricultural diversification (through a diversified inputs package) and to increase private sector participation in the sector by strengthening its capacity in input marketing and distribution.
- The establishment of the Zambia Agricultural Commodity Exchange (ZAMACE), supported by a warehouse certification and receipt system, aimed at enhancing market access, liquidity and credibility in the commodities market in Zambia.
- The establishment of a Special Committee of Permanent Secretaries on Nutrition under the Cabinet Committee on Health, which is giving the nutrition agenda much more prominence. A revised Food and Nutrition Bill has also been developed and is expected to be passed as an Act of Parliament later in 2017. A Parliamentary Enquiry on Food and Nutrition is currently being carried out, demonstrating increased attention being paid to nutrition.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Government does not move away from focus on support to maize and subsidies to agriculture	M	Continuous policy dialogue, advocacy and technical advice on diversification and reform of the FISP programme. The Government already stated intention to maintain the new FISP programme based on e-vouchers already introduced in the 2016-17 agricultural season. 7 th NDP just released puts emphasis on agriculture diversification and value chain development as a key driver for growth and job creation. Possible IMF programme likely to insist on the need for appropriate targeting of FISP recipients and reduced expenditure for maize purchase by the National Food Reserve Agency so as to decrease overall subsidies to agriculture

Limited adoption of conservation agriculture (CA) and other sustainable practices	M	Continued support to climate smart agriculture, including mainstreaming of CA into Call for Proposal, support to training and sensitisation campaigns
Nutrition sensitive policies and programmes not sufficiently supported by government, leading to poor diversification of diets	M	Joint policy dialogue and advocacy on the importance on nutrition (including for extension services). Support to nutrition also through Budget Lines
Possible overlaps with programmes financed by other Cooperating Partners (CPs)	L	Use of existing sectoral CPs groups for enhanced coordination. Implementation through relevant EU MS agencies, European Development Finance Institutions and CPs (Delegation Agreements) and pooled funds with EU MS
Drought and other climate shocks adversely impact on production and productivity	M	Support to sustainable and climate-adapted agriculture practices and sustainable water resources management
Increases in access to technology and market leads to a static/worsening situation with respect to the income gaps between men and women	M	Each component of the programme will be informed by a context-specific gender analysis, and gender will be mainstreamed in all components of the programme including measures to empower women economically. Synergies will be identified with other EU programmes in rural areas (e.g. access to justice for land tenure, Sexual and Gender Based Violence prevention (SGBV))
Assumptions		
<ul style="list-style-type: none"> • The Government consistently maintains its commitment to support agriculture transformation through private sector investment and inclusion of small scale farmers in agriculture value chains. • The private sector is willing and able to serve small-scale farmers offering fair and competitive input and output prices. • Improved access to competitive input and output markets translate into more diversified and increased crop production and productivity. • The financial market conditions for access to finance for farmers do not deteriorate. • The Government implements its policies in support to sustainable agriculture. 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

Lessons learnt from on-going EU and other CP interventions in Zambia suggest that:

- The public sector will have to redefine its own role and responsibilities and further engage with private sector service providers in input supply and output marketing.
- New mechanisms have to be developed to facilitate the access to finance in the agriculture sector, both for reducing the costs of borrowing and limiting the risks.
- With increased climate variability and declining soil fertility, there is no sustainable alternative to climate smart and durable smallholder production technologies. However, the low and slow conservation agriculture (CA) adoption shows the need to further adapt these techniques to site and farmer circumstances – "one size does not fit all" and they need to be profitable to make the system attractive.
- In the context of changing climatic conditions and increasing inter and intra-seasonal variation and variability of precipitation, complementary irrigation in smallholder rain-fed production systems and sustainable use of water resources are essential to make best use of farming inputs and to mitigate risk of crop failure and increase productivity.

- Adequate gender-sensitive analysis is needed, and will be needed to a greater or smaller degree depending on individual components of the programme. For example, gender analysis can be a decisive tool for inclusive value chain development.

3.2 Complementarity, synergy and donor coordination

The main CPs supporting the agricultural sector in Zambia are the United States Agency for International Development (USAID) and the Governments of the United Kingdom, Sweden, Finland, Germany and Japan as well as several development banks including the World Bank and the African Development Bank. This programme will be complementary with the on-going EU projects in the agriculture sector, namely:

- The 10th EDF EUR 11.8 million Conservation Agriculture Scaling Up Project (2013–2017) aimed at contributing to reduced hunger, improved food security and sustainable use of natural resources in Zambia by increasing crop productivity and production for target farmers (implemented by the FAO and the Ministry of Agriculture).
- The 11th EDF EUR 10 million Performance Enhancement Programme for the Ministry of Agriculture and the Ministry of Fisheries and Livestock to strengthen core functions of the ministries and to improve their capacity to deliver quality services to smallholder farmers.
- The four ongoing projects implemented by Civil Society Organisations (CSOs) in the nutrition sector aimed at contributing to reducing maternal and child under nutrition in Zambia (2014-2017 Thematic Programme "Civil Society and Local Authorities").

