

Department for International Development

HMG Response to the International Development Committee's Report on DFID Assistance to Zimbabwe

July 2010



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**Presented to Parliament
by Command of Her Majesty**

July 2010

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ISBN: 9780101789929

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office
ID 236973 07/10

Printed on paper containing 75% recycled fibre content minimum.

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Introduction

The Government is grateful to the International Development Committee (IDC) and all those who made submissions and gave evidence, for the time and effort they gave to reviewing UK assistance to Zimbabwe. We welcome the report. We thank the Committee for its understanding of both the challenges Zimbabwe faces and the significant potential to rebuild the country. We appreciate the sound endorsement of the UK's work in Zimbabwe.

Since the report was published, the Secretary of State for International Development has commissioned a review of the Department for International Development's (DFID) bilateral aid programmes around the world. The Zimbabwe programme will be part of this and the IDC report will helpfully inform those deliberations. The outcome of the review will be used to inform the Government's spending plans, due to be worked out in the autumn. We will therefore be able to discuss the future of DFID's work in Zimbabwe at that time. In the meantime, DFID will continue to implement a substantial programme to provide direct support to the poorest and most vulnerable people, to contribute effectively to the national response to HIV and AIDS and to promote economic reform and improved governance during a period of transition which will be crucial for the future of the country.

The Government has given careful consideration to the report and this paper presents our response to each of the Committee's recommendations and conclusions.

HMG Response to the IDC's Conclusions and Recommendations

The political situation

1. We welcome the Global Political Agreement (GPA), which, although not perfect, created the basis for formation of the Government of National Unity. Progress has been made since the settlement was reached, including the re-opening of schools and hospitals, the introduction of a budget and stabilisation of the economy. However, movement towards full implementation of the Agreement has been slow and important provisions have been ignored by some of the parties involved. Adherence to the rule of law and respect for human rights are two areas requiring urgent and significant improvement.

We agree with the Committee that the Inclusive Government represents a real opportunity for change in Zimbabwe. Since its inception, there has been a marked improvement in the state of the economy and the delivery of basic services. However we share the IDC's concerns about lack of progress in other areas, including respect for human rights and the rule of law. The process of implementation of outstanding areas of the GPA also shows signs of having reached a stalemate and, as the IDC report notes, engagement with the Southern African Development Community (SADC) region will be vital in driving forward political progress.

2. We regret that development of a new Constitution for Zimbabwe is making such slow progress. We agree with DFID's assessment that its implementation could increase the prospects for free and fair elections in the future. We recommend that, in response to this Report, DFID provide us with more information about the support it is giving, jointly with other donors, to the constitution-drafting process.

DFID has played a lead role in mobilising donor support for the constitutional review process. We are providing support through a multi-donor basket fund (led by UNDP) to support the Zimbabwean parliament in the development of a new constitution. Public consultation and engagement will be vital in this process and we are also providing funds to civil society to ensure their involvement. Funding will only be provided on evidence of continuing progress, as monitored by a Project Board – made up of Government, donor (including the Head of DFID Zimbabwe) and civil society members – and no funds will pass through Government or other public financial systems.

3. DFID's support for the Office of the Prime Minister has clearly been valuable and has been much appreciated by him. We recommend that DFID extend this support for a further period. This will enable progress achieved to date to continue, in terms of strengthening the capacity of the Office to oversee the smooth running of government departments and implementation of policy, and to lead on executive business in Parliament.

We strongly agree with the Committee's assessment of the importance of support to the Office of the Prime Minister. DFID has responded to the Prime Minister's request for further support and has extended technical assistance to his Office until January 2011, including provision of a flexible pool of resources that can be drawn on as the demands of the Office require them. We have also recently begun to focus on the role of the Prime Minister as the Leader of the Executive's Business in Parliament – an area the Prime Minister highlighted during his briefing with the IDC.

4. Continuing political violence and lack of security has resulted in the displacement of many Zimbabweans, the migration of many thousands to neighbouring countries and the closure of many schools and medical facilities throughout the country. It compromises donors' ability to provide support to Zimbabwe's development and should be an ongoing concern to the international community.

