I. Introduction and Context

Country Context

After a decade of political and socio-economic crisis, Zimbabwe’s growth has in recent years been among the fastest in the world. During 1998-2008, Zimbabwe experienced a cumulative 46.5 percent contraction in Gross Domestic Product. The economic growth rebounded in 2009 and Zimbabwe’s GDP expanded by 25.2 percent over the period 2009-2011, at a constant annual rate of 7.8 percent. Despite the strong 2009-2011 economic rebound, the country remains vulnerable to shocks and adverse weather conditions: GDP growth moderated to 4.6 percent in 2012, and will not be above 3.6 percent in 2013.
Despite the marked economic recovery during 2009-2011, poverty remains high, particularly in rural areas. The most recent poverty estimates show that, 72.3 percent of all Zimbabweans are poor, and 22.5 percent are extremely poor. The majority of all households in Zimbabwe are located in rural areas where 76 percent of households are poor and 23.5 percent of households are extremely poor. Poverty estimates indicate that the depth, and severity of rural poverty are much worse than those of urban poverty. Zimbabwe has been affected by multiple shocks, including political instability, economic crisis as well as recurrent droughts and in some instances shortages of agricultural inputs and food. According to the Vulnerability Assessment Survey, a total of 1.67 million rural people needed food assistance in 2012, representing about 19 percent of the total rural population.

The performance of the human development sectors also continues to be a serious challenge. The economic recovery from 2009 led to a positive impact on human development, but the country still suffers from widespread vulnerability, and delayed recovery of delivery of basic services. The combined effects of the socio-economic crisis and the HIV/AIDS epidemic (which peaked in 1998, reaching a prevalence of over 27 percent), caused a sharp decline in human development indicators. Life expectancy at birth fell from a high of 61.6 years in 1986 to a low of 43.1 in 2003, still only reaching 53.3 in 2012. Under-five mortality (DHS 2010/11) remains high at 84 per 1,000 (although it has declined from 94 per 1,000 in 2009). Between 1999 and 2010 school participation dropped from 97 percent to 87 percent and the 2011 United Nations Human Development Index (HDI) ranked Zimbabwe 173 out of 187 countries (compared to 130 out of 174 countries in 1998).

The large majority of rural Zimbabwean households are heavily dependent on highly seasonal agricultural activities. About 68 percent of the people live in rural areas and the rural economy is dominated by agriculture. The vast majority of rural workers are communal and resettlement farmers or unpaid family workers, representing 84 percent of the economically active population in rural areas. This makes the rural population not only vulnerable to climatic shocks, but also to the seasonality of agricultural activities, leaving them particularly vulnerable to food shortage during the lean season.

The high vulnerability levels of rural poor and the overall slow progress in poverty reduction calls for the development of a social safety net system to protect the poorest during predictable and unpredictable shocks. The current situation of rural poor and the evidence regarding impact of shocks argues for the need to design and implement counter-cyclical interventions to help poor households to cope with the impact of shocks and avoid permanent losses in human capital. In this context, a labor-intensive community works program may offer a temporary, but predictable source of income for the most vulnerable.

There is also need to mobilize investment to rehabilitate small rural infrastructure linked to basic services. According to a recent report by the African Development Bank, the coverage and quality of the basic infrastructure of Zimbabwe was among the best in the region in the early 1990s, but in the past decade, there has been a substantial deterioration in the quality of these infrastructure assets, which has had a serious impact on the level and quality of basic services.