The programme will also seek synergies with projects supported by other CPs, including:

- The USAID Production, Finance and Improved Technology Plus (PROFIT+) Project to "increasing food security and decreasing hunger through agriculture-led growth and inclusive market access by smallholders".
- DFID Development of Agricultural Rural Markets Project, implemented by a Zambian non-profit private company (MUSIKA), that provides corporate clients with quality, commercially focused technical advice and business support and the Financial Sector Deepening Zambia aimed at increasing financial inclusion in Zambia, if the project is extended after March 2018, as planned.
- The IFAD "Rural Finance Expansion Programme" (2013-2021) that aims at "enhancing the capacity of financial service providers to deliver demand-driven services in rural areas".
- DFID (together with the EU, USAID and Germany) First 1,000 Most Critical Days Programme 2013-2015, a SUN pooled funding mechanism in support to the National Food and Nutrition Strategic Plan (2017-2021) whose aim is to reduce stunting as well as to build a coherent and sustainable nation-wide response to under nutrition.
- The World Bank Irrigation Development Support Project (IDSP) aiming to increase yields per hectare and value of diverse products marketed by smallholders through irrigated agricultural support services, public infrastructure development and support to private and cooperative investments in productive equipment and assets in and around irrigation schemes.

3.3 Cross-cutting issues

The programme addresses the following cross-cutting issues:

- a. Gender: Based on the above sections, we propose to mainstream gender equality into the result areas, activities and indicators, and to commit to further gender analysis, with a proposed focus on women's economic empowerment (especially access to inputs, services and assets) and nutrition (especially female-headed households, mothers, adolescent girls). This rests on the assumption that, if the programme components can identify and narrow the gender gap in its key result areas, this will not only be a result in its own right but will further improve the resilience, sustainability and profitability of the sector.¹³

¹³ Global evidence indicates that the smaller the gender gap, the greater the competitiveness and productivity of the agriculture sector. There is also a clear causal relation between more equal gender relations in the household/community

The programme will have an impact on narrowing gender gaps in the sector, particularly on improving equality of access to inputs, productive resources and labour-saving technologies, lowering barriers to commercialisation for women farmers, ensuring women and girls benefit from the strengthening of markets for nutritious foods, and building capacity of state institutions to ensure women benefit equitably from improvements in service delivery.

An approach to monitoring, evaluation and research which can ensure adequate collection of gender-disaggregated data by the programme and which helps fill evidence gaps, resolving contradictory evidence, including those relating to optimising long-term gender equality in the sector.

- b. Climate change and environmental sustainability: The underperformance of the agricultural sector is further exacerbated by the impact of climate change. The proposed value chain approach will permit to mainstream climate change resilience in the different steps of the supply chains, identifying climate constraints and vulnerabilities and respective mitigation measures. In line with the INDC, the project will promote several CSA practices, including access to irrigation to cope with erratic rainfalls. The programme will implement sustainable intensification practices which are more productive, equitable, social and environmentally friendly. It will address the shortfalls of traditional farming systems by replacing them with systems that build more soil carbon or at least reduce its decline, halt soil erosion and run-off, reduce greenhouse gas emissions, increase water infiltration and improve water and nutrient use-efficiency. Research from previous initiatives shows clear linkages between sustainable intensification practices and reduced adverse impact to the environment.

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 1 "No Poverty" aimed at ending poverty in all forms and dimensions by 2030, SDG 2 "Zero Hunger" to end hunger, achieve food security and improved nutrition and promote sustainable agriculture" and SDG 8 "Decent Work and Economic Growth". The programme also promotes progress towards SDGs 5 "Gender Equality", 13 "Climate Action" and 15 "Life on Land". This does not imply a commitment by the country benefiting from this programme.

The overall objective is to support the Government of Zambia's policy objectives to reduce rural poverty and malnutrition and to improve rural livelihoods. The specific objective is to increase smallholder farmers' productivity, income and employment opportunities.

The objectives will be achieved through four complementary result areas, all gender mainstreamed.