We agree with the Committee that political violence and reform of the security sector remain key concerns and we urge all parties in Zimbabwe to do more to address these issues. Zimbabwe has seen a significant flight of human capital because of political and economic strife over the past decade, often to other countries in the region. A safer and more secure environment, coupled with the many potential advantages that Zimbabwe can offer – including higher educational standards and public and private sector opportunities – is likely to encourage skilled workers to return from the diaspora. As we have seen in other countries, free and fair elections will also boost returns.

The economy

5. The *Financial Times* has reported that economists, business leaders and trade unionists have warned that the new "indigenisation" law (which would require white-owned companies with an asset value over \$500,000 to surrender 51% of their shareholdings to black Zimbabweans) would "wreck any chance of attracting foreign investment and strangle the economy's weak recovery." We agree with this assessment.

We agree with the Committee that the Indigenisation Regulations, as currently gazetted, are likely to discourage much needed new investment into

Zimbabwe and possibly lead to disengagement from existing investors. We understand that the Government of Zimbabwe has now suspended implementation of the regulations while amendments are being negotiated which will improve their transparency and minimise damage to the economy. We have made it clear to the Government of Zimbabwe that they should avoid doing anything to undermine recent positive developments in the economy and in public financial management.

6. Normalisation of Zimbabwe's relations with the international financial institutions will clearly be a major contributor to its economic recovery. We welcome the IMF's approval of technical assistance to Zimbabwe and the restoration of its voting and related rights as a major step in this process, in response to the economic recovery in the country. We would urge the IMF to continue to engage with the Government of National Unity, with a view to making further progress towards restoring the availability of funding, and to support Zimbabwe in its efforts to work towards meeting the loan approval criteria.

Progress on the economy has led to improved relations and increased dialogue with the international financial institutions. Restoration of IMF voting rights is a good example of this and recognises the improved stewardship of the economy under Finance Minister Tendai Biti. However, Zimbabwe's high levels of outstanding debt, much of it in arrears, limit the level of IFI engagement and the provision of finance. We agree with the IDC's assessment that we should encourage continued IFI engagement with the Government of Zimbabwe. We and other donors should support the Government to devise and implement a strategy towards clearing arrears.

EU restrictive measures

7. The EU has renewed the restrictive measures on named individuals and organisations in Zimbabwe for another year. We agree that further progress on democracy and human rights needs to be demonstrated before all the measures can be lifted. The UK should continue to make clear the basis of the measures and their specific terms to the people of Zimbabwe. It should also continue to support governance reforms which will help Zimbabwe move to a position where the measures can be removed.

We agree with the Committee and their suggestion is consistent with current policy. The EU targeted measures are in place to help advance reform and positive change in Zimbabwe. The EU decided, in February 2010, to remove eight state-owned companies from the list of those targeted, in recognition that some initial progress had been made, mainly on economic reform. As noted

by the IDC, realistic plans for further progress will be required before the other targeted measures are lifted, particularly on the political elements of the Global Political Agreement; progress which would help to consolidate reform and improve the lives of ordinary Zimbabweans.

Land reform

8. Land reform in Zimbabwe is a complex issue. It is also a highly-charged political issue between Zimbabwe and the UK. However, resolution is essential for political stability and continued economic recovery. Land seizures have had a devastating impact, both on individual farm-owners and workers and on the agricultural economy, and should cease. We agree with the DFID Minister that the terrible human rights abuses which have taken place as part of farm invasions are completely unacceptable. The first stage in the land reform process should be a comprehensive and transparent land audit, as laid down in the Global Political Agreement. The timing of the audit is a matter for the Government of National Unity. The process should be supported by the international community, including the UK.

9. In the longer term, the UK should be prepared to join other donors to fund land reform as part of a wider rural and agricultural development strategy, provided the Government of Zimbabwe is able to give credible assurances that such a process will transfer land to the landless poor. However, the responsibility for compensating people for land seizures lies with those who seized land or condoned seizures.