**Sectoral and Institutional Context**

Zimbabwe is implementing various social protection programs, but they face design and implementation challenges. Currently, Zimbabwe provides social protection to its citizens through social insurance, social assistance and employment programs. In the area of social assistance, the
system is fragmented with numerous programs including Basic Education Assistance Program (BEAM), the Harmonized Social Cash Transfer Program (HSCT), and the Public Assistance program (see Annex 1 for a list of the main social assistance programs). The effectiveness of social assistance programs is further reduced by poor targeting, low coverage, weak benefits administration (uncoordinated management information systems, inefficient payment mechanisms as well as weak monitoring and reporting). Spending on social protection programs in Zimbabwe is about average for the Africa region (spending on safety nets and labor market programs represent around 1.2 percent of GDP), but there is a need to further examine the efficiency of the allocation across programs (and develop clearer strategic priorities), as well as the efficiency of programs in reaching the poorest and there is a clear lack of human resources to effectively implement and monitor the programs.

To improve the effectiveness of its social protection system, Zimbabwe needs to continue its efforts to address key policy and implementation constraints. The Ministry of Labor and Social Services and the World Bank is currently preparing a policy note on social protection and the following are some of the areas that have been identified as essential to enhance the impact of ongoing reform efforts: i) pursuing the current focus on creating a coherent safety net system; ii) increasing coverage and efficiency of programs; iii) prioritizing the extreme poor; iv) ensuring that the safety net system responds to crisis after droughts or other seasonal shocks, and is countercyclical; v) adjusting targeting mechanisms, using a combination of approaches; and vi) rationalizing and improving efficiency of spending on safety nets.

In order to bring coherence to social transfers programs and improve their impact, the Government has prepared a National Social Transfers Policy Framework (STPF). The STPF proposes to harmonize social transfer programs; improve their quality; relevance and adequacy; and prescribe guidelines to all stakeholders in the design and implementation of social transfer programs. The STPF has the following elements: (i) statutory and proxy means tested cash benefits for labor constrained households; (ii) productive community works for labor endowed households; (iii) agricultural inputs support for non-labor constrained rural poor; and (iv) access to basic health and primary education.

In parallel with the development of STPF, the Government has taken important steps towards operationalizing several elements of the framework:

-- A Harmonized Social Cash Transfer Program (HSCT) was introduced to support the labor-constrained households. The HSCT is implemented by the Ministry of Labor and Social Services with financial and technical support from UNICEF and other donors. It was designed as the modality for channeling cash transfers to labor constrained households selected on the basis of a proxy means test. The HSCT was launched in 2011 and is currently operating in 13 districts. The government envisions that the HSCT will eventually harmonize various ongoing programs and lead into a single national cash transfer program targeted to extremely poor labor constrained households. As of May 2013, the program provided benefits to 31,000 households with orphans and vulnerable children.

-- A Policy Framework and Operational Guidelines were prepared to harmonize Productive Community Works (PCWs). This is an important step towards better harmonizing programming of key stakeholders for productive community works and there is a number of agencies operating community works programs to provide cash transfers to non-labor constrained households. A recent
review of public works programs in Zimbabwe identified 13 community works programs (implemented by Government, donors, NGOs and the private sector) that operated (sometimes for only a short-period of time) between 2000 and 2010 and many of the existing community works programs are not included in those 13 programs. A key constraint facing community works programs in Zimbabwe has been the lack of guidelines for effective coordination and implementation.

A pilot Productive Safety Net (PSN) was implemented to inform a redesign of the government’s public works program. While the policy framework and operation guidelines (discussed above) aim to guide implementation to address the needs of poor non-labor constrained households, a number of challenges in the delivery of productive community works remain. The government designed and implemented a pilot community works project during 2011-2012 in two districts, providing cash benefits to 4,500 households through participation in small labor-intensive community works. The pilot tested implementation arrangements involving local communities to manage prioritized community works under the guidance of the district social service officers and with support from relevant technical experts from line ministries. Different payment methods to beneficiaries were tested, including electronic payments at project sites, electronic payments through local agents and manual payments in cash.