- Result area 1 Increased participation of smallholder farmers in market-integrated, nutrition- and gender-sensitive value chains and improved access to finance, services and inputs as well as investment opportunities.
- Result area 2 Improved sustainable and climate smart crop production and gender-sensitive land management practices.
- Result area 3 Enhanced sustainable and gender-sensitive agricultural water management and irrigation systems for smallholder farmers in selected districts of the Lower Kafue sub-catchment.
- Result area 4 Strengthened nutrition governance and support services to women of reproductive age, adolescent girls and children under-five.

The logical framework illustrating the results chain, indicators and targets is presented in Appendix 1.

and better agricultural and development outcomes, which makes an argument for stronger linkages between this programme and other major EU governance programmes in Zambia.

4.2 Main activities

Activities under the different results include:

Result area 1: Support inclusive, sustainable value chain interventions, following a market-led and nutrition-sensitive approach. A "blended scheme" will be set up based on a grant and a loan component. The "grant component", which will be delivered through a grant contract, will support investment to smallholders and the delivery of advisory services (financing facilitation, business skills, agricultural extension, post-harvest losses). Smallholders will join forces with agribusiness operators developing sound and comprehensive business plans which will be submitted to an "Agribusiness Support Operator", in charge of assessing and supporting the implementation of these plans and facilitating the access to financing through commercial banks. These commercial banks will be supported through the "loan component" of the blended scheme, which will be established by a lead financial institution under the African Investment Facility. Special focus will be given to female farmers who are traditionally discriminated in terms of access to agricultural productive assets and decision-making power.

Support the Government e-voucher system through capacity development for Ministries' staff, sensitisation of farmers, development and dissemination of training manuals, ICT and technical assistance to upgrade the farmers' register, etc, with gender and nutrition sensitisation systematically included through the Ministries' front-liners' technical advisory service delivery.

Result area 2: Support to research, development and testing of sustainable intensification practices in selected on-farm research areas, including support to mechanisation and other time- and labour-saving technologies and capacity building for service providers.

Train, mentor and capacitate farmers to better manage farmer enterprises and engage value chain and private sector actors using ICT based up-scaling tools through specific sensitisation activities and extension services.

Capacity development support to promote an enabling environment conducive to the scaling up and adoption of sustainable intensification practices by smallholder farmers with a special focus on women who, as children caretakers, will particularly benefit from increased agricultural production and diversification leading to increased dietary diversity and better nutrition as well as from time/labour savings.

Result area 3: Establish and rehabilitate pilot irrigation sites for smallholder farmers, including sustainable operation practices, efficient water use and innovative up-scaling models.

Strengthen extension capacities on water use, harvesting and irrigation.

Improve integrated water and land use planning at local and sub-catchment level with a special focus on female farmers traditionally under-represented and disempowered in community-based water/land management structures.

Result area 4: Scale up relevant and sustainable nutrition interventions and capacities in selected districts specifically targeting pregnant and lactating women, adolescent girls and children under five.

Support to improve nutrition coordination, policy and investment at national and district level.

Support the establishment of a national platform for nutrition information, analysis and advocacy.

Support to conducting operational research and generating evidence of effective nutrition-sensitive interventions with a special focus on pregnant and lactating women, adolescent girls and children under five.

4.3 Intervention logic

The programme intervention logic around the four result areas is based on a holistic support to business oriented smallholder farmers that will enable them to graduate from low productive subsistence-based agriculture towards more diversified and market-oriented farming.

The promotion of agricultural diversification away from the current maize dominated system will contribute to increased dietary diversity leading to better food and nutrition security. The programme will promote the development of inclusive, nutrition sensitive value chains and will support entrepreneurial smallholder farmers to link up to private sector enterprises and service providers.

Result 1 will support investments aimed at strengthening the integration of smallholder farmers into value chain developments. Moreover, the EU funds will leverage other investments in the form of loans from EU multilateral and bilateral financial institutions.

The programme will ensure smallholders' inclusiveness in value chains, through innovative business models including agribusiness operators and smallholders.

Support would be channelled through a grant component and a loan component.

The "grant component" will facilitate the setting up of an agribusiness support operator. This operator will be responsible for:

- (i) mobilising a "financial support scheme" responding to specific needs outlined in the comprehensive business plans. The financial support scheme could cover e.g. the provision of inputs, services and training as well as investments related to soil and water management and conservation;
- (ii) facilitating the development of comprehensive business plans between smallholders and agribusiness operators, identifying specific needs for investment and technical assistance. Selecting business plans according to agreed criteria;
- (iii) ensuring facilitation with commercial banks and other financial institutions in order to finance the most suitable business plans;
- (iv) conducting value chain analysis in order to measure impact on sustainability and inclusiveness;
- (v) enhancing the expertise and capacity of smallholders and agribusiness operators through advisory services providers.