We agree with the Committee that land reform is a complex issue but one which is vital in unlocking Zimbabwe's full potential. We welcome the insightful report by the Africa All Party Parliamentary Group (APPG) entitled *Land in Zimbabwe: Past Mistakes, Future Prospects*. This report helpfully clarifies much of the historical background to the issue.

The UK Government condemns land seizures and has consistently said that we are willing, alongside others, to support a credible land reform programme that reduces poverty and is led by the Government of Zimbabwe. As set out in the GPA, the first step in a new approach to land reform must be a fair and transparent land audit. This must include reaching a national consensus on how land should be distributed.

The UK is part of a group of donors that has been analysing the issue. Together with these other donors we may be ready to support an appropriately designed land audit, if requested by the Inclusive Government. However, we have never accepted that it is solely the UK's responsibility to fund land reform or to compensate farmers. Again the Africa APPG report helpfully clarifies that no such promises have been made.

Regional relations

10. The member states of the Southern African Development Community (SADC) are the guarantors of the Global Political Agreement (GPA). We believe that the UK Government should urge SADC collectively, and South Africa in particular, to continue to work with the Government of National Unity towards full implementation of the GPA. We are disappointed that Zimbabwe has defied the SADC Tribunal ruling on land seizures. Zimbabwe should recognise the authority of SADC. The fact that there are no mechanisms for enforcement of the ruling is a matter of concern to us and should be addressed.

We agree with the Committee's assessment. It is important that South Africa and the countries of the Southern Africa Development Community (SADC), as guarantors of the Global Political Agreement, play an active role in helping to overcome the current impasse and ensure the Agreement is implemented fairly. We continue to encourage them to play that role. Respect for the rule of law will also be a key element in building a durable solution to Zimbabwe's problems. We therefore agree that Zimbabwe's reluctance to respect the SADC Tribunal's ruling on land issues is disappointing – both for Zimbabwe and the region as a whole.

11. SADC should also fully support economic recovery in Zimbabwe. This would bring wider benefits to the whole region, not just to Zimbabwe itself. It would also encourage Zimbabwean migrants to return and help address the tensions which the large number of migrants in neighbouring countries has caused.

We agree with the Committee's comment that economic recovery and integration within SADC would have mutual benefits for both Zimbabwe and the region. In order to reap fully the benefits of regional integration however, Zimbabwe should enact a legal framework that protects property rights of investors and ensures compliance with Bilateral Investment Protection Agreements with neighbouring countries. DFID is supporting wider regional integration through, for example, strengthening the North South corridor, which led to the recent opening of a one-stop border post on the Zambia-Zimbabwe border.

DFID's humanitarian assistance

12. DFID has provided essential humanitarian support to Zimbabwe, including food aid, over the last decade. Although the situation has improved, DFID believes it will be necessary for humanitarian assistance to continue for at least another two years. We recognise the priority which DFID and other donors have to give to meeting humanitarian

needs in Zimbabwe's current situation. However, we would hope that, as the economy continues to recover, people will be more able to support themselves and donors can then review the need for food aid and other short-term interventions. We recommend that DFID regularly reassess the balance between humanitarian aid and development assistance and that more of its programmes shift to a longer-term development approach at the earliest opportunity. (Paragraph 80)

In the last twelve months, there has been a vast improvement in the humanitarian situation. The number of food aid recipients in early 2010 was less than a third of those in the previous year and cholera cases were less than 1% of those reported during the horrendous outbreak in 2008/09.

DFID fully agrees with the Committee's recommendation to move away from humanitarian programmes towards a longer term development approach wherever possible. This is happening: our programmes are designed to be flexible so are evolving towards tackling underlying causes of need, whilst also being able to respond with urgent life-saving assistance as required.

Where humanitarian assistance remains the only real option, we are working with partners to explore innovative ways of providing support which boosts longer term resilience. For example, providing cash transfers instead of direct food assistance can help stimulate local markets. Local purchase of grain from areas of surplus in Zimbabwe, to distribute to areas of need, can help communal farmers and local economies.

As with all our bilateral programmes, we are reviewing our aid programme in Zimbabwe to ensure that we secure maximum efficiency and value for money.