To guide a potential scale up on the basis of lessons learned from the pilot, a process evaluation was conducted. Some of the main lessons from this process evaluation include: i) the importance of using a participatory process by which communities select activities, leading to strong community ownership; ii) the success of using a low (below market) daily wage rate to ensure that only those households that have no other livelihood opportunities participate; iii) the need to address capacity constraints for effective involvement of line ministries at local level, in order to provide adequate supervision of the works and quality of the community assets created; iv) the successful use of a simple but effective management information system (MIS) to create payrolls for beneficiaries, as well as to keep track on project implementation; and v) the importance of ensuring that beneficiaries are paid on time and in a predictable manner, through various outsourced payment mechanisms, which gave the project an increasing credibility among local communities.

The PSN pilot also highlighted the need to develop stronger systems to support an expansion of the program in the coming years. The areas to be strengthened include: i) Targeting: in particular developing a targeting system based on a combination of approaches (geographical, community-based, etc), and with a view at progressively harmonizing criteria and processes among the various government programs; (ii) Monitoring & Evaluation, and Management Information System: aiming at a more effective use of these systems at the central and local government level, and greater harmonization with other programs; (iii) Payment systems: setting up efficient and cost-effective mechanisms that can deliver timely payments to beneficiary households in the PSN (and potentially across safety net programs); and (v) Capacity building of all stakeholders involved in the implementation of the PSN, in particular the Department of Social Services (at MOLSS), District Social Services Officers (DSSO), District authorities and the communities themselves.

This proposed project would build on the pilot experience and be implemented with funding from DFID through a proposed World Bank managed trust fund. The project would be closely linked to other activities funded by DFID (under their Livelihoods and Food Security Programme), being implemented by FAO (see specific linkages envisaged in paragraph 20 below).
Relationship to CAS

The proposed project is in line with the Interim Strategy Note (2013-2015) approved by the World Bank’s Board in April 2013. The proposed project would be fully aligned with one of the three priority areas identified in the new ISN; Fostering an Enabling Environment for Reducing Vulnerabilities, Improving Resilience, and Strengthening Human Development. The ISN proposes “a broad based pro-poor growth strategy with support for social protection and other mechanisms to provide safety net for the poor and vulnerable and for improving the availability, cost, and utilization of basic services for the poor.” It is also in line with one of the priorities stated in the ISN emphasizing that one of the priority areas in an enhanced re-engagement scenario includes an expansion of the pilot community works project.

II. Proposed Development Objective(s)

Key Results (From PCN)

The following are the proposed key results indicators that would be used to assess progress towards achieving the project objective:

- Number of beneficiaries participating in the labor-intensive community works (disaggregated by gender);
- Community assets created/rehabilitated under the project (number);
- Proportion of beneficiaries that are considered extreme poor and poor;
- Percentage of payments to beneficiaries made within the month they are due;
- Percentage of beneficiaries registered in the MIS.

III. Preliminary Description

Concept Description

The project would assist the Government of Zimbabwe in scaling up the pilot Productive Safety Net (PSN) program as an integral part of the overall social protection system. The program would aim to provide participating rural households affected by the lean season or other external shocks with timely and predictable cash transfers. The project would strengthen institutional and implementation capacity to operationalize the PSN at the national level and would be implemented over a period of four years. The districts (as well as the number of districts) where the project would be implemented would be agreed with the Government in consultation with relevant stakeholders during project preparation on the basis of transparent criteria. The total budget for the project is approximately US $ 22 million.

The following are the main components proposed for the project:

Component 1 – Labor-intensive Community Works (approximately 70 percent of total project funding)

The specific objective of this component would be to provide the poorest and most vulnerable non-labor constrained rural households with timely and predictable supplemental income through their participation in labor-intensive community works. This component would take in to account the
following important aspects of a labor-intensive community works program:

Seasonality: Poor rural households in Zimbabwe face underemployment and lack of income at specific times of the year, linked to the agricultural calendar. Community works under this component would therefore be implemented mostly during the months when rural households are less busy with agricultural activities and food insecurity is higher due to the depletion of household food reserves and rising food prices in local markets.