The "loan component" will be set up as following:

Loans will be provided to the selected value chain development actors and/or agribusinesses by commercial banks through dedicated credit lines established by selected Lead Financial Institutions under the Africa Investment Facility (AfIF). Those investments will target any required improvement including, among others, increase in productivity, quality and adherence to standards of products, post-harvest management and processing, bulking and value addition as well as working capital for services to meet the production and marketing objectives of the selected business plans. Loan finance can also be provided by commercial banks, with which the programme will have no direct contractual relationship, under their own responsibilities and terms.

Complementarity of grant and loan finance is essential to reduce risks of lending to agriculture and provides an incentive to increase funding to the agribusiness sector.

EU blending component will contribute to mitigating the risk and costs of finance for beneficiary value chain development actors and/or agribusinesses. This funding will be channelled through the AfIF and will be managed by the selected Lead Financial Institution within the framework of its credit facilities with commercial banks. It will provide technical and financial assistance to those banks to enable them to improve the terms and conditions of their loans to beneficiary agribusinesses.

Agricultural diversification and commercialisation among smallholders will also be promoted through supporting the Government of Zambia in its efforts to reform its Farmer Input Support Programme. The EU will in particular support the rolling-out of an upgraded electronic voucher modality country-wide. This support will involve capacity development for the Ministry of Agriculture to better handle farmer beneficiary registration and targeting under a completed and regularly updated National Farmers Register, technical assistance and ITC support, sensitisation of farmers, etc.

Result Area 2 aims to increase productivity, income and facilitate commercial orientation of smallholder farmers while maintaining environmental resilience of the natural resource base for sustainable production in the targeted production systems.

Activities under the project will be based on a partnership between the Food and Agriculture Organization (FAO) of the United Nations, the International Maize and Wheat Improvement Center (CIMMYT), the Ministry of Agriculture and Ministry of Livestock and Fisheries in Zambia. These partners will work alongside other service providers and development partners particularly NGOs and private sector players-

The project will support research, development and testing of sustainable intensification practices in "research clusters" (selected on-farm research areas), including the support to appropriate scale mechanisation, capacity building for service providers on machinery and the development of business models with private sector partners. The results of the research and testing activities will then be scaled-up through different possible ways: (i) mainstreaming those results and practices into extension services (both public and private), (ii) development and enhancing of ICT tools for direct transfer of the knowledge to small holder farmers for up scaling of sustainable intensification practices (iii) strengthening farmer to farmer extension. The training and extension will span beyond the confines of agronomic and animal husbandry advice to include nutrition, business development and market linkages, strengthening of farmer groups/organisations, and access rural finance. These activities will finally be accompanied by the promotion of an enabling environment for the scaling-up and adoption of sustainable intensification practices. This can include some capacity development support to government regulatory bodies and the improvement of linkages between farmers' organisations and private sector actors.

Result Area 3, implemented through GIZ, will support a range of related activities that ensure the expansion of economically viable, environmentally sensitive and socially fair agricultural water management for irrigation purposes while avoiding over-exploitation and pollution of water resources. Community-owned water storage as well as irrigation infrastructure will be established, based on participatory planning with farmers and local water users based on sub-catchment allocation planning. The private sector will be supported in offering innovative options for irrigation systems to smallholders (such as rental and leasing), and thereby making irrigation infrastructure accessible for a wider range of smallholder farmers. Water use efficiency and knowledge on water use at farm level will be improved through the development and strengthening of specific public and private extension services as well as increased farmers' knowledge about water use. Smallholders will be integrated into local water allocation and catchment protection processes. Local water user associations will be supported to improve water management and investment planning at local level, including the implementation of catchment protection measures (e.g. reforestation, terracing, run-off improvements) alongside the construction of water storage and irrigation infrastructure. The expected improvement of water harvesting, water storage and irrigation methods alongside improved local sub-catchment water resources management will contribute to increasing productivity and resilience to climate change.