Internally displaced people

13. Hundreds of thousands of people in Zimbabwe have been driven from their homes as a result of deliberate, forced evictions by the Government in pursuit of political ends, or in reaction to more general insecurity, violence and intimidation or unemployment. Some have been forced to move several times. DFID is providing support to internally displaced persons (IDPs) through targeted projects and through its general livelihoods and basic service assistance. Its emergency assistance programme for IDPs is due to end shortly but substantial need clearly remains. We recommend that, in response to this Report, DFID clarify how support for IDPs will be provided by the donor community over the next two years and the role which it will play in this assistance.

DFID has provided £6.5 million over the last four years to the International Organisation on Migration (IOM) to meet the immediate emergency needs of IDPs and to provide humanitarian assistance to vulnerable migrants at Zimbabwe's borders with South Africa and Botswana. The situation in Zimbabwe is now evolving, from a focus on the immediate emergency needs

of IDPs, towards support for reintegration into communities and longer-term livelihoods. DFID supports this through the Protracted Relief Programme, which has funding earmarked for this purpose. We will monitor the situation closely and stand ready to provide emergency assistance if required.

Protracted Relief Programme

14. DFID's Protracted Relief Programme (PRP) has already reached millions of vulnerable people in Zimbabwe and has been praised by the NGOs who participate in it as an innovative, flagship programme of which DFID should be proud. We agree with this assessment. Other donors have already seen the value of funding Phase II of the PRP and it has become an effective multi-donor intervention. Its excellence lies in its ability to meet the needs of the most vulnerable people and the breadth of its reach, from home-based care for sick people to agricultural extension and employment generation. There is clearly further scope for scaling up the programme in Zimbabwe, where the need is still acute for many people, and indeed using the lessons learned to replicate it in other countries. We recommend that DFID explore both these options.

DFID welcomes the Committee's comment. We are already exploring the option of local market based approaches in order to reach more people with agricultural inputs at a much lower cost. Other donors are also interested in expanding the reach of the cash transfer component of the programme. The European Commission has recently come on board with 10 million Euros to complement our work on this. We continue to ensure that those developing wider policy on livelihood protection are aware of the successes of the PRP.

15. We accept the concerns expressed by delivery partners that the use of managing agents to administer the Protracted Relief Programme creates a distance between NGOs and DFID. DFID needs to do more to address these concerns. However, given the headcount constraint under which DFID operates, we believe it is sensible to contract out management of programmes once they are in operation, in order to release specialist DFID staff to undertake more strategic and innovative work.

DFID is addressing the issue of communication with NGO partners and has already instituted a quarterly meeting with NGOs where they can exchange views with the Head of Office about DFID's country strategy and other topical issues.

16. The administration costs of the PRP are quite high but this has to be weighed against the cost-effectiveness and the value for money offered by the programme. Moreover, other donors would not be so keen to join the PRP if they did not consider that it was a worthwhile use of their funds. We believe the crucial point is that the most vulnerable and needy people in Zimbabwe are reached through the PRP. DFID should monitor the programme closely to ensure pro-poor benefits continue to be the focus, particularly if the programme is extended. DFID should also satisfy itself that its auditing mechanisms are sufficiently robust to ensure that PRP funding is reaching the intended beneficiaries, particularly given that it passes through several organisations first.

DFID conducts rigorous financial checks on all its implementing partners and also dedicates time to assess systems and programmatic outcomes during annual reviews. This year the PRP's annual review will include a separate financial assessment and an organisational assessment of GRM the managing consultants. This should give us recommendations and/or assurances that finances are being managed well and that GRM's structure is fit for purpose. We will be increasingly looking at ways to enhance value for money, consistent with the priority given to this issue by DFID Ministers.

17. We were impressed by the benefits which the conservation agriculture element of the Protracted Relief Programme is bringing to communities in Zimbabwe, some of whom are the most vulnerable people in the country. Moving farmers from below subsistence to generating an income from selling crops provides direct and quick support for livelihoods. We recommend that DFID explore how this work can be expanded, both within Zimbabwe and in other African countries.