Duration and Level of Benefits: The exact duration and the level of benefits that selected households would be able to derive from their participation in community works activities would take into account the experience of the pilot. The duration and level of benefits would be determined such that they do not create negative incentives for households to pursue their regular or new livelihood activities, but provide a safety net to smooth their consumption and avoid negative coping strategies such as selling their assets in periods of elevated need (e.g. during lean seasons). It is expected that the targeted households would be able to participate for a maximum of 15 days per month during approximately four months per year, at a daily (below market) wage rate.

Targeting: Households that would participate in community works would be selected using a combination of several targeting approaches, including geographical targeting, community-based targeting and self-targeting (and possibly PMT in certain districts) as follows: i) a geographical targeting approach would be used to select the program implementation districts (combining a number of criteria to be agreed with the Government) and, depending on the availability of poverty and/or food security data below the district level, may also guide the selection of wards; ii) a community-based targeting mechanism would then be used to identify the poorest households, combined with self-targeting (for households to express their will to enter the program under the conditions, particularly the daily wage rate, offered); iii) in the districts where the PSN would overlap with the HSCT, it is expected that the PSN would combine these approaches with the PMT currently being used by the HSCT (the program would also support the government in improving and updating the PMT with the most recent data from the 2010 household survey). This activity would be closely linked with the technical assistance that will be provided under the separate Bank-executed RSR funded grant that will support the development of harmonized targeting of safety nets, as well as a harmonized beneficiary registry.

Labor-intensive Feature of Community Works: Community works would be labor-intensive, with a high percentage of the costs going to the cash transfers to beneficiary households. Based on the experience of the pilot, the labor component of the activities would therefore be of around 70% of the costs of the activities on average, while the remaining 30% would cover capital inputs and district administrative costs for designing and supervising community works. This cost structure of community works would guarantee that a wide range of high quality community works activities is implemented, while permitting that the largest possible number of poor households participates in the program.

Type of Community Works Activities: It is expected that the range of labor-intensive community works supported by the pilot would be expanded and would contribute to the overall objective of increasing food security and building resilience to climate-related shocks (drought, floods, etc.) and other external shocks. A number of criteria to guide the identification of activities would be clearly defined, and would in particular ensure that activities: i) are in line with the general objective of improving resilience to shocks, improving food security or supporting the local economy; ii) have a
clear public good character, and do not bring benefits to a narrow group within the community; iii) meet a number of environmental and social safeguards requirements (to be developed in an Environmental and Social Management Framework to be prepared and adopted by the government for the program); iv) do not induce resettlement of individuals or households in the community (along rules to be equally developed and adopted by the Government under a Resettlement Framework Policy document). It is expected that community works would therefore mostly be in the areas of soil and water conservation and management, rehabilitation of degraded areas, rural roads maintenance, support to agricultural practices, etc. A manual of labor-intensive community works would be developed in partnership with the Ministry of Agriculture and FAO and would guide the selection of community works by communities and district authorities. This manual would be developed with a view to introduce a wide range of community works that would respect the criteria set above and would also include an innovative menu of activities with potentially high and direct impact on local economies. Capacity for screening of public works would be enhanced to ensure that such activities do not have negative environmental or social impacts.

Component 2 – Technical Assistance for Institutional and System Strengthening (approximately 30 percent of total project funding)

The specific objective of this component would be to increase the capacity of the Ministry of Labour and Social Services, districts and communities to implement, monitor and evaluate a labor-intensive public works program. Through the pilot, capacity was built in two districts to implement labor-intensive public works activities. The expansion of a public works program through the proposed project would further build this capacity in a higher number of districts and at national level, including by supporting the government in creating and improving systems, processes and tools for the implementation of the social protection system. The component would also support the implementation, monitoring and evaluation of project activities and the development of a grievance redress mechanism.

IV. Safeguard Policies that might apply

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V. Financing (in USD Million)

<p>|                                | Total Project Cost: 25.00 | Total Bank Financing: 0.00 | Total Cofinancing: | Financing Gap: 0.00 |</p>
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VI. Contact point

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