Result Area 4 will support the efforts undertaken by the National Food and Nutrition Commission and relevant line ministries¹⁴ to implement the second phase of the First 1,000 Most Critical Days Programme (MCDP). Through this result area, the project will in particular contribute to the SUN Fund, which is supported by several other CPs (in particular MS). In line with the Zambia's Government National Food and Nutrition Strategic Plan (2017–2021), the Programme aims at reducing stunting by 25% in 30 targeted districts by 2022. MCDP Phase II will scale up cost-effective, high-impact nutrition interventions that have proven to reduce stunting globally and in Zambia while building on the achievements of MCDP Phase I to further strengthen multisectoral policy and coordination as well as the capacity of institutions, management and systems at all levels and to improve advocacy, monitoring, evaluation, research and learning. The EU contribution to the SUN Fund (channelled through DFID) may also support the establishment of a National Information Platform for Nutrition to contribute to strengthening national capacity to manage and analyse information and data from all sectors which have an influence on nutrition and to disseminate and use

¹⁴ These include Health, Agriculture, Fisheries and Livestock, General Education, Community Development and Social Services and Water Development, Sanitation and Environmental Protection.

information so as to better inform the strategic decisions countries are faced with to prevent undernutrition and its consequences.

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 4.2 will be carried out and the corresponding contracts and agreements implemented, is 84 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 of the budget support component.

N.A.

5.4 Implementation modalities

5.4.1 Grants: call for proposals "Increased participation of smallholder farmers in market-integrated, nutrition-sensitive value chains and improved access to finance, services and inputs as well as investment opportunities" under Result Area 1 (*direct management*)

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

The objective of the call for proposals is to identify and conclude a grant contract with a beneficiary that will act as agribusiness support operator. The grant beneficiary will design and implement a financial support scheme through which funding will be provided to smallholder value chain actors.

Actions eligible for financing are the design, launch and management of a financial support scheme with the objective to support investments aimed at strengthening the integration of smallholder farmers in the development of value chains as well as the networking with commercial banks and other financial institutions to ensure parallel loans to co-finance the investments.

The expected result is that business plans to support investments towards the development of inclusive value chain have been submitted, positively evaluated and co-financed by beneficiary consortia and commercial financial institutions.

(b) Eligibility conditions

Eligible applicants are profit and non-profit legal persons and must belong to one of the following specific type of organisations: non-governmental organisations, public sector operators, local authorities and international (inter-governmental) organisations as defined by Article 43 of the Rules of application of the EU Financial Regulation, established in a Member State of the European Union or of any Country covered by ACP-EC Partnership Agreement, as laid down in Annex IV to the latter Agreement as revised by Decision No 1/2014 of the ACP-EU Council of Ministers of 20 June 2014 (2014/428/EU).

Subject to the information to be published in the call for proposals, the indicative amount of the EU contribution is EUR 20 000 000 and the grants may be awarded to one or a consortium of legal entities. The indicative duration of the grant (its implementation period) is 60 months.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are the relevance of the proposed action to the objectives of the call, design, effectiveness, feasibility, sustainability and cost-effectiveness of the action. Moreover, the

applicants will need to have a demonstrated capacity to design and to manage a financial support scheme which targets agribusinesses and smallholder farmers in Africa.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is full funding.

In accordance with Article 192 of Regulation (EU, Euratom) No 966/2012, applicable in accordance with Article 2(1) and Article 37 of Regulation (EU) 2015/323, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The necessity of full funding will be justified by the Commission's authorising officer responsible for the award decision, in respect of the principles of equal treatment and sound financial management. The full funding is proposed taking into account the nature of the main operation foreseen under the grant which is the design and the management of a financial support scheme. This will be the primary aim of the grant contract. This full funding will also ensure impartiality by the grant beneficiary which will act as agribusiness support operator.

(e) Indicative timing to launch the call

Mid 2018.

5.4.2 Indirect management with a Member State agency (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ))

A part of this action may be implemented in indirect management with the **Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)** in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012, applicable in accordance with Article 17 of Regulation (EU) 2015/323. This implementation entails the activities foreseen under Result Area 3. This implementation is justified because GIZ has extensive experience and well established relationships with Zambia's Government, civil society and private sector actors in the water and agriculture sectors in addition to a significant track record in strengthening smallholder farmers through improved water use and irrigation in sub-Saharan Africa. Furthermore, the German Government has commissioned GIZ to support the Zambian Government through the project *Water Resources Management for Agricultural Resilience*, which focuses on smallholder farmers' climate change resilience through improved local water resources management. This programme will complement the proposed action and significantly increase its effectiveness, efficiency and sustainability while strengthening a strong nexus between water resource management and use of water for agriculture. GIZ and the EU have been successfully collaborating in Zambia notably through the first phase of the GIZ Civil Society Participation Project (2012–2015) and the on-going phase II (2015–2018), both co-funded by the EU. Continued cooperation will also strengthen the potential for joint programming/ implementation.