We agree with the Committee that conservation agriculture has been a success story in Zimbabwe. The Protracted Relief Programme was the first major funding source for conservation agriculture in Zimbabwe. One of the main challenges will be to ensure that the necessary training and extension support will keep pace with the rapid uptake of conservation agriculture across the country.

DFID has ensured lessons learned from the PRP have been systematically fed back in a number of regional conferences and events to a wide-ranging audience of NGOs, academics and regional governments. This includes, most recently, a SADC/FAO hosted workshop in April 2010.

Health services

18. DFID support is making a significant difference to the availability and quality of health care available in Zimbabwe. The retention scheme for health workers is an important intervention which is making a contribution to addressing the lack of trained staff and supporting committed staff to continue to work in health care. The Vital Medicines programme has ensured that all health facilities in the country have basic drugs and medical supplies. We commend DFID's work in the health sector to date and recommend that it continue to give priority to supporting the rebuilding of health services.

We welcome the Committee's recognition that DFID leadership and support is making a significant difference to the availability and quality of healthcare in Zimbabwe.

HIV and AIDS

19. Zimbabwe's HIV/AIDS rate is one of the highest in the world. The country and the international community face a huge task in trying to control the epidemic and provide support to HIV/AIDS sufferers. However, progress has been made and we commend DFID's work in this sector. The male circumcision programme we saw appears to be a very cost-effective method of reducing HIV transmission in a country with a prevalence rate as high as Zimbabwe's. We would encourage DFID to support the programme as it moves from the pilot to full implementation. The Expanded Support Programme (ESP) is fulfilling a vital function in provision of anti-retroviral treatment and broader treatment and care for people living with HIV and AIDS. We request that DFID shares the outcome of its impact assessment of ESP with us when it is available.

We again welcome the Committee's recognition of DFID's contribution. We agree that male circumcision is an important HIV prevention method that is cost effective in a country where HIV prevalence rates are high. We agree that male circumcision should form part of a comprehensive HIV prevention strategy. Zimbabwe is currently planning to scale up male circumcision services.

The impact assessment of the ESP programme is likely to form a major part of the annual programme review process that will take place at the end of the year. We will share the outcome of the ESP impact assessment when it is available.

Maternal and child health

20. Maternal and child health are two key areas hit particularly hard by the decline in services in Zimbabwe. Many mothers and babies are already vulnerable due to HIV/AIDS, and shortages of health staff and facilities have compounded this. We recommend that, in response to this Report, DFID provide us with more details of its plans to provide further support to maternal and child health, to assist Zimbabwe to get back on track on these two central Millennium Development Goals.

Zimbabwe is not on track to meet its MDG targets for maternal and child health. Maternal mortality increased from 555 per 100,000 live births in 2006 to 725/100,000 in 2007. And, since 1990 there has been a 20% increase in under-5 mortality. This continues to be a huge concern. Improving maternal health will be a particular focus for this Government.

DFID's current support for maternal and newborn health has been running since 2006 and will run until 2011. This programme has supported a range of interventions to tackle the underlying causes of maternal and neonatal illness and death. The programme has made a difference. For example, it has helped to reach a contraceptive prevalence rate of 65%, higher than the Sub-Saharan average of 23%. The programme funds approximately 85% of contraceptive pills, 85% of injectables and 90% of implants in the country. Ensuring wider health services are functioning and meeting food and nutritional needs has also been critical in supporting maternal and infant health.

We are currently looking at whether to expand our maternal and newborn health programme, and to strengthen the links to improved nutrition. At the same time, together with other donors, DFID is considering the need and the opportunities for more support to rebuild the health system to provide improved quality of care, especially for pregnant women and children under-5.

21. Malnutrition is the leading cause of child deaths and ill health in Zimbabwe. Donors must continue to address this through food aid and longer-term nutrition interventions. DFID has recently published a Nutrition Strategy and has included Zimbabwe as one of the six countries where it will focus its efforts to tackle malnutrition. We would welcome more details, in response to this Report, on how the Strategy will guide DFID's work on child health in Zimbabwe.

We agree with the Committee that under-nutrition is an issue that needs serious attention in Zimbabwe. Over the last ten years, the number of underweight children has steadily increased. Child stunting has also increased over the last 15 years and anaemia affects a significant number of children and women.