The entrusted entity would carry out the following budget-implementation tasks: conducting procurement and grant award procedures and managing the resulting contracts, carrying out payments.

5.4.3 Indirect management with a Member State agency (United Kingdom Government's Department for International Development (DFID))

A part of this action may be implemented in indirect management with the **United Kingdom Government's Department for International Development (DFID)** in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012, applicable in accordance with Article 17 of Regulation (EU) 2015/323. This implementation entails implementation of activities under Result Area 4 (contribution to the SUN Fund). This implementation is justified because DFID has been the lead agency in the nutrition sector in Zambia as well as the greatest contributor to the SUN Fund. In association with Irish Aid and SIDA (Sweden), DFID has provided financial and technical support to the Government to develop the First 1,000 Most Critical Days Programme, and has had a central role in designing, establishing and managing the related pool fund since 2010. DFID will continue being at the forefront of project implementation as they will contract the Fund Manager responsible for managing pooled resources. The governance structure of the SUN Fund is being reinforced in view of its second phase. The EU has closely cooperated with the other contributing partners, and in particular with Kreditanstalt für Wiederaufbau (KfW), to further strengthen the SUN Fund. DFID has privileged relations with the National Food and Nutrition Commission (NFNC) due to its early support to

Zambia's nutrition flagship programme and have a strong presence in the country. Cooperation will strengthen the potential for joint programming/ implementation between EU member states.

The entrusted entity would carry out the following budget-implementation tasks: conducting procurement and grant award procedures and managing the resulting contracts, carrying out payments.

5.4.4 Indirect management with an International Organisation

A part of this action may be implemented in indirect management with the **United Nations Food and Agriculture Organization (FAO)** in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012, applicable in accordance with Article 17 of Regulation (EU) 2015/323. This implementation entails the activities foreseen under Result Area 2. This implementation is justified because of: 1) extensive EU-FAO collaboration on Conservation Agriculture in Zambia under the Food Facility (2009-2012, EUR 17 million) and the ongoing Conservation Agriculture Scaling Up Project (2013-2017, EUR 11.8 million); 2) solid working relationship between the FAO and the Government in the agricultural sector based on a bilateral standing country agreement; and 3) the FAO high-level, globally recognised sectoral expertise in the country and the region. The activities have been formulated jointly with the Government, the FAO and other relevant stakeholders (including research institutions).

The entrusted entity would carry out the following budget-implementation tasks: conducting procurement and grant award procedures and managing the resulting contracts, carrying out payments.

5.4.5 Indirect management with the Partner Country

A part of this action with the objective of supporting to the government e-voucher system may be implemented in indirect management with the Government of the Republic of Zambia in accordance with Article 58(1)(c) of the Regulation (EU, Euratom) No 966/2012, applicable in accordance with Article 2(1) and Article 17 of the 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 (or lower, based on a risk assessment) 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 direct labour and contracts below EUR 300 000 for procurement and up to EUR 300 000 for grants.

The financial contribution does not cover the ordinary operating costs incurred under the programme estimates.

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 Regulation (EU) 2015/323, will be laid down in the financing agreement concluded with the partner country.

5.4.6 Contribution to the African Investment Fund – AfIF

This contribution may be implemented under indirect management with the entities, called Lead Financial Institutions, and for amounts identified in Appendix 2 of this action document, in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012, applicable in accordance with Article 17 of Regulation (EU) 2015/323. The entrusted budget-implementation tasks consist of the implementation of procurement, grants, financial instruments and payments. The entrusted Member State agency or international organisation shall also monitor and evaluate the project and report on it. The Lead Financial Institutions are not definitely known at the moment of the adoption of this Action Document but are indicatively listed in Appendix 2. A complementary financing decision will be

adopted under Article 84(3) of Regulation (EU, Euratom) No 966/2012 to determine the Lead Financial Institutions definitively.

5.5 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 eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

Component	EU contribution (in EUR)	Indicative third party contribution (in EUR)
Result 1: Increased participation of smallholder farmers in market-integrated value chains on functional, environmentally sustainable and equitable terms		
5.4.1. Grants: call for proposals – Increased participation of smallholders farmers in market-integrated, nutrition-sensitive value chains and improved access to finance, services and inputs as well as investment opportunities	20 000 000	n/a
5.4.6 Contribution to the AfIF – blending	15 000 000	To be decided at a later stage
5.4.5 Indirect management with Zambia(Programme estimate)	10 000 000	n/a
Result 2: Sustainable and climate smart crop production and gender-sensitive land management practices are further improved		
5.4.4 Indirect management with FAO	12 000 000	472 000
Result 3: Climate-smart agricultural water management for smallholder farmers introduced in selected districts of the Lower Kafue sub-catchment, Zambia		
5.4.2 Indirect management with GIZ	12 000 000	2 100 000
Result 4: Improved nutritional status of women of reproductive age, adolescent girls and children under-five through appropriate and sustainable key nutrition interventions		
5.4.3 Indirect management with DFID	10 000 000	19 000 000
5.9 Evaluation, 5.10 Audit	1 000 000	n/a
5.11 Communication and visibility	1 000 000	n/a
Contingencies	6 000 000	n/a
Total	87 000 000	21 572 000

5.7 Organisational set-up and responsibilities

A Programme Steering Committee (PSC) will be set up to oversee the overall strategic direction and policy of the programme. It will review and discuss the programme implementation progress, identify opportunities, achievements and constraints and adopt amendments if/as needed. The PSC will be chaired by the Ministry of Agriculture and will include representatives of concerned line ministries, the Ministry of Finance, the National Authorising Officer (NAO), cooperating partners and private sector representatives and the European Union. Through the PSC bylaws, the inclusion of gender expertise into the committee will be considered. The PSC shall meet twice a year. Furthermore, programme-specific technical working groups will be established for each of the components. They will meet regularly (either quarterly or monthly) according to needs. The beneficiary/ies, implementing partners, service providers and the EU will be represented in those technical working groups. The Government will also be fully involved in the different technical working groups.

5.8 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. To this aim, 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 and the relevant minimum set of indicators defined in the EU blending results framework. 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. Gender sensitive monitoring is ensured along respective monitoring indicators laid down in the programme logical framework.

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). For Results 1 to 3, baselines studies will be carried out as part of project activities to enable an accurate monitoring and evaluation. As required, additional external monitoring studies and surveys will be carried out under the implementing partners' responsibility and specific result area budget lines.

5.9 Evaluation

Having regard to the importance of the action, a mid-term and a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

A mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to the new areas of European Union partnership with financial institutions and the implementation of the different delegation agreements foreseen in this programme.

A final evaluation will be carried out for accountability and learning purposes, at various levels (including for policy revision) and in particular with regard to best practices for EU support to private sector operators in the agricultural sector and to gender related issues.

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 2020 and 2023. Any baseline study carried out in the course of the implementation of the programme will be used to inform the evaluations of the programme. The baseline study will endeavour to collect and analyse sex- and age-disaggregated statistics.

5.10 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, one contract for audit services shall be concluded under a framework contract at the end of the implementation period.

5.11 Communication and visibility

Communication and visibility of the European Union is a legal obligation for all external actions funded by the European Union. 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 5.6 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.

A service contract covering visibility and communication activities for all European Union funded activities, including this project might be concluded following applicable EU procedures.

Given the innovative character of the private sector involvement proposed under result areas 1 and 3, respective contracts will include the organisation of communication and visibility events such as experience sharing and best practices dissemination.

APPENDIX 1 - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective Impact	Support the Government of Zambia's policy objectives to reduce rural poverty and malnutrition and to improve rural livelihoods	1 Incidence of rural poverty * 2 Stunting prevalence in children under 5 years of age* /**Level 1 <i>Disaggregated by sex and age</i>	1 77 % (2011) 2 40% (DHS 2013/14)	1 50% (NAIP) 2 20%	1 Living Condition Monitoring Survey (LCMS) 2. Demographic and Health Survey 3. Rural Agriculture Livelihood Survey (RALS)	
Specific objective: Outcome(s)	Increase smallholder farmers' productivity income and employment opportunities	1. % workers recorded in agriculture sector disaggregated by gender and age 2. Agriculture productivity disaggregated by main staple and cash crops and gender ** Level 2 3. Average farm household income obtained from farming disaggregated by gender and age 4. Dietary diversity (MDD-W and MDD children of women and children supported by the intervention)	1 56 % (ILO 2012) 2. Mt/ha maize 2.8/2.1 soya 0.9/0.9 cow pea 0.7/0.7 beans 0.7/0.6 g-nuts 1.0/0.9 3&4. Tbd at project inception	1. tbd according to gender disaggregated Government's target 2. Mt/ha maize 4.0 soya 1.5 cow pea 1.0 beans 1.0 g-nuts 1.5 3&4. Tbd (based on baseline)	1. IMF/WB reports ILO Labour market database 2. LCMS/ RALS/ Crop Forecast & Post-harvest surveys CSO/MoA 3. RALS and gender and age disaggregated external surveys at programme and project level 4. Project monitoring and evaluation reports	The Government maintains its commitment to support agriculture transformation through private sector investment and inclusion of small scale farmers in value chains Improved access to competitive input/output markets brings to more diversified and increased production/productivity Increased and diversified production and incomes translate into improved consumption patterns and labour demand