The causes of under-nutrition in Zimbabwe are complex and, as well as high levels of food insecurity, involve factors such as low levels of exclusive breastfeeding, lack of dietary diversity and high levels of infection (including diarrhoea). Nutrition-related support is factored into a number of our programmes. For example, HIV programmes promote optimal and safe breastfeeding and the PRP addresses food security and aims to expand dietary options.

DFID Zimbabwe recently undertook a review of ways to improve our nutrition work which highlighted successful interventions, as well as gaps in our approach. This will inform our review of our programme in Zimbabwe.

Sanitation and water

22. We reiterate our previously stated view that sanitation and water are at the heart of development. We accept that long-term infrastructure projects, such as rehabilitation of sanitation and water systems, must wait for the humanitarian need to decrease and for the Government of Zimbabwe to be in a position to take the lead, supported by donors. However, DFID and its donor partners need to keep a clear focus on the contribution which poor sanitation and lack of clean water made to the scale of the cholera epidemic in 2008. They must ensure health and humanitarian programmes do not lose sight of the importance of public health and hygiene in reducing the spread of disease.

We agree with the Committee's recommendation. Major long term investment to rehabilitate the country's ailing water and sanitation infrastructure is critical, including reducing the risk of waterborne disease outbreaks in the future. DFID, and other donors, stand ready to make a significant long term commitment to overhaul the system under a sector wide national plan in partnership with the government. The international community and government are presently exploring possible mechanisms through which to manage such a large project which would provide accountability and protection for donor funds. We expect the first project to be funded from a new Multi Donor Trust Fund managed by the African Development Bank for Zimbabwe will focus on improving water and sanitation across Zimbabwe.

Education

23. Zimbabwe needs considerable donor support to rebuild its education system, which used to be one of the best in Africa. The main problem is shortage of teachers which can only be addressed through wider recovery of the economy and political system and through the Government finding ways to pay adequate salaries to public servants. We recommend that DFID discuss with its donor partners whether further support could be offered to help attract Zimbabwean teachers back from neighbouring countries and from Europe. There is also a severe shortage of textbooks. DFID is a small contributor to the multi-donor fund set up to provide educational materials. It is regrettable that it has taken so long for the books procured through the scheme to reach schools. DFID may only be funding a small fraction of this programme but it is a lead donor in the country and should apply pressure on its partners to increase the efficiency of the procurement process.

We agree with the Committee that Zimbabwe needs a good deal of support to rebuild its education system and that lack of teachers is one of the major problems. This is why DFID Zimbabwe took the decision in 2009 to increase its engagement in this important sector, and took the lead in developing the multi-donor Education Transition Fund (ETF). The ETF is a new financing mechanism that has helped to leverage \$50m of donor funding which will give every student in Zimbabwe at a public primary school their own set of textbooks covering each of the four core subjects instead of the anticipated one book per two students. The fund will also provide exercise books, writing implements and cabinets for classrooms. The books are currently arriving in country for delivery to primary schools for the September school term.

We acknowledge the procurement exercise for textbooks for Zimbabwean children has taken a long time. But it has turned out to be a real “value for money” success. The larger-scale exercise has been more complex but has enabled us to achieve economies of scale. UNICEF procured 13,250,000 textbooks at a cost of \$10m representing over 60% savings on previous UNICEF textbook acquisition. These savings will now be used to purchase core textbooks for the secondary sector as well as marginalised languages and Braille.

We will continue to consider options for support to education. Priorities for future donor support are likely to include new investment to rehabilitate primary school facilities including sanitation, working to keep more orphans and vulnerable children in school, providing more teachers' guides and strengthening community engagement in school management.

Orphans and vulnerable children

24. DFID's Programme of Support has brought vital assistance to children, including those whose vulnerability is compounded by loss of parents as a result of HIV/AIDS. The support has helped thousands of children to continue their education as well as ensuring that they are fed and have access to counselling to address the traumas they have endured and which many continue to suffer because of displacement, abuse and neglect. This is clearly fulfilling an essential and continuing need. It is right that DFID should assess the impact of the programme to date to enable it to decide how it can best continue to assist orphans and other children disadvantaged by poverty and HIV/AIDS. We recommend that, in response to this Report, DFID provide us with an indication of its future plans for supporting vulnerable children in Zimbabwe and the level of funding it will commit to this work.