Outputs	Output 1: Increased participation of smallholder farmers in market-integrated, nutrition-and gender-sensitive value chains and improved access to finance, services and inputs as well as investment opportunities	<ol style="list-style-type: none"> 1. % of smallholders' production that is marketed 2. # of SHF accessing unsubsidised inputs and services under BP 3. Value added to SHF agricultural produce under BP 4. Agricultural diversification index for SHF (BP and e-voucher disaggregated) <p><i>all disaggregated by gender</i></p>	1-4 Tbd at project inception	1-4 Tbd at project inception and updated upon business plans approval	1-4 Project baseline, project M&E reports and independent evaluation surveys	<p>The private sector practising fair and competitive input and output prices for SHFs</p> <p>The financial market conditions for access to finance for farmers do not deteriorate</p> <p>The Government continues investing in the rolling-out of the e-voucher system</p>
	Output 2: Improved sustainable and climate smart crop production and gender-sensitive land management practices	<ol style="list-style-type: none"> 1 # of hectares where male/female farmers perform sustainable intensification practices**L2 2 Status of institutionalised national nutrition and gender-sensitive SIPs strategies/guidelines 3 Production costs per unit area targeted by the project and disaggregated by gender 	1-3 Tbd at inception phase	1-3 Tbd at inception phase based on baseline	Project M&E surveys Specific studies/surveys	<p>The Government implements its policies in support to climate smart agriculture</p> <p>Acceptance by farmers to adopt sustainable practices</p> <p>Sufficient level of financial literacy of farmers</p>
	Output 3: Enhanced sustainable and gender-sensitive agricultural water management and irrigation systems for smallholder farmers in selected districts of the Lower Kafue sub-catchment	<ol style="list-style-type: none"> 1 # of male/female smallholders applying sustainable water harvesting and irrigation for nutrition sensitive agricultural production in the Lower-Kafue sub-catchment 2 # and % of male/ female smallholder farmers targeted by the action judge their water security status marginal/ fair/ satisfactory 	<ol style="list-style-type: none"> 1 0 (baseline to be established with GIS based assessment) 2 Tbd at inception phase based on baseline 	<ol style="list-style-type: none"> 1 11,000 in 2022 out of which min 30% women 2 Tbd at inception phase based on baseline 	<ol style="list-style-type: none"> 1 Survey with farmers benefiting from training 2 Water user survey (water availability, contribution of water security to improved livelihoods and production) 	<p>Political support for WRM governance structures on catchment and sub-catchment level</p> <p>Improved agricultural water management leads to increased climate resilience and livelihoods</p>

	Output 4: Strengthened nutrition governance and support services to women of reproductive age, adolescent girls and children under-five	<p>1. # of women of reproductive age adolescent girls and children under 5 benefiting from the Government's key nutrition interventions package**</p> <p>2. Levels of Government investments in nutrition programmes</p>	1&2. Tbd at inception phase	1&2. Tbd at inception phase based on baseline	<p>Ad-hoc surveys in target areas at project inception and final stage</p> <p>IAPRI and other CSO annual budget analysis</p>	<p>No major shocks undermine the Government's efforts to improve nutrition outcomes</p> <p>The Government has the political will and the capacity to carry out and sustain reforms</p>
--	---	--	-----------------------------	---	--	--

NB: Indicators aligned with the relevant programming document are marked with '*' and indicators aligned to the EU Results Framework with '**'

APPENDIX 2 - INDICATIVE LIST OF PROJECTS/PLAN FOR BLENDING

Sub-region	Country	Lead Finance Institution	Operation Title	Sector	Estimated total investment cost (EUR million)	AfIF estimated request (EUR million)
Southern Africa	Zambia	EIB	Support to sustainable commercialisation of Zambia's smallholder farmers	Agriculture	40-60	10
Southern Africa	Zambia	AFD	Support to sustainable commercialisation of Zambia's smallholder farmers	Agriculture	15-20	5