We agree with the Committee that the Programme of Support has provided vital assistance. A recently undertaken impact assessment of the programme concluded positively about its relevance, efficiency and effectiveness in addressing the needs of orphans and vulnerable children in Zimbabwe.

DFID, together with our donor partners and the Government of Zimbabwe, are looking at ways to improve the quality and the reach of our support once the current programme comes to an end in December 2010. Options include providing support direct to households with vulnerable children to provide more holistic support for the needs of the children in their care. All this will be considered as part of our bilateral review and in the light of potential progress on the GPA.

DFID's future engagement

25. It is right that the UK gives a high priority to Zimbabwe through the work of both DFID and the FCO. We strongly believe that the assistance which DFID provides should continue, in co-ordination with Foreign Office staff. This assessment is based on the evidence we saw of the effectiveness of UK aid in reaching poor and vulnerable people, and the level and scale of ongoing need across the country.

DFID welcomes the Committee's conclusion that the UK should continue to give a high priority to Zimbabwe and continue strong cross departmental co-ordination, especially between DFID and the FCO. The potential to rebuild Zimbabwe is significant and assistance from DFID is making a real difference. All of DFID's bilateral assistance programmes, including in Zimbabwe, are being reviewed at the request of the Secretary of State for International Development. The Committee's views will helpfully inform that process.

26. We recommend that, in response to this Report, DFID set out how much of the £60 million of British aid provided in 2009-10 for Zimbabwe was actually spent in Zimbabwe. We also recommend that the Department review the circumstances in which it may be right to buy in-country to stimulate local economic activity, even where this is not the cheapest option.

With the liberalisation of the economy in 2009, we have been increasingly able to shift to local purchasing. But this is not always possible. We estimate that two-thirds of the £60 million was spent locally, such as through purchasing of services, payment of school fees, rehabilitation of water and sanitation services, and a significant part of our purchases of agro-inputs. The main exceptions are health-based commodities which were purchased through competitive international tender as local supplies remain very limited.

27. We agree with DFID's assessment that the time is not right to move to direct budget support in Zimbabwe. The political situation remains fragile. Until Zimbabwe has demonstrated that free and fair elections can take place, with transfer of power between parties if this is the wish of the people, uncertainty will remain.

We agree that significant improvements in the broad governance environment will be needed, as well as improved financial management before budget support to the Government of Zimbabwe can be considered.

28. The international community's focus should be on strengthening the capability of the Government of National Unity so that it is better placed to determine its own development priorities and to deliver them. For this to happen, the rights of all parties to function without intimidation must be implemented in practice. It also requires a willingness within all elements of the Government to meet the needs of the people, especially the poor. Continuing political violence and harassment is incompatible with this.

We agree with the Committee that all parties, civil society organisations and citizens of Zimbabwe must be able to carry out their rightful business without the threat of violence or intimidation. And that the Inclusive Government should be committed to achieving this and ensuring that it represents the best interests of the Zimbabwean people as a whole. We continue to urge all members of the Government of Zimbabwe to commit to this.

29. Progress on human rights and democracy need to be demonstrated before all the EU's restrictive measures placed on named individuals and organisations can be lifted. However, donors should continue to provide humanitarian and development assistance, based on the needs of the

people and the capacity for this assistance to be absorbed. The UK has shown leadership on this and should continue its important work, based on strong co-ordination with development partners and alignment of its approach with the pro-poor elements in the Government's own policies.

We are very much aware of the need for continued UK leadership and we will play a full part in the donor effort to provide economic and social progress and bring about peaceful change. DFID remains committed to helping meet the needs of the population of Zimbabwe.



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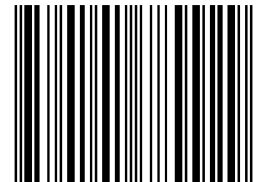
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ISBN 978-0-10-178992-9